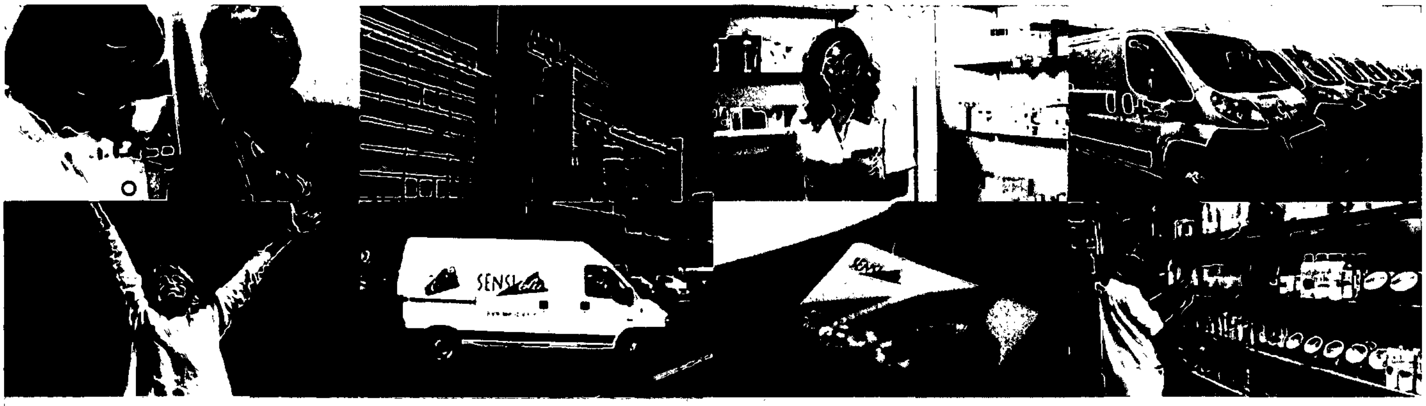
2007

ANNUAL REPORT



A&D Pharma

Fully Dedicated to Life and Health

A&D Pharma

CONTENTS **PAGE**

MISSION STATEMENT

To become the partner of choice in the Central and Eastern European pharmaceutical markets by offering a unique and comprehensive range of services in the pharmaceutical wholesale, sales & marketing and retail segments.

A&D Pharma Holdings N.V. ("A&D Pharma") is the Dutch holding company of A&D Pharma Holdings S.R.L., the largest integrated pharmaceutical wholesale, sales and marketing services and retail business in Romania.

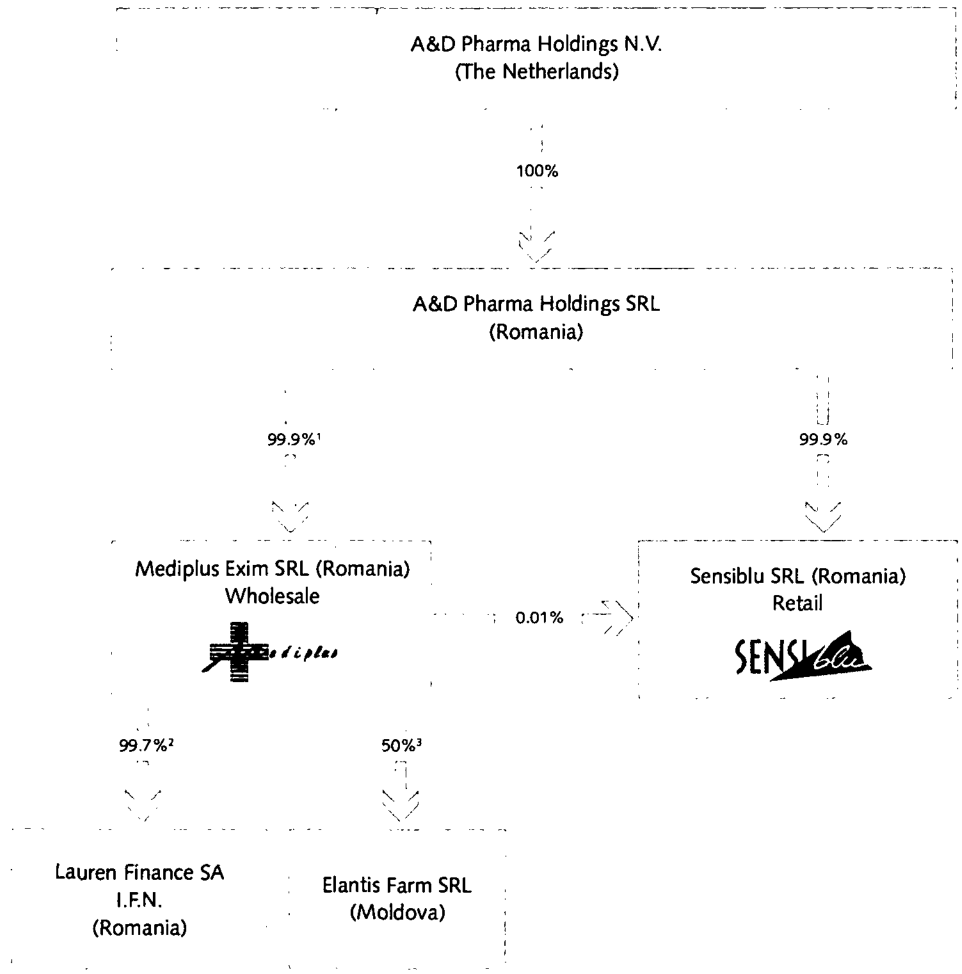
Founded in 1994, A&D Pharma owns Romania's leading pharmaceutical wholesale, sales and marketing service provider "Mediplus", and Romania's largest branded chain of pharmacies "Sensiblu".

A&D Pharma's shares have been traded in the form of Global Depositary Receipts ("GDRs") on the regulated market of the London Stock Exchange since October 2006 under the symbol 'ADPH'.

A&D Pharma

ABOUT A&D PHARMA

Group Structure:



Note:

1. The Group founders own the remaining shares.
2. The Group founders own the remaining shares to comply with the requirement under Romanian law that a joint stock company must have at least five shareholders. As at 31 May Lauren Finance SA is 99.7% owned by A&D Pharma Holdings SRL.
3. The remaining 50% is owned by two individuals who are not related to the group.

Timeline:

2008
Restructuring of corporate structure and decision taken to separate Sales & Marketing into a distinct business line

2007
Mediplus National Logistics Centre established in Mogosoala

2006
Sensiblu – More than 200 outlets
Wholesale business established in Republic of Moldova

2005
First M&A step for Sensiblu
(33 pharmacies acquired)

2004
Sensiblu – 100 pharmacies
Sensiblu loyalty card

2003
50 Sensiblu pharmacies

2002
Sensiblu Foundation

2000
Launch of B2B Services

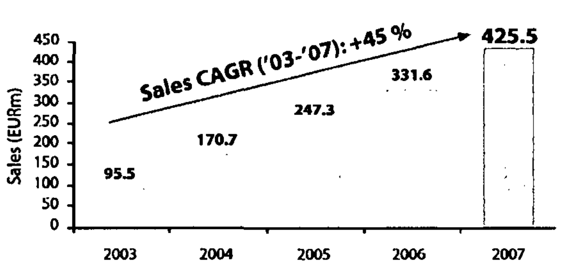
1997
Mediplus - Full-line wholesaler
Sensiblu - 1st pharmacy

1994
1st OTC division – Plurifarm

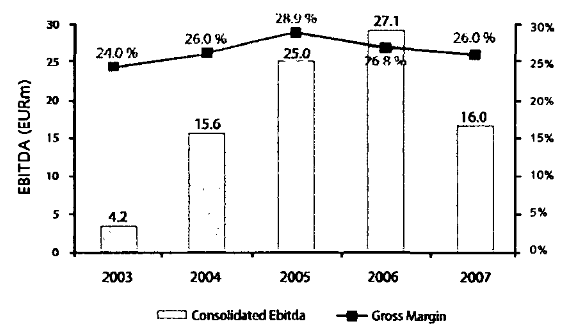
A&D Pharma

- Romania's leading pharmaceutical wholesale, sales & marketing, and retail business;
- Clear market leader in Romania with a successful track record & clear development strategy;
- Poised for expansion and higher profitability through a refined and vertically integrated business model and a new national logistical infrastructure;
- Strongly positioned to embrace the growth potential in the Central and Eastern European pharmaceutical markets.

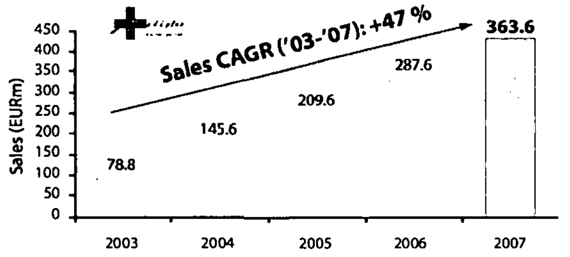
Group Consolidated Sales



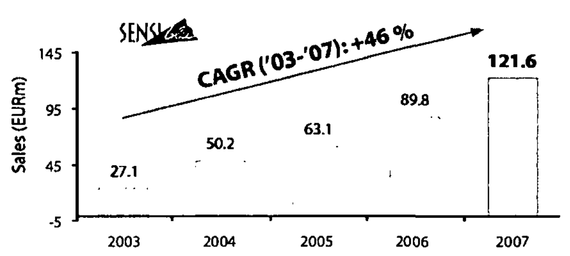
Group Consolidated EBITDA and Gross Margin



Mediplus Sales



Sensiblu Sales

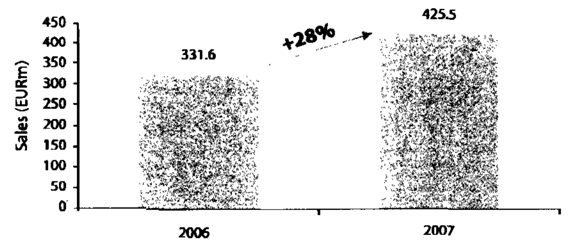


A&D Pharma

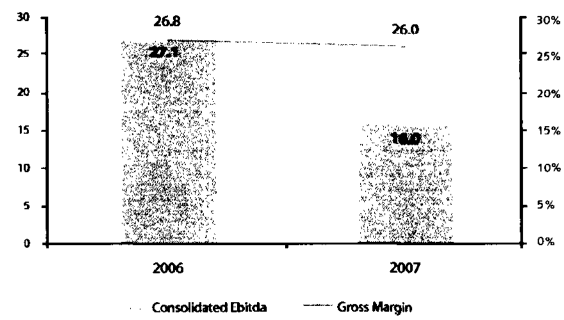
- Consolidated sales up 28% year-on-year to €425.5 million (€331.6 million);
- Mediplus (wholesale, sales and marketing) sales* up 26% year-on-year to €363.6 million (€287.6 million);
- Sensiblu (Romania's largest branded chain of pharmacies) sales up 35% year-on-year to €121.6 million (€89.8 million);
- Consolidated gross margin stable at 26% despite the adverse regulatory environment;
- Consolidated EBITDA of €16 million, down from €27.1 million in 2006 due to the negative impact of the Romanian currency depreciation, increases in HQ costs and the reassessment of corporate risks following provisions and significant one offs;

* Unconsolidated divisional sales figures include inter-company sales of €60 million from Mediplus to Sensiblu.

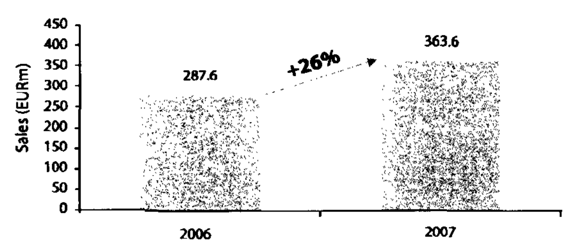
Group Consolidated Sales



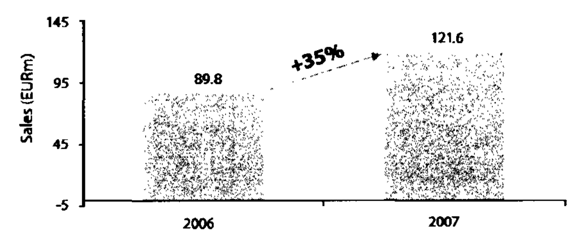
Group Consolidated EBITDA and Gross Margin



Mediplus Sales



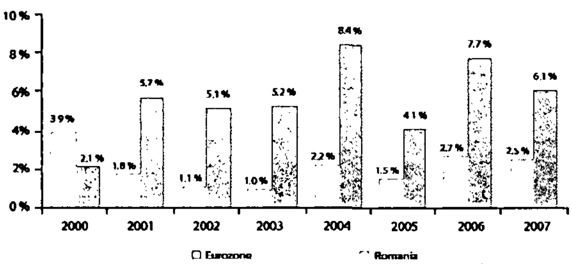
Sensiblu Sales



KEY MARKET GROWTH DRIVERS IN ROMANIA & NEIGHBOURING COUNTRIES

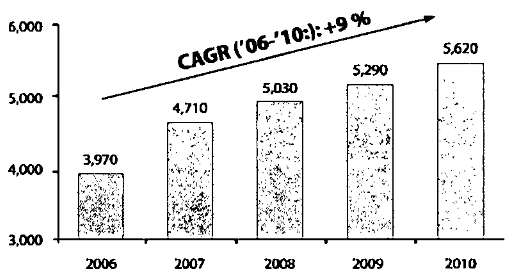
- 17.4% year-on-year growth in the Romanian pharmaceutical market in EUR PPP (Pharmacy Purchase Prices) to €1.82 billion in 2007. *(source: Cegedim);*
- 6% year-on-year growth in Romanian Gross Domestic Product for 2007 *(source: National Institute for Statistics);*
- 4% of Romania's GDP committed to health care spending in 2007 with 4.5% committed in 2008. *(source: Ministry of Finance);*
- Ageing demographic with rising levels of disposable income and increasing health awareness;
- Improvements seen in the Romanian regulatory climate:
  - o Transfer of insulin, oral oncology drugs and post-transplant medicines from hospitals to retail pharmacies in April 2007;
  - o Indicative ceilings set for the sales and distribution of medicines used to treat four of the 11 main chronic illnesses.

Real GDP growth rate (%)



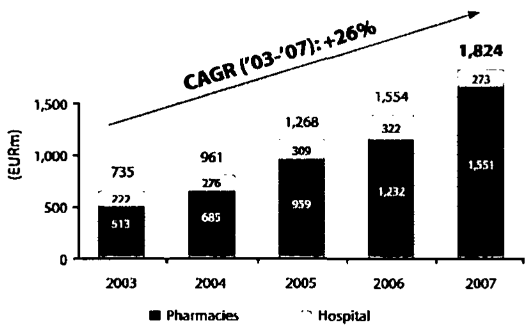
Source: ING, Eurostat Statistical Office of the European Communities, NIS

Private consumption per capita (US $)

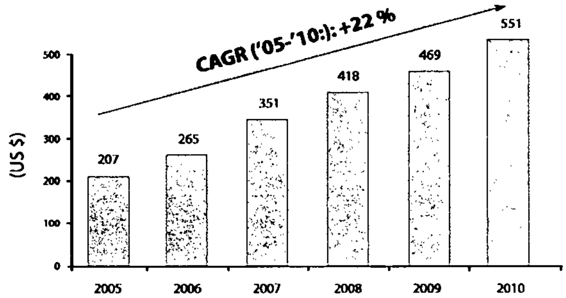


Source: Economist Intelligence Unit

Pharmaceutical market - PPP (Pharmacy Purchase Prices) (EURm)

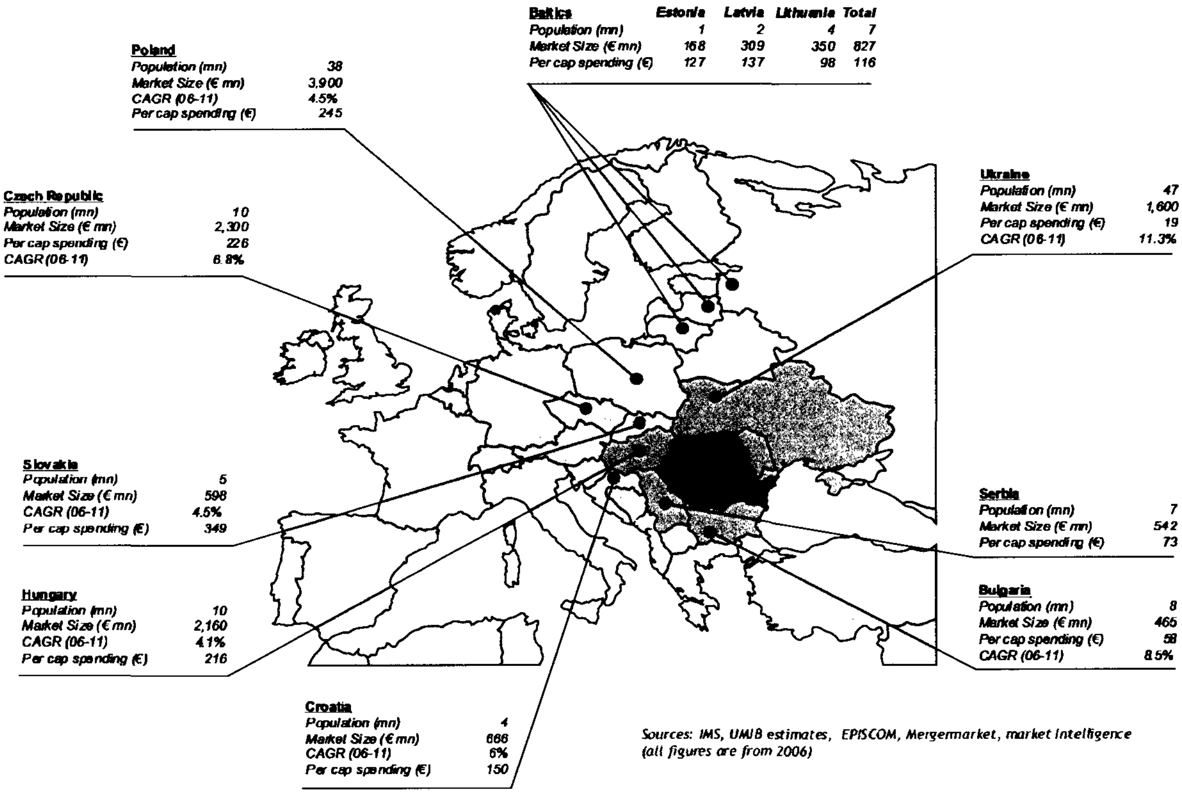


Romanian healthcare spending per capita (US $)



Regional expansion into similar growth markets with a total reach of 150 million potential customers

A&D Pharma continues to prepare for its expansion into neighbouring countries using the Group's knowledge and experience in building up and expanding a vertically integrated wholesale, sales & marketing and retail business. Currently, the Group is analyzing each market and is establishing alternative market entry strategies. In 2007, A&D Pharma's only foreign venture was Elantis Farm SRL, established as a wholesale joint venture in Moldova.



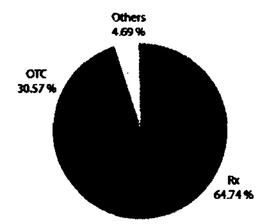
Sources: IMS, UMJB estimates, EPISCOM, Mergermarket, market intelligence (all figures are from 2006)

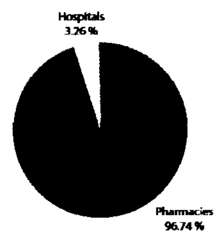
Mediplus:
Wholesale and Sales & Marketing

- Romania's leading pharmaceutical wholesaler and sales & marketing services provider;
- 17.9% average market share of the total pharmaceutical market (including sales to hospitals) as of 31 December 2007, compared to 17.3% for the same period in 2006. *(source: Cegedim);*
- Strong portfolio of brands including more than 150 foreign and 40 domestic manufacturers;
- Strategic partnership with leading biotech company Amgen launched to cover the distribution and marketing of Amgen's oncology products and value added services;
- Warehouse upgrade completed in Targu Mures and a new state-of-the-art national logistics centre established in Mogosoaia.

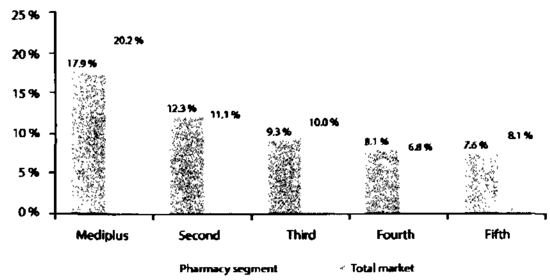
Turnover analysis

By product | By channel

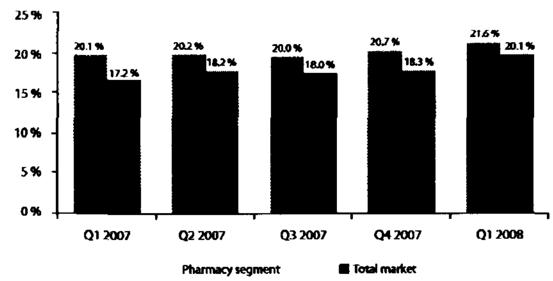




Avarage market shares by value: Jan - Dec 2007



Average quarterly market shares: 2007 - 2008



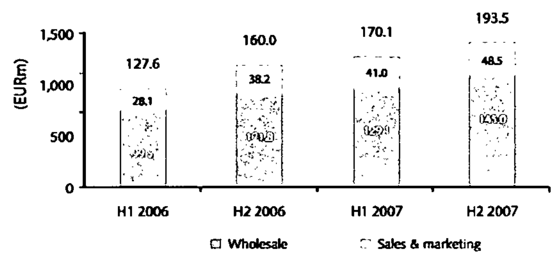
OPERATING HIGHLIGHTS

A&D Pharma

Mediplus: Introduction to the Sales & Marketing Business Line

- Operated by Mediplus but broken out into a separate reporting line, the sales & marketing business is focused on providing high-margin, value added services to A&D Pharma's key suppliers;
- Provides advice on the sales, marketing and distribution of clients' products and offers advice on regulatory issues;
- Selected by leading biotech company Amgen as its partner of choice in the region to provide value-added services alongside Mediplus's broader distribution services;
- Plays a significant role in strengthening A&D Pharma's strategic partnerships with international manufacturers as more and more clients request its services.

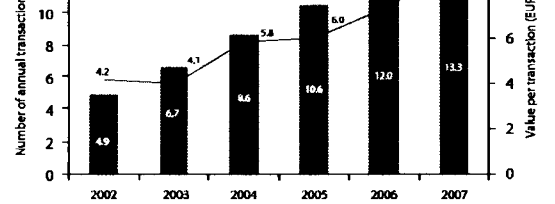
Mediplus Sales per division



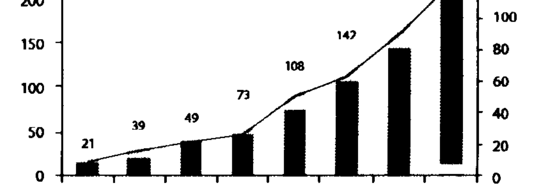
Sensiblu: Retail

- Romania's largest branded pharmacy chain with a total of 221 outlets as of 31 December 2007;
- Modernising of Sensiblu's outlet network lead to the opening of 26 new stores, the relocation of 7 stores and the closure of 11 stores in 2007 to consolidate Sensiblu's position as Romania's leading branded pharmacy chain;
- 11% increase in total number of transactions from 12 million transactions in 2006 to 13.3 million transactions for the year ended 31 December 2007;
- Loyalty card holders helped to generate a y-o-y increase in average value per card transaction of 29% to €12 (€9.3) in the fourth quarter of 2007, compared to a y-o-y increase of 4.4% in average value per non-card transaction to €7.1 (€6.8) for the same period of 2007.

Growth in number and value of transactions (EUR)[1]



Sensiblu - fast growing pharmacy network



Note:

1. Based on all transactions, i.e. both card and non-card. *(Source: A&D Pharma)*

Dr. David Ebsworth
Chairman

Dear Shareholders,

On behalf of A&D Pharma Holdings NV and its Board of Directors I would like to thank you for your continued support over the past year. 2007 has been a year of strategic importance for A&D Pharma and many milestones have been reached, including the Company's first twelve months as a listed Company, following its IPO in October 2006.

I am pleased to report that many of the objectives laid out in my statement for 2006 have been met. Measures designed to propel the Company to the next stage of its development into the leading pharmaceutical wholesale, sales & marketing and retail business in Romania and its neighbouring countries, have been introduced and a stronger management team and technical infrastructure are in place to ensure the success of these measures.

We remain fully committed to maintaining the highest standards of corporate governance. In light of this, the Board of Directors has also been further strengthened during 2007 to ensure that A&D Pharma continues to be run according to the best practice principles that will guarantee transparency and enhanced shareholder value.

The further strengthening of the Board at our last Annual General Meeting, in June, was a priority for us and we appreciate your trust and support in backing the appointments of William Wells and Eric ter Hark as Non-Executive Directors of A&D Pharma. Both William and Eric play significant roles in the Company's plans to expand outside of Romania. William is a Managing Director at NM Rothschild & Sons, responsible for Central & Eastern Europe and he brings over twenty years of investment banking experience to our Board. Eric has worked in the legal profession for more than thirty years and was founding partner at Höcker Advocaten, a law firm in Amsterdam. As well as assisting us with our plans for regional expansion, he will also lead the formation and development of our Corporate Governance Committee.

In 2007, the Company has strengthened its leadership position in the Romanian market and adopted a clear strategic direction for its future growth. The new direction, which includes the creation of a sales & marketing business line headed by Vivian

Diaconescu, previously Chief Operating Officer of the wholesale division, will ensure that A&D Pharma continues to offer a unique and comprehensive offering in the Health & Beauty markets in Central Europe, making the Company a partner of choice in the region and optimising the Group's operating profitability. Both new and existing members of the Executive Management team have been instrumental in redefining this strategy.

Key additions to the Executive Management team include the appointment of Roger de Bazelaire as the Company's new Chief Financial Officer. Roger has over twelve years' experience in Central & Eastern Europe working for Dresdner Kleinwort Capital in Warsaw and more recently as CFO of Polish Telecom. Roger's appointment is a strong reflection of our intention to expand business activities into neighbouring countries.

More recently, the appointment of Robert Popescu as Chief Operating Officer of the Wholesale business line is also significant. Robert recently served as CEO of Relad, one of Romania's other leading pharmaceutical wholesalers and retailers and he brings more than 15 years of corporate Board level experience to A&D Pharma. Our legal department was strengthened by the appointment of Florina Tanase as the Vice President of the Group's legal department, allowing Mihaela Ciobanescu to focus on her role as Corporate Governance & Compliance Director and Company Secretary, where she will implement corporate best practice procedures in order to meet the requirements of the Dutch and UK Corporate Governance Codes. We also strengthened our human resources function through the appointment of Jean-François Picard as International Human Resources Director. Jean-François will lead our international recruitment drive, a critical component of our expansion strategy.

I would like to reiterate that the Board welcomes dialogue with shareholders and I would like to extend this commitment by encouraging shareholders to contact me should you have any questions for the Board.

I would also like to thank all of our directors, our executive team and our employees for their commitment and diligent support over the past year and I would like to pay again a special thanks to all of our shareholders for their support.

Dr. David Ebsworth
Chairman

CEO's Statement

Dragos Dinu
Chief Executive Officer

Dear Shareholders,

During 2007, we further reinforced A&D Pharma's leadership in the Romanian Health & Beauty market. Our sales continued to grow at an impressive pace, up 28% compared to 2006, reflecting the great value of our brands and services as well as the strong dynamics of our local environment. We have also refined our plans to take A&D Pharma to the next stage of its development with a focused strategy and three clear goals: to strengthen our leading position in Romania, to continue to optimize operating profitability and prepare for the expansion of our business to other countries outside Romania.

What measures have we taken to consolidate our leading position in Romania? At Mediplus, our wholesale business, we have modernised our logistics fleet and warehouses. A new state-of-the-art national logistics centre has been opened in Mogosoaia. We have extended our portfolio of pharmaceutical and non-pharmaceutical products and increased synergies and efficiencies with our retail division Sensiblu through our automated on-line ordering systems. At Sensiblu, which is Romania's largest branded pharmacy chain, we have launched a new store model, improved our product offering, relocated some of our stores to commercial centres and taken other actions all aimed at increasing our customer base and generating higher transactions per customer. The implementation of our ERP system started in the year will also further enhance A&D Pharma's leadership position and enable the Company to control costs.

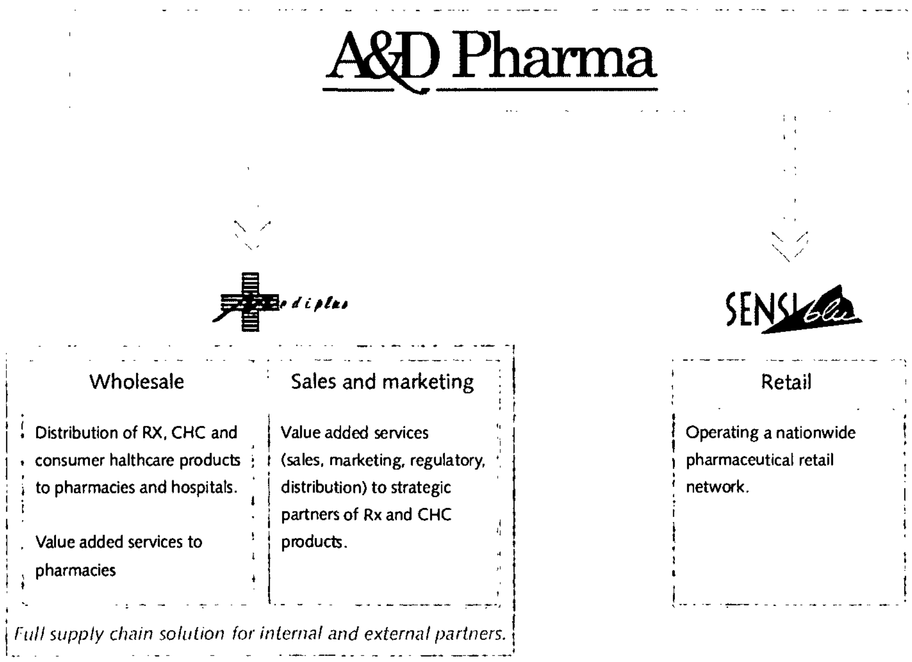
Another important development has been the decision to set up a third business line, operating under Mediplus, which is dedicated to providing marketing and sales support to international pharmaceutical manufacturers looking to enter Romania and central Europe. Some of the value-added services offered by our new Sales & Marketing business line include advice on regulatory matters and the distribution of medicines and products to key suppliers of both prescription and CHC products. This new business line has emerged as a fast growing and higher margin business which will enable us to forge strategic partnerships with large international producers, such as the leading biotech company Amgen, with whom we have a partnership, and enable us to expand our presence outside of Romania.

Romania's neighbouring countries offer tremendous opportunities for growth with access to 150 million potential customers. A&D Pharma's model and service offering is unique in its breadth and depth and it gives us a great deal of flexibility to extend our footprint along with our partners. Over the coming months, we intend to expand our business into new countries by business line.

Exciting times are ahead for A&D Pharma and on behalf of the Executive Management team I would like to thank all of our employees for their continued dedication, contribution and innovation, which is contributing significantly to the value we are creating for A&D Pharma and our shareholders.

Dragos Dinu
Chief Executive Officer

OPERATING AND STRATEGIC REVIEW



A&D Pharma took steps to further consolidate its position as the leading pharmaceutical wholesale, sales and marketing and retail business in Romania during 2007. This was achieved through the modernization and reorganization of the Group's current services and infrastructure, as well as through the offering of enhanced services that reflect the sensitivities of the Company's local environment.

Mediplus, the Group's wholesale, marketing and sales services operation, consolidated its market leadership position and invested in the development of its logistics system. Sensiblu, the Group's retail division, expanded its network throughout Romania and increased its number of transactions as well as its average value per transaction. The Group will continue to invest in its infrastructure, by vertically integrating its wholesale and retail operations, and by continuing to innovate and bring quality products to the market. Further to this, A&D Pharma has refined its plans to take the Group to the next stage of its development by strengthening its leading position in Romania, optimizing operating profitability and expanding the business to other countries.

These efforts will ensure that A&D Pharma remains well-positioned to capitalise on the further anticipated growth in the pharmaceutical market in Romania and its neighbouring countries.

Romania's leading wholesale and sales & marketing services provider

As well as distributing prescription medicines to pharmacies and hospitals Mediplus also specialises in the delivery of other value added services to key suppliers and pharmacies:

Services to Suppliers

- Advice on regulatory issues, market access, medical promotion, marketing and brand management services. The provision of these services gives Mediplus the opportunity to form important strategic partnerships with major international manufacturers, such as A&D Pharma's strategic partnership with Amgen

Services to Pharmacy Clients

- Advice provided on the refurbishment of pharmacies, advice on merchandising, professional and business training and IT services. All of these services are geared towards establishing long-term relationships and the promotion of brand loyalty

During 2007, significant improvements have been made to an already strong infrastructure that includes:

- Approximately 150 vehicles;
- Capability to complete 60% of all deliveries within 4 hours.

MEDIPLUS AT A GLANCE

A&D Pharma

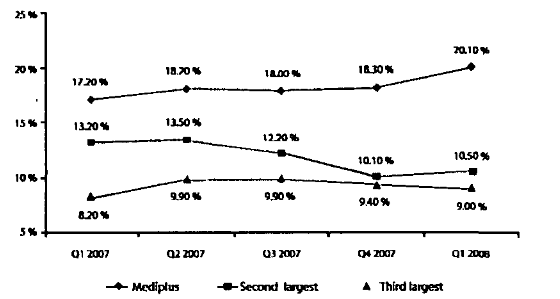
"Relocating to our new national logistics centre has given us the opportunity to work with the most state-of-the-art and efficient technological solutions. Getting to grips with the new technology was certainly challenging and the learning curve was steep, but working for a growing Company, such as A&D Pharma, means that we are continuously offered opportunities to develop our skills and this helped us to adapt to working with the latest technology.

The working environment at the new warehouse is very positive and vibrant. My colleagues and I are very excited about our future prospects and are working enthusiastically towards meeting our personal goals!"

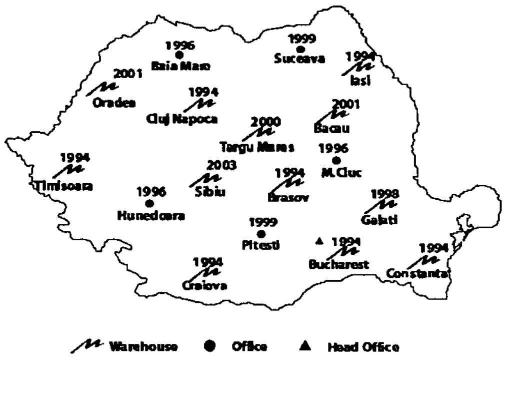
Emil Radu,
Warehouse Coordinator

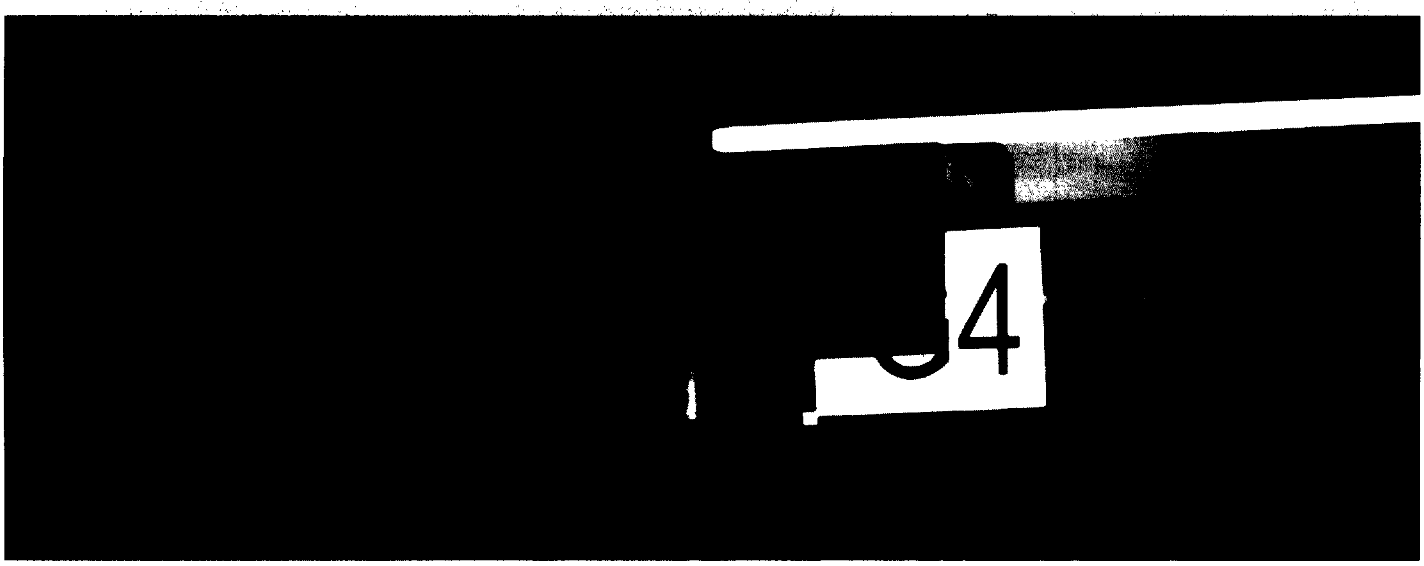
Mediplus's share of the total pharmaceutical wholesale market in Romania, which includes sales to hospitals, increased from 17.2% during the first quarter of 2007 to 20.1% at the first quarter of 2008. At December 2007, Mediplus had a 17.9% share of the market compared to 17.3% for the equivalent period in 2006 (source: Cegedim). This increase can be attributed to the higher sales of oncology and other drugs to hospitals during the second half of the year. Mediplus is also a clear market leader in the sales to pharmacies segment a fact clearly demonstrated by its market share by value, which is nearly twice as much as its nearest competitor.

Mediplus market share vs. competition (Total market)



Nationwide warehouse network





As of 31 December 2007, Mediplus's nationwide warehousing capacity totalled 28,800 m^2 in 12 warehouses, from where it distributed over 5,000 products to over 3,500 pharmacies throughout Romania, equivalent to more than 70% of all pharmacies in the country. During 2007, A&D Pharma announced the opening of new warehouse facilities in Iasi and Craiova, and an upgrade of its facilities in Targu Mures which is being undertaken to further increase capacity. A new logistic centre was opened in Mogosoaia in February 2007, with a warehouse capacity of 18,000 m^2.

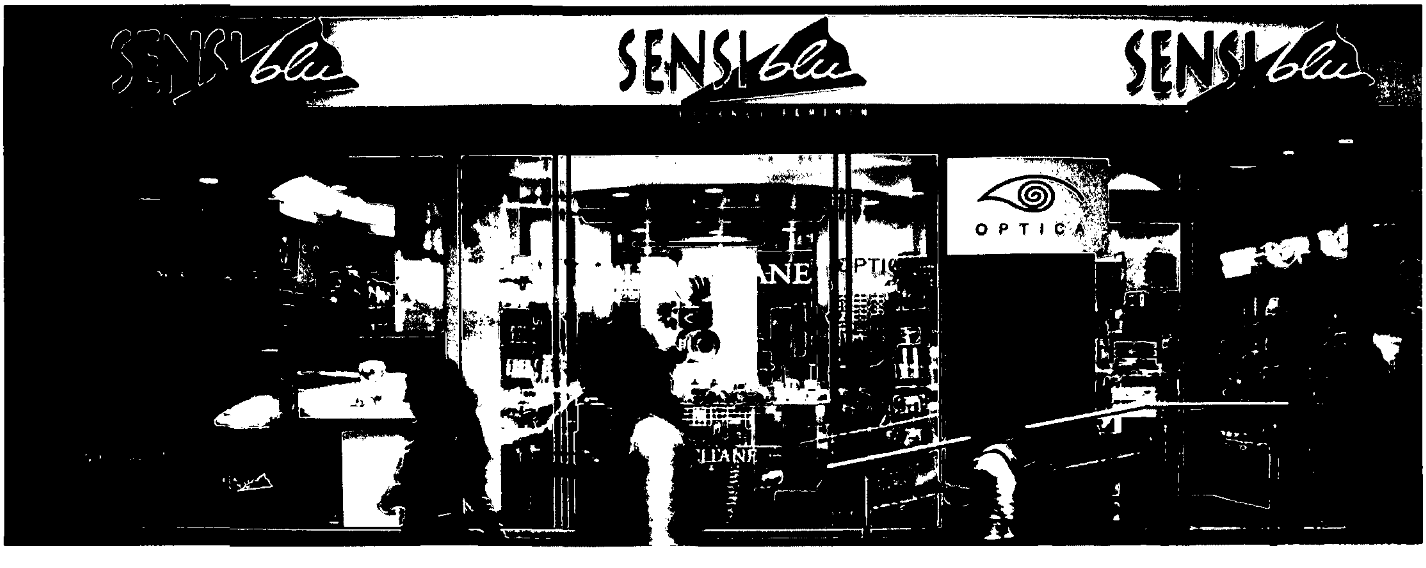
The Group continues to explore ways of improving operational efficiency by realizing synergies between the wholesale and retail businesses. Mediplus started a company-wide ERP (Enterprise Resource Planning) project during the second half of 2007 and systems such as a new automatic stock replenishment system are also being introduced.

Thanks to its position as the clear market leader in the Romanian pharmaceutical wholesale market, offering a broad range of value added services to its suppliers, Mediplus continues to be an attractive and important partner for large international producers. As well as its deal with Amgen, Medipus also signed an agreement with leading multinational brand Colgate-Palmolive to distribute its oral care and cosmetics portfolio on the Romanian market. The strategic agreement covers the distribution of Colgate-Palmolive products by Mediplus to Sensiblu and third-party pharmacies across Romania.

Romania's largest branded pharmacy chain

Sensiblu is Romania's largest pharmacy chain with 221 outlets and has been innovating since its inception:

- First branded pharmacy chain;
- First open layout pharmacy stores;
- First to introduce the combined healthcare and beauty retail concept;
- First branded pharmacy chain to achieve national coverage;
- First to introduce a loyalty card scheme.



"My story with Sensiblu started 11 years ago. I am delighted to still be here as Sensiblu has the most modern pharmacies and is one of the most dynamic companies in Romania. Sensiblu has led the market since the beginning and as a pharmacist you want to offer your patients the best possible services and products. Sensiblu is therefore the place to be. 11 years is a long time, but the Company offers many opportunities and staff are provided with good incentives.

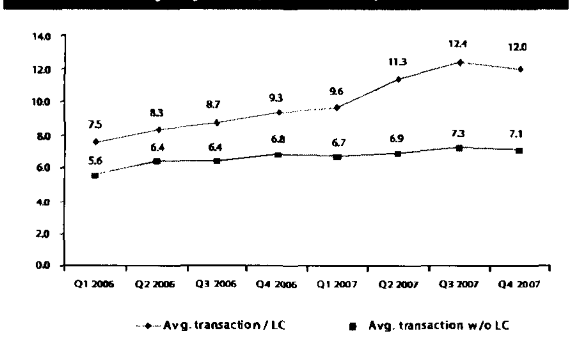
The training and learning programs are also great, and the fact that I am working beside a highly competitive team means that we can achieve all the goals that we set."

Daniela Vaida,
Pharmacy Manager Sensiblu Cluj 1

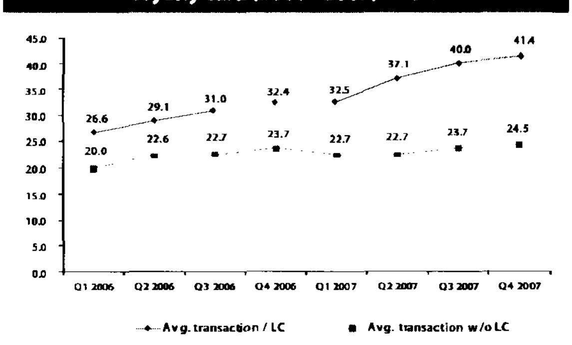
Sensiblu has become the largest pharmaceutical chain in Romania and it has consolidated its market position during 2007 by increasing the total number of transactions by 11% year-on-year to 13.3 million, 50% of which was carried out with loyalty card holders:

- Over 1 million loyalty card holders receive enhanced customer service through a CRM platform;
- Average transaction value increased by 25% year-on-year to €9.13;
- Average transaction value per loyalty card increased by 42% to €12 during 2007 compared to €7.9 during 2006 compared to an average value per non-card transaction of €7.1 (€6.3 for the same period in 2006).

Monthly average transaction with and without loyalty card (2006 - 2007) - EUR



Monthly average transaction with and without loyalty card (2006 - 2007) - RON



To consolidate Sensiblu's position as Romania's leading branded pharmacy chain and to ensure that it continues to meet the demands of its partners and its customers, a new store model has been created and many outlets are undergoing expansion and refurbishment. This modernization process has led to the opening of 26 new stores, the relocation of 7 stores and the closure of 11 stores in 2007. As a result of this, sales growth has continued to accelerate with sales up 35% year-on-year to €121.6 million in 2007 compared to €89.8 million in 2006.

Efforts to further drive performance and operating profitability are being introduced and they include the launch of new-style outlets, the re-launching of Sensiblu's loyalty card and the expansion of Sensiblu's own brands portfolio.

OUTLOOK

CONTINUED MARKET SHARE GROWTH IN A DYNAMIC MARKET

During 2008, A&D Pharma's total sales will continue to outgrow the Romanian pharmaceutical market, which is in itself expected to record double digit growth once again.

The Romanian market is becoming more and more dynamic and during 2008 A&D Pharma will remain focused on consolidating its leading market position, on optimizing operating profitability and on continuing with its preparations for international expansion.

The high margins generated by the sales & marketing business will help to improve profitability at the Group level and the business will also sustain A&D Pharma's leading position in the Romanian pharmaceutical wholesale and sales & marketing industry.

At Mediplus's sales and marketing business line, higher margins will be supported by:

- Extending the sales & marketing services to Rx products (initiated last year with Amgen);
- Introduction of new Over-The-Counter (OTC) suppliers of niche medicines;
- Extending the OTC portfolios of existing suppliers;
- Extending strategic portfolios at a regional level;
- The extension of dermo-cosmetic portfolios and new suppliers;
- The introduction of new portfolios of cosmetic and non-pharmaceutical products by leveraging the Group's increased logistical capacity.

Further improvements in the financial performance of Sensiblu will be achieved by:

- Launching new outlet model;
- Increasing turnover generated by cardholders through the relaunching of a loyalty card scheme and adding new services;
- Focusing on the profitability of existing outlets;
- Continuing with the relocation of Sensiblu outlets and open new pharmacies mainly in commercial centres and hospitals;
- Open new l'Occitane outlets;
- Extending the division's own brands portfolio.

Competitive pressure on margins in the wholesale segment is expected to increase over the next 12 months, but Mediplus will compensate for this by:

- Further improving and widening the range of value-added services provided to third party pharmacies;
- Consolidating its competitive position by leveraging its increased logistical capacity and extending portfolios of pharmaceutical and non-pharmaceutical products;
- Increasing synergies with the retail division by implementing automatic on-line ordering in Sensiblu pharmacies and third party pharmacies.

With regards to the regulatory environment, it is hoped that the margin pressure caused by the negative impact of the Romanian currency depreciation during the second half of 2007, will be reduced if the Ministry of Health updates its current list of prices for prescribed medicines, when the current list expires. At present, prescription prices do not account for the actual exchange rate reflected in the prices of imported prescription medicines.

At the Company's Annual General Meeting ("AGM") of 21 June 2007, the shareholders adopted a resolution regarding the reservation and the Group's dividend policy. According to the adopted resolution, the Board of Directors was mandated to submit a reservation proposal to the AGM each year and to determine that in principle and barring unforeseen circumstances where the net profit of the Group decreased with the amount of such reservation will be available for distribution of a dividend to the shareholders in order to make a meaningful part of the annual net operating results of the activities of the Group available to the shareholders each year.

At the AGM of 21 June 2007 the shareholders adopted a resolution declaring an interim dividend distribution at the charge of the 2006 period profit reserves in the aggregate amount of EUR 3,565,600, equalling EUR 0.017828 per share in accordance with the proposal of the Board of Directors. The interim dividend was paid on July and August 2007.

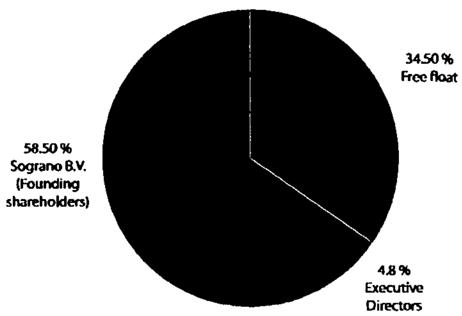
In the light of the loss of EUR 8,443,000 resulting to an accumulated deficit of EUR 3,226,000 and in conjunction and conformity with the reservation and dividend policy of the Group, the Board of Directors proposes that the accumulated deficit be charged to the general reserves ("overige reserves") and that no dividend be declared and allocated for the current reporting period ended 31 December 2007.

A&D Pharma N.V.'s GDRs have been listed on the Main Market of the London Stock Exchange since October 2006. The total size of the secondary offering was €136,192,788 (comprising 11,349,399 GDRs or approximately 34.05% of the Company's issued share capital at a price of €12 per GDR). The offering included an over-allotment option in respect of 8,096,394 existing shares of A&D Pharma Holdings in the form of 1,349,399 GDRs.

Key Data on A&D Pharma NV's GDRs:

Date of Listing	October 24, 2006
Market	London Stock Exchange, Main Market
Number of GDRs	33,333,333
Number of shares per GDR	6
Total number of shares	200,000,000
Free float	34.5% of the Company's share capital
Price per GDR at IPO closing	€12
ISIN Number	US0024812085
LSE Code	ADPH
Bloomberg Code	ADPH LI
Reuters Code	ADPHq.L

Ownership structure



The Company applies the principles and best practices set out by the Dutch Corporate Governance Code of the Corporate Governance Committee, dated 9 December 2003 ("the Dutch Code"). In addition, the Company decided to comply, as far it is able, with the principles of the UK Combined Code on Corporate Governance of the Financial Reporting Council, published in June 2006 ("the UK Code").

This section contains the Company's reporting disclosures on corporate governance required by the Dutch Code, including the required statement of compliance. The UK Code principles and provisions are also considered when disclosing the Company's corporate governance in place in 2007 or proposed for 2008 and the following financial years.

The Company has adopted a single tier board. Therefore, due to its organizational structure, certain of the Dutch Code best practice provisions applicable to the supervisory board will apply to the Non-Executive Directors.

Governance and Policy

The Board is committed to ensuring high standards of corporate governance are maintained by the Company and is accountable for this to the General Meeting of Shareholders.

The Board considers that during 2007 the Company made further progresses in terms of compliance with the Dutch and UK Codes principles and provisions, to be continued in 2008 and the following financial years.

Board Membership

The Board is a one-tier board, comprising managing directors with the title "Executive member of the Board" (the "Executive Directors") and, in a majority, with the title "Non-Executive member of the Board" (the "Non-Executive Directors"). The members of the Board (the "Directors") are appointed by the General Meeting of Shareholders.

The Board has ultimate responsibility for the management, general affairs, direction and performance of the Company's business as a whole. The responsibility of the Directors is collective, taking into account their respective roles as Executive Directors and Non-Executive Directors.

The Executive Directors are responsible for the day-to-day management of the Company's operations, for achieving the Company's aims, strategy and policy, and results, under the supervision of the Non-Executive Directors. The Executive Directors are required to keep the Non-Executive Directors informed and to consult with the Non-Executive Directors on important matters.

The Non-Executive Directors share responsibility for the execution of the Board's duties, taking into account their specific responsibilities, which are essentially supervisory. The key element of the role and responsibilities of the Non-Executive Directors is supervision of the policy and of the fulfilment of duties by the Executive Directors and of the general affairs of the Company and advising the Executive Directors.

The Non-Executive Directors are all experienced and influential individuals whose blend of skills and business experience contributes to the proper functioning of the Board, ensuring that matters are fully debated and that no individual or group dominates the Board's decision making processes.

The composition of the Company's Board, at the end of 2007, was as follows:

David Ebsworth, *Chairman*	Non-Executive Director
Dragos Dinu, *Chief Executive Officer*	Executive Director
Roger de Bazelaire, *Chief Finance Officer*	Executive Director
Vivian Diaconescu, *Chief Operating Officer, Wholesale*	Executive Director
Claudiu Opran, *Chief Operating Officer, Retail*	Executive Director
Urs Kamber, *Member*	Non-Executive Director
Eric ter Hark, *Member*	Non-Executive Director
William Wells, *Member*	Non-Executive Director,
Michael Wemms, *Member*	Non-Executive Director
Walid Abboud, *Member*	Non-Executive Director
Roger Akoury, *Member*	Non-Executive Director
Michel Eid, *Member*	Non-Executive Director
Ludovic Robert, *Member*	Non-Executive Director

By the Annual General Meeting of Shareholders held on 21 June 2007, the shareholders approved the proposal made by the Company's Board to enhace the Non-Executive Directors role and appointed Mr. William Wells and Mr. Eric ter Hark as Non-Executive Directors of the Company.

The changes in the Company's Board composition made during 2007 have the additional benefit of preventing the situation in witch many directors retire at the same time.

By the Extraordinary General Meeting of Shareholders held on 8 October 2007, the shareholders accepted the resignation of Mr. F. Buligoanea as Executive Director and Chief Finance Officer effective 31 October 2007 and granted the discharge for his management over the period 1 January 2007 until 31 October 2007. The shareholders appointed Mr. Y.M.G.R. de Bazelaire de Boucheporn as Executive Director and Chief Finance Officer of the Company effective 1 November 2007.
The changes in the Company's Board composition made during 2007 have the additional benefit of preventing the situation in which many directors retire at the same time.

At the date of their offices termination, the Executive and Non-Executive Directors are subject to re-election by shareholders in accordance with the Articles of Association, each time for a period of up to four years, considering the independence criteria for the Non-Executive Directors, as set out by the Dutch and UK Codes.

The Board intends to review the composition of the Board, and the balance of skills, knowledge and experience of its members, and in case it concludes the Board is not of the appropriate size and balance for the Company, amendment will be proposed and the Board will be seeking approval by the General Meeting of Shareholders. According to the current provisions of the

Articles of Association, the Board can consist of no more than five Executive Directors and nine Non-Executive Directors, subject to any change being approved by the General Meeting of Shareholders.
The Directors' biographical details are listed below:

Executive Directors

Dragos Dinu
Chief Executive Officer

Dragos Dinu, of Romanian nationality, was born in 1967 and has a machinery construction degree from the Constructions Institute, Bucharest. He has been the Chief Executive Officer of the Group since 2002. In February 1996, he joined the Group taking various positions: Area Sales Manager in Plurifarm Division, Manager of Plurifarm and an Executive Director position at Mediplus. Between March 2003 and September 2004 he was also Executive Director of Sensiblu. He has previous management experience at Bouygues and PepsiCo. He has been an Executive Director of the Company since October 2006 and the term of his directorship expires in December 2008.

Roger de Bazelaire
Chief Financial Officer

Roger de Bazelaire, of French nationality, was born in 1955 and he has a degree from HEC School of Management (Paris) and received his BA in Philosophy from the Sorbonne University. He has worked for Dresdner Kleinwort Capital in Warsaw as Partner and Regional Director. More recently, Roger was CFO of Polish Telecom (Telekomunikacija Polska SA), one of Central Europe's largest telecommunications companies and part of France Telecom Group, and Senior Vice-President, Strategy and Finance of Altimo, a leading Moscow-based investment company which is part of Alfa Group. He has been an Executive Director of the Company since November 2007 and the term of his directorship expires in November 2010.

Robert Popescu
Chief Operating Officer, Wholesale Business

Robert Popescu, of Romanian Nationality, was born in 1965 and has a degree in Control Engineering and Computer Science from Bucharest Polytechnical University. Robert was appointed the Chief Operating Officer of A&D Pharma's Wholesale Business in March 2008. Robert brings more than 15 years of corporate board level experience to A&D Pharma having served on the Boards of many companies in the pharmaceutical, IT, international trade and energy sectors. He has strong knowledge of the wholesale pharmaceutical sector having served as CEO of Relad, one of Romania's other leading pharmaceutical wholesalers and retailers. Robert's appointment to the Board of Directors is subject to shareholders' approval at the Company's 2008 Annual General Meeting.

Vivian Diaconescu
Chief Operating Officer, Sales & Marketing Business

Vivan Diaconescu, of Romanian nationality, was born in 1975 and has a degree from the Faculty of International Economic Relations from Ovidius University, Constanta. He has been the Chief Operating Officer of Mediplus since 2005. He joined the company in 1998 as Area Sales Manager – Farmactiv Division. He became Business Development Manager in 2000 and between July 2002 and December 2004 he was the Executive Director of Mediplus (Sales to Pharmacies and Hospitals). He has been an Executive Director of the Company since October 2006 and the term of his directorship expires in December 2008.

Claudiu Opran
Chief Operating Officer, Retail Business

Claudiu Opran, of Romanian nationality, was born in 1973 and has a degree in accounting and management. He has been the Chief Operating Officer of Sensiblu since 2005. He joined the Group in 2004 as Operational Manager of Sensiblu and has over eight years of professional experience in managerial positions at several multinational companies. He has previous business strategy experience at Brau Union Romania (which is now Heineken) and SAB Miller Romania. He has been an Executive Director of the Company since October 2006 and the term of his directorship expires in December 2008.

Non-Executive Directors

David Ebsworth
Chairman, Non-Executive Director

David Ebsworth, of English nationality, was born in 1954 and holds a BSc in Chemistry and German and a PhD in Comparative Industrial Relations from the University of Surrey, Guildford, England. He has over 25 years' experience in the ethical pharmaceutical, biological, biotechnology and generic industries. He has worked at Pfizer, Bayer, Oxford Glyco Sciences PLC and has wide ranging experience as a director and non-executive director in pharmaceutical companies. He has been a Non-Executive Director of the Company since October 2006 and the term of his directorship expires in October 2009.

Urs Kamber
Independent Non-Executive Director

Urs Kamber, of Swiss nationality, was born in 1952 and holds a Swiss CPA degree from Balsthal, Switzerland. He has a background in finance and he has worked extensively in Eastern Europe. He was formerly the CFO of Cesky Telecom and a member of the supervisory board of the privatised Bulgarian Telecoms Company BTC. He currently has a non-executive role with Zentiva NV. He has been a Non-Executive Director of the Company since October 2006 and has been appointed by the Board as Senior Independent Director. The term of his directorship expires in October 2009.

Michael Wemms
Independent Non-Executive Director

Michael Wemms, of English nationality, was born in 1940 and holds a BA in History from the University of Bristol, England and an MBA from Cranfield School of Management. He has extensive experience in food and general merchandise retailing, most significantly eleven years on the board of Tesco PLC in an executive role. He has been a Non-Executive Director of the Company since October 2006 and the term of his directorship expires in October 2009.

Eric ter Hark
Independent Non-Executive Director

Eric ter Hark, of Dutch nationality, was born in 1950 and holds a law degree from the University of Leiden, the Netherlands. He has managed all legal issues related to an important number of M&A transactions over a period of 12 years when worked for GIB Group, a retail company listed on the Brussels stock exchange. He has been a Non-Executive Director of the Company since June 2007 and the term of his directorship expires in June 2010.

William Wells
Independent Non-Executive Director

William Wells, of British nationality, was born in 1957 and holds an MA in modern history from Christ Church Oxford, England and an MBA from London Business School, England. He has extensive experience in investment banking activities, holding the position of Managing Director with NM Rothschild & Sons, London, since 2006 responsible for Central & Eastern Europe and the position of Managing Director, EMEA M&A, with Bank of America Securities Limited since 2003. He has been a Non-Executive Director of the Company since June 2007 and the term of his directorship expires in June 2010.

CORPORATE GOVERNANCE

Walid Abboud
Non-Executive Director

Walid Abboud, of English nationality, was born in 1969 and holds a Management Studies degree from ESSEC, France. He is a founding shareholder of the Company and was actively involved in its management from 1994 to 2002. He has been a Non-Executive Director of the Company since October 2006 and the term of his directorship expires in October 2009.

Roger Akoury
Non-Executive Director

Roger Akoury, of Lebanese nationality, was born in 1968 and has a degree in Economics from the St Joseph Faculty, Beirut. He is a founding shareholder of the Company and was actively involved in its management from 1994 to 2002. He previously worked in the sales department for Emirates Airlines Beirut from 1992 to 1994. He has been a Non-Executive Director of the Company since October 2006 and the term of the directorship expires in October 2009.

Michel Eid
Non-Executive Director

Michel Eid, of Lebanese nationality, was born in 1970 and has an Economics degree form the Saint-Joseph University, Beirut, followed by advanced studies at INSEAD, France. He is a founding shareholder of the Company and was actively involved in its management from 1994 to 2002. He has been a Non-Executive Director of the Company since October 2006 and the term of the directorship expires in October 2009.

Ludovic Robert
Non-Executive Director

Ludovic Robert, of French nationality, was born in 1971 and holds a degree of Management Studies from ESSEC, France. He is a founding shareholder of the Company and was actively involved in its management from 1994 to 2002. He has been a Non-Executive Director of the Company since October 2006 and the term of the directorship expires in October 2009.

Terms of Reference

The Board adopted on 13 April 2007 the Terms of Reference of the Board and of the Audit, Nomination and Remuneration Committees to deal with such matters as their internal organization, the manner in which decisions are taken, the composition and the duties, a copy of which is available to shareholders on request by writing to the Company Secretary. They will be posted on the Company's website, www.adpharma.ro.

The Board agreed in principle, at the end of 2007, to the establishment of the Corporate Governance Committee, to advise the Board on all decisions relative to corporate governance. Its terms of reference were to be adopted by the Board in 2008.

Board Balance and Independence

The Chairman is not independent, due to his variable part of remuneration, dependant on the company's results. He had also been the Executive Chairman of A&D Pharma Holdings SRL, the Romanian holding company of the Group, between 9 October 2007 and 15 January 2008.

The following Non-Executive Directors are not independent, due to their significant interests in the Company:

- Walid Abboud
- Roger Akoury
- Michel Eid
- Ludovic Robert

In addition, the above mentioned Non-Executive Directors have links with different related parties, with whom the Company's subsidiaries had transactions in 2007, as detailed in the Note 19 of the consolidated financial statements of the Company.

The Board considers that the remaining Non-Executive Directors are independent in both judgment and character and that they carry out their duties in an independent manner. The Chairman and the independent Non-Executive Directors provide constructive challenge to decisions. This is due to their ability to:

- rigorously analyze management reports;
- robustly defend their own points of view;
- critically evaluate the pharmaceutical industry and the Company itself.

The Role of the Board

Certain decisions of the executive members of the Board must be submitted for approval of the entire Board and shall be adopted with a simple majority of the votes cast, which majority shall include the affirmative vote of at least the majority of all appointed Executive Directors, and the Chairman shall not have a casting vote. Such decisions include:

- specification of risk management policies including insurance, hedging, borrowing limits and corporate security;
- approval of annual operating and capital expenditure budgets and any material changes thereto;
- extension of the Group's activities into new business, where new business means performance of activities outside the healthcare and pharmaceutical market, or into new geographic areas;

- changes relating to the group's capital structure including reduction of capital, issues of shares (except under employee share plans), share buy-backs;
- approval of annual and semi-annual accounts and announcements relating to results;
- proposals for any distribution or payment including an interim dividend;
- changes to the structure, size, composition and profile of the Board of Directors;
- changes to the structure, size and composition of committees of the Board;
- succession planning for executive directors and senior managers;
- corporate strategy; investor relations strategy;
- corporate governance;
- the entering into by the Company or a subsidiary of agreements of any kind with the person (legal entity or individual) who holds the majority of the Company's issued and outstanding share capital or of the voting powers at the General Meeting or otherwise directs its activities, or any person affiliated with such person;
- the application for listing or cancellation of a listing of securities of the Company;
- the acquisition or disposal by the Company or a dependant company of a participating interest in the capital of another company with a value of at least one-third of the amount of the issued capital with the reserves according to the Company's balance sheet with explanatory notes, or, if the Company prepares a consolidated balance sheet, according to its consolidated balance sheet and explanatory notes in the last adopted annual accounts of the company, as well as the substantial increase or decrease of such a participating interest;
- investments which require an amount equal to at least a quarter of the amount of the Company's issued capital with the reserves according to the balance sheet with explanatory notes;
- a proposal to amend the Articles;
- a proposal to conclude a legal merger (juridische fusie) or a demerger (juridische splitsing);
- a proposal to dissolve (ontbinden) the Company;
- a petition for liquidation or an application for a suspension of payments (surséance van betaling) or bankruptcy (faillissement);
- a proposal to reduce the Company's issued share capital;
- the adoption, amendment or termination of internal rules regulating the decision making process and working methods of the Board of Directors;
- the internal allocation of duties within the Board;
- the restriction or exclusion of pre-emptive rights in respect of share issues;
- The Board will decide which other decisions must be submitted to the approval of the entire Board and will include the full list in its board rules.

Certain resolutions of the Board further require the prior approval of the General Meeting of Shareholders. These resolutions, which are specified in the Articles of Association, are:

- the entry into or termination of a long-term cooperation of the Company or a subsidiary with another legal person or partnership or as a fully liable partner in a limited partnership or general partnership, if such cooperation or termination is of a far-reaching significance for the Company;
- resolutions to limit or exclude pre-emption rights in the event of issuance of shares or the granting of rights to subscribe for shares;
- investments which require an amount equal to at least a quarter of the amount of the Company's issued capital

with the reserves according to the balance sheet with explanatory notes or, if the Company prepares a consolidated balance sheet, according to its consolidated balance sheet and explanatory notes in the last adopted annual accounts of the Company;

- the application for listing or cancellation of a listing of securities of the Company.

Conflict of Interests

Any conflict of interest or apparent conflict of interest between the Company and a member of the Board of Directors shall be avoided. Decisions to enter into transactions under which a member of the Board of Directors would have conflicts of interest that are of material significance to the Company and/or to the relevant member of the Board of Directors require the approval of the Non-Executive Directors.

No director can attend meetings where he could have a conflict of interest. During the year under review, the Company dealt with matters which involved conflict of interests between the Company and different members of the Board. In such cases, the conflicting Directors did not participate to discussions and decision making process.

Board Meetings

The Board meets formally at least four times a year and ad hoc as required. In addition, on a periodical basis, the Executive Directors organize meetings relating to the activities performed by the operational entities, to which Non-Executive Directors are invited to attend.

In 2007 four Board meetings were held, and ten operational meetings with respect to the operational entities activity were held. The operational meetings are held mainly at the operational premises, and are designed to allow Non-Executive Directors to gain knowledge of the activities carried out by the operational entities and scrutinize their performance. Also, these meetings facilitate to the Non-Executive Directors meetings with the Company's subsidiaries personnel in order to identify those areas in which Directors can provide advise.

In addition to the Company's Board meetings, these operational meetings contribute to the Board effectiveness.
The dates when the Board meetings were held are listed below:

- 13 April 2007
- 21 June 2007
- 10 September 2007
- 26 November 2007

The dates when the operational meetings were held are listed below:

- 11-12 January 2007
- 8-9 February 2007
- 7-8 March 2007
- 19 April 2007
- 31 May 2007
- 4 July 2007
- 23 August 2007
- 23 October 2007
- 21 November 2007
- 20 December 2007

The Board, the committees and the operational meetings were supplied with information by Mihaela Ciobanescu, the Company Secretary.

Independent Professional Advice

When Directors have to seek legal or financial advice in furtherance of their duties. they are always able to consult the Company's advisers and it is not intended to restrict or discourage this in any way.

Insurance and Indemnification

The Company maintains directors' and officers' insurance cover, up to a limit of Eur 15m, in respect of any legal actions taken against the directors in connection with their duties.

Role of Chairman and Chief Executive

The roles of Chairman and Chief Executive are distinct and are held by different people to ensure a clear division of responsibility. The Chairman is responsible for running the Board including monitoring the proper functioning of Board and its committees, ensuring the timely flow of information to Board members and overseeing their development. He also oversees the development and maintenance of key relationships with current and potential corporate suppliers and customers, investor and public relations activities and will also ensure compliance with all corporate governance and legal regulations across the Group, including the auditing and risk management processes. The Chief Executive is responsible for the day-to-day running of the Company, for the implementation of the Group's strategy as defined by the Board of Directors, with the ambition to expand into other countries within Central and Eastern Europe, using the Group's successful experience in building up the leading pharmaceutical wholesale, sales and marketing services for CHC and Rx products and retail business in Romania.

The Chairman of the Company had been the Executive Chairman of A&D Pharma Holdings SRL, the Romanian holding company of the Group, between 9 October 2007 and 15 January 2008. The change in the Chairman's responsibility effective on 15 January 2008 reflected the Group's analysis of international market entry strategies: its international expansion is organized by business division rather than by territory, with the core of each business division being its successful Romanian business. The main reason for introducing the role of Executive Chairman of A&D Pharma Holdings SRL was the management of a separate international business. This role was now no longer required.

Senior Independent Director

On 13 April 2007 the Board of Directors appointed, among its independent Non-Executive Directors, Mr. Urs Kamber as Senior Independent Director to:

i) deal with the Chairman's annual performance evaluation,
ii) meet shareholders if they have concerns which contact through the normal channels of chairman, chief executive or finance director has failed to resolve or is inappropriate.

Induction Programme

In the year under review, all newly appointed Directors received induction with respect to the Company's business and organizational structure. Directors also received regular updates on changes and developments in the business, legislative and regulatory environments.

Board Evaluation

As part of its commitment to best practices corporate governance, at the beginning of 2008 the Company carried out a Board performance evaluation for the activity performed from the Company's listing on the London Stock Exchange, in October 2006, up to the end of 2007.

The evaluation was conducted internally and comprised in four sections, one questionnaire for each section and had the purpose to assess the performance of Board as-a-whole, of its committees, of the Chairman and of individual directors. Feedback on collective performance has been presented to the Board together with recommendation for actions to improve the Board activity and performance.

Board Committees

On 13 April 2007, the Board appointed from its Non-Executive Directors members to the Audit, Nomination and Remuneration Committees, consisting of 3 or 4 members' members each.

Audit Committee

The directors who are members of the Audit Committee are:

Name	Position	Date of Appointment
Urs Kamber	Chairman	13th April 2007
Michel Eid	Member	13th April 2007
Eric ter Hark	Member	21st June 2007

The Audit Committee is formally constituted with written terms of reference with the full remit of the committee role described. A copy of the terms of reference is available to shareholders on request by writing to the Company Secretary. They will be posted on the Company's website, www.adpharma.ro.

A&D Pharma

The *Audit Committee* supervises the activities of the Executive Directors with respect to:

a) the operation of the internal risk management and control systems, including enforcement of the relevant legislation and regulations, and the operation of codes of conduct;
b) the provision of financial information by the Company (choice of accounting policies, application and assessment of the effects of new rules, information about the handling of estimated items in the annual accounts, forecasts, work of internal and external auditors, etc.);
c) compliance with recommendations and observations of internal and external auditors;
d) the role and functioning of the internal audit department;
e) the policy of the Company on tax planning;
f) relations with the external auditors, including, in particular, their independence, remuneration and any non-audit services for the Company;
g) the financing of the Company;
h) the applications of information and communication technology (ICT).

In fullfilling its duties, the Audit Committee reviewed the audited financial statements in the 2007 Annual Report with management, including the quality and not just the acceptability of accounting principles. It satisfied itself with the reasonableness of judgments made and the clarity of the disclosures in the financial statements.

The Audit Committee reviewed with the independent external auditors, who are responsible for expressing an opinion on the conformity of those financial statements with IFRS. It reviewed with the independent auditors the adopted accounting principles and such other matters as required to be discussed and reviewed with the Committee as defined by the Terms of Reference of the Audit Committee approved by the Board of Directors. In addition, the Committee discussed with the independent auditors the auditors independence from management and the Company, and considered to compatibility of non-audit services with the auditors independence.

The Committee discussed with the company's independent auditors the overall scope and plans for their respective audits. The Committee meets with internal and independent auditors, with and without management present, as needed to discuss the result of their examinations, their evaluations of the Company's risk management and internal control system and framework and the overall quality of the Company's financial reporting. In particular, it also discussed the findings of the internal risk assessment and approved the plan of internal audits for the year 2007.

In reliance on the reviews and discussions referred to above, the Committee recommended to the Board of Directors and the Board has approved, that the audited financial statements be included in the Annual Report for the year ended December 31, 2007 for filing with the respective regulatory authorities.

The Audit Committee supervised the Company's relation with BDO CampsObers Audit & Assurance B.V., the Netherlands, as statutory external auditor of the statutory consolidated and company financial statements, and KPMG Romania SRL, the non-statutory auditor of A&D Pharma Romania's IFRS and the Company's non statutory financial statements. The Committee decided to propose to the General Meeting reappointment of BDO CampsObers Audit & Assurance B.V., the Netherlands, as statutory external auditor of the Company's financial statements.

Nomination Committee

The directors who are members of the Nomination Committee are:

Name	Position	Date of Appointment
David Ebsworth	Chairman	13th April 2007
Michael Wemms	Member	13th April 2007
Ludovic Robert	Member	13th April 2007

The Nomination Committee is formally constituted with written terms of reference with the full remit of the committee role described. A copy of the terms of reference is available to shareholders on request by writing to the Company Secretary. They will be posted on the Company's website, www.adpharma.ro.

The *Nomination Committee* has the following responsibilities:

a) draw up the selection criteria and appointment procedures for Executive and Non-Executive directors;
b) assess the size and composition of the board and making a proposal for a composition profile of the Non- Executive board members;
c) assess the functioning of individual Executive and Non-Executive Directors;
d) make proposals for appointments and reappointments;
e) succession planning for Executive Directors, Non-Executive Directors and, in particular, the Chairman of the Board of Directors and the chief executive officer;
f) supervise the policy of the executive management on the selection criteria and appointment procedures for senior management.

During the year 2006, upon the Chairman's advice, the Company hired a consultancy firm to commence research for Non-Executive Directors candidates having competencies and skills not present in the Board composition in 2006. The research resulted in the proposal made by the Board of Directors to the AGM in 2007 for appointment of two Non-Executive Directors, Mr. Eric ter Hark and Mr. William Wells, proposal which was dully passed by shareholders on 21 June, 2007.

Remuneration Committee

The directors who are members of the Remuneration Committee are:

Name	Position	Date of Appointment
Michael Wemms	Chairman	13th April 2007
David Ebsworth	Member	13th April 2007
William Wells	Member	21st June 2007
Roger Akoury	Member	13th April 2007

The Remuneration Committee is formally constituted with written terms of reference with the full remit of the committee role described. A copy of the terms of reference is available to shareholders on request by writing to the Company Secretary. They will be posted on the Company's website, www.adpharma.ro.

The *Remuneration Committee* has the following responsibilities:

- a) makes proposals to the board for the Remuneration Policy to be determined by the General Meeting;
- b) assess the current remuneration scheme of the Executive Directors;
- c) makes proposals for the remuneration of the Executive Directors, for adoption by the Board:
  - (i) the remuneration structure;
  - (ii) the amount of the fixed remuneration, the shares and/or options to be granted and/or other variable remuneration components, pension rights, redundancy pay and other forms of compensation to be awarded, as well as the performance criteria and their application;
- d) makes proposals for the remuneration of the non-executive directors;
- e) prepares the remuneration report.

On remuneration matters, the Board is advised by Halliwell Consulting, an UK independent executive remuneration and share schemes consultant, which provides no other services to the Company.

Policy on Other Appointments

An Executive Director may not be a member of the supervisory board nor be a Non-Executive Director of more than two listed companies. An Executive Director may not be the chairman of the supervisory board or a board which includes Non-Executive Directors of a listed company. Membership of the supervisory board or a board which includes Non-Executive Directors of other companies within the group of the Company does not count for this purpose. The acceptance by an Executive Director of membership of the supervisory board or the function of Non-Executive Director of a listed company requires the approval of the Non-Executive Directors of the Company. Other important positions held by an Executive Director shall be notified to the Non-Executive Directors.

The number of supervisory boards of Dutch listed companies of which an individual may be a member shall be limited to such an extent that the proper performance of his duties is assured and as long as no conflict of interests arises. Details of any other relevant appointments held by each Non-Executive Director are listed below (on the next pages).

Name of Director	Name of relevant company	Position held in 2007
David Ebsworth	Atani Ltd, UK	Chairman, Director
	CuraGen Corporation, USA	Non Executive Director (ended September 2007)
	SkyePharma Plc, UK	Non Executive Director (ended November 2007)
	Curacyte AG, Germany	Chairman of the Supervisory Board (ended December 2007)
	Intercell AG, Austria	Member of the Supervisory Board
	Renovo Group Plc, UK	Non-Executive Director
	Wilex AG, Germany	Chairman, Member of the Supervisory Board
	Xention Ltd, UK	Chairman
Michael Wemms	Coles Myer Ltd, Australia	Non Executive Director (ended November 2007)
	Money Supermarket.Com Group Plc, UK	Senior Non Executive Director, Chairman of the Remuneration Committee, Member of the Audit and Nomination Committees (since July 2007)
	Inchcape Plc, UK	Non Executive Director, Chairman of the Remuneration Committee, Member of the Audit and Nomination Committees
	Galiform Plc, UK	Senior Non Executive Director, Chairman of the Remuneration Committee, Member of the Audit and Nomination Committees
	Majid Al Futtaim Group, United Arab Emirates	Non Executive Director, Chairman of the Remuneration Committee, Member of the Nomination Committee

A&D Pharma

Name of Director	Name of relevant company	Position held in 2007
Urs Kamber	Bulgarian Telecommunications Company, Bulgaria	Member of the Supervisory Board (ended August 2007)
	China Enterprise Capital Ltd., Hong Kong	Non Executive Director
	Zentiva N.V., Czech Republic	Non Executive Director, Chairman of the Audit Committee
	Wimax Telecom AG, Switzerland	Chairman of the Supervisory Board (ended December 2007)
	Stirling Systems AG, Schaffhausen, Switzerland	Non Executive Director
	Adax S.A., Bevaix, Switzerland	Non Executive Director
	Adax Holding AG, Herbligen, Switzerland	Non Executive Director
	FS Kamber AG, Herbligen, Switzerland	Member of the Board
	Bogar AG, Wallisellen, Switzerland	Non Executive Director
Eric ter Hark	Hans Anders Retail Groep, The Netherlands	Chairman
	BioTech Tools, Belgium	Member of the Board
	Duff & Phelps LLC, The Netherlands	Advisor
	EMC BV, The Netherlands	Managing Director
William Wells	N M Rothschild & Sons	Managing Director

Ethics

All Group employees will be required to adhere to specified codes of conduct, policies and procedures, including, but not limited to:

- Code of Conduct;
- Complaints and Whistle blowing Procedure;
- Insider Trading Code.

In the year when this report is published, progress has been made with respect to such policies and procedures. These policies will be reviewed annually.

Statement of Directors' Responsibility in Relation to the Accounts

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatements, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

The responsibilities of the auditors in relation to the financial statements are set out in the auditors' report.

Going concern

The Company's financial statements are prepared on the assumption that the entity is a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the normal course of operations.

Internal Accountability (Internal Control)

A&D Pharma recognizes that it has a duty to act responsibly towards its shareholders and to protect the Company's assets. The Board is responsible for reviewing and approving the adequacy and effectiveness of the Company's internal controls and for ensuring compliance with relevant local laws and regulations. The aim of our internal controls is to provide reasonable assurance that the Company's operational and financial objectives are achieved and that significant risks are identified. It should be noted that this reasonable level of assurance does not provide certainty as to the realization of operational and financial business objectives, nor can they prevent all misstatements, inaccuracies, errors, fraud and non-compliance with rules and regulations.

The Board has reviewed the effectiveness on an ongoing basis of the system of internal control for the accounting period under review. The key features of the internal control system are:

(a) Organisation structure

The structure of the organisation is so designed to minimise, as far as possible, the complexity of the reporting arrangements commensurate with the commercial demands made on the group. The structure focuses on the core businesses of the group and stringent reporting procedures are applied to ensure that performance is closely monitored so that effective and prompt action can be taken if the need arises. Certain of the group's key functions including company secretarial, legal, taxation, internal audit, treasury, financial reporting are undertaken centrally.

(b) Financial control and reporting

The group operates a comprehensive financial control system with each operating division's performance being closely monitored against budget, forecast and prior year performance. Monthly management accounts are prepared for consideration by the Board as a whole, and are issued in a timely manner to ensure proper consideration can be given to the information.

(c) Internal control procedures

A process of documentation of procedures and authority levels in the Company's procedures manual has started beginning with 2007. Although certain procedures were documented by the Company, those procedures were not entirely integrated in a policy and procedures manual which is regularly updated.

(d) Audit Committee

The Audit Committee is designed to help the Non-Executive Directors to perform their supervisory role. *As indicated above in section "Board Committees", the Audit Committee was appointed in 2007 and it has the duties as set out by its Terms of Reference and summarized above.* Meetings are held at least three times a year with the external auditors to consider any reporting or control issues raised by the external auditors.

(e) Group Internal Audit

The internal control systems are comprehensively supported by the Group Internal Audit department. Group Internal Audit is responsible for advising all levels of management, and the Board of directors through the Audit Committee, on the quality of the operational systems of control for all parts of the group. This review and appraisal function does not relieve line management of its responsibility for effective control.

Group Internal Audit functions by conducting independent appraisals in a professional manner leading to reports detailing findings and agreed actions; the Head of Group Internal Audit reports directly to the Audit Committee.

(f) External Auditors

For the financial year 2007, BDO CampsObers Audit & Assurance B.V. was the statutory external auditor of the statutory consolidated and company financial statements. KPMG Romania SRL was the non-statutory auditor of A&D Pharma Romania's IFRS and the Company's *non statutory financial statements. BDO CampsObers Audit & Assurance B.V. will submit for adoption* the audit opinion on the Company's statutory consolidated and company financial statements to the General Meeting. The audit opinion of KPMG Romania SRL on ADP Romania's and the Company's IFRS consolidated financial statements will also be presented. BDO CampsObers Audit & Assurance B.V. and KPMG Romania SRL also informed representatives of the Board of Directors of their findings and observations.

The Group issues to its external stakeholders financial statements prepared in accordance with the International Financial Reporting Standards as endorsed for use in the European Union ("IFRS"). Internal financial reports are prepared on the basis of IFRS as well.

(g) Risk management

The Board is responsible for identifying and managing the major business and financial risks faced by the Group. During 2006 Ernst & Young and the Internal Audit Department assisted management in the preparation of a "Risk Assessment Report". The *risk assessment was embedded in a "top down Business Process" approach and all significant risks have been documented in* a risk map.

During the second half of 2007 Ernst & Young performed a review covering major taxes issues arising from the business operations undertaken by the company between 1 January 2005 and 30 June 2007. For prudence purposes, based on this preliminary risk assessment and the estimation of possible tax consequences performed by Ernst & Young, management has included a provision in the financial statements, which represents the Group's estimation of the amounts possible to be paid, if any tax or other authorities would have a differing position with regards to the interpretation of these issues. The information regarding the amount of the provision is disclosed in Financial the Statements.

Company's management is responsible for continually updating this risk assessment and implementing action plans to mitigate those risks. The Internal Audit Department reviews the risk assessment and operation of the risk management and control systems on an ongoing basis to take into account the changes in risk profile and the implication of audit findings.

The most important risks identified, as well as the structure of the aforesaid risk management system and aspects of its further development are discussed below and in the section on risk management in the Annual Report.

Risk Management

The following section contains a selection of important risks that have been identified and for the management of which a process of setting strategies, controls and mitigating measures has been initiated. They nevertheless involve uncertainty that may lead to the actual results differing from those projected. There may also be current risks that the Company has not yet fully assessed but that could have a material impact on the company's performance at a later stage. The Company's risk management and internal control system has been designed to timely identify and respond to these developments, but 100% assurance can never be achieved.

Generic risks

Risks Related to the Company and the Group

The success and growth of the business depends on the continued macroeconomic and pharma market growth.

The success and growth of the Company's business has been linked to and will, to a larger extent, depend on continued expected improvements in the Romanian macroeconomic environment and on the forecast growth of the local consumer spending and the pharmaceutical market. An economic slowdown in Romania could materially adversely affect the business, financial and operational results of the Company.

The Romanian public health sector regulations

The pharmaceutical industry in Romania heavily relies on Government policies relating to the public health system, defining the health insurance system and regulating the institutions responsible for monitoring and implementing such policies.

In Romania, there is mainly one insurance body, namely the National House for Health Insurance (NHHI); NHHI has a monopoly in the Romanian pharmaceutical market which is different to other European countries that have several insurance houses that create a competitive market.

Regulatory compliance

The Romanian authorities may conduct audits (controls) of companies operating in Romania which may extend to tax, legal and regulatory matters. The legal and fiscal environment in Romania and its implementation into practice can change and is subject to different interpretation by various Ministries of the Government and their agencies that are authorised to conduct audits (controls) of Romanian companies which may result in either the re-classification of certain transactions from a tax standpoint or fines and other sanctions.

Drug re-imbursement

The Governmental health spending policy and level of state budget allocation towards drug re-imbursements is an important element of the Romanian pharmaceutical retail sector. Reduction of state budget funds allocated to timely re-imbursement of pharmaceuticals purchased in the retail system would have a significant direct impact on revenues of all pharmacies in the market, including Sensiblu.

Predictions of parliament, government authorities or public organizations

Considering significant unexpected measures in the past, the Company cannot accurately predict the nature of the measures that may be adopted by legislative and governmental authorities or public organizations or their impact on the Company's subsidiaries' revenues.

Pharmaceutical industry and competition

The pharmaceutical industry in Romania is fragmented and price-competitive. Potential entry of major international industry players and consequent consolidation may lead to further erosion of margins in the market. Even though market is fragmented, the small players (especially from retail) might organize themselves into purchasing groups in order to increase the negotiation power based on bigger volumes.

Group expansion

The Group plans to grow its business through organic growth and also through domestic and international mergers and acquisitions. The Group is currently looking into a possible expansion of the Group's business into neighbouring countries. As all of these countries are emerging markets, the Group's business may be subject to greater risks than in more developed countries.

Systems failures and delays could harm the Group's business

The Company and the Company's subsidiaries manage their warehousing, logistical and point-of-sale operations through a variety of electronic mediums, including the intranet, networked personal computers and automated inventory management systems. These operations are heavily dependent on the integrity of the electronic systems supporting them. Mediplus' and Sensiblu's systems and operations are vulnerable to damage or interruption from human error, natural disasters, power loss, computer viruses, intentional acts of vandalism and similar events.

Human resource risks

The Company's ability to retain highly skilled, committed as well talented staff working in sales, marketing, finance, general management and human resources is critical to the Company's future success. Within the limits of its strategic direction, the company is making ongoing efforts to manage the required processes. The Company may have to adjust the timing of its growth path due to constraints or opportunities in this field.

Taxation risks

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

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

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

Even if the current Romanian Fiscal Code is intended to create a stable tax framework, tax legislation can be subject to significant changes and contradictory interpretations, which may apply retroactively.

Moreover, in practice, the tax authorities can take a strong approach and assess additional tax liabilities and related late payment penalties (2007: 0.1% per day) based on their individual interpretations of the tax legislation. As a result, penalties and delay payment interest could result in a significant amount payable to the Romanian State.

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

Legal proceedings risks

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

Competition laws risks

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

Insurance risks

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

Operating environment

On 1 January 2007 Romania became a member of the European Union and therefore national laws have been adapted to comply with the detailed and complex rules on the basis of the EU Treaties, Regulations and Directives.

Although a member of the European Union, the economy of Romania continues to display certain macroeconomic imbalances, such as a high current account deficit, a relatively uncomplex financial market and fluctuations in the foreign currency exchange rates.

From mid 2007 onwards recent months, the international financial markets have experienced a number of effects that can be traced back to the concerns over the US sub-prime mortgage market. These range from specific concerns over the underlying value of certain asset classes to the broader impact of widening credit spreads and market illiquidity on asset values, and the ability of organizations to meet their financing requirements in an orderly and low cost manner.

The effects of these on the Romanian financial markets have been seen in the form of fall in the capital markets and a forecasted increase in financing interest rates on the medium term due to worldwide liquidity conditions.

Nevertheless, given the market conditions and uncertainties that are likely to exist throughout the first periods of 2008, other effects may be felt beyond the date of these financial statements.

Risks Related to Sensiblu

Risks associated with the ability to hire and retain qualified pharmacists

The retail pharmaceutical business in Romania is significantly dependent on the availability of licensed pharmacists. Sensiblu believes that its benefits and training programs should enable it to attract, hire and retain qualified personnel. However, it may not be able to attract, hire and retain enough qualified pharmacists as the number of eligible candidates is limited to the pharmacist license holders in Romania.

Demographical Restrictions

The number of pharmacies to be opened in Romania is currently restricted by law according to demographical restrictions which are applied in a non transparent and potentially arbitrary manner. Sensiblu benefits from high entry barriers set by the regulations. If the restrictions are lifted or lessened, large international pharmacy chains may enter the Romanian pharmaceutical market through acquisition of Romanian pharmaceutical chains and by organic growth which would lead to further competition in the retail market which may have a material adverse effect on the Company and its subsidiaries.

Risks Related to Mediplus

Exchange rate fluctuations may affect Mediplus's business

More than 70 per cent, on average, of Mediplus' products are imported. Since its transition to a market economy, Romania has experienced several periods of material fluctuation in the value of its currency. Despite the current strength of the Romanian economy, the risk of further currency fluctuation and devaluation continues. Depreciation of the RON against the Euro and the US dollar could increase the cost of acquiring key products from Mediplus' main suppliers, which could lead to reduced profits denominated in RON. Any significant fluctuation in exchange rates may affect the Company's subsidiaries' profitability. The Company's aim is to mitigate its currency exposure by hedging their open currency positions in order to protect the operating result against effects of currency fluctuations.

Pharmaceutical industry and competition

The pharmaceutical wholesale industry in Romania is fragmented and price-competitive. Potential entry of major international industry players and consequent consolidation may lead to further erosion of margins in the market which would negatively affect the financial performance of the Group.

Statement of compliance

The Dutch and UK Codes became applicable to the Company as of the date of listing on the London Stock Exchange, in October 2006. Since then, the Company has successfully implemented an important number of the Dutch and UK Codes principles, with the exception of the deviations herein described.

The Board is committed to report further progresses on these matters to the General Meeting of Shareholders to be held after 2008.

In the year under review, the Company complied with the majority of the principles set out by the Dutch and UK Code, provided that they were applicable considering the Company's organizational structure, business profile, level of corporate governance development and the period when the Company was active as public company, with the exception of the following principles and relevant best practice provisions of the Dutch Code and main principles and relevant supporting principles and provisions of the UK Code:

- ◊ Dutch Code, Principle II.2: *"[..] The amount of compensation which a management board member may receive on termination of his employment may not exceed one year's salary, unless this would be manifestly unreasonable in the circumstances."*

As more detailed in the Remuneration Committee Report, this principle is not followed in case of the Executive Directors' compensation.

- ◊ Dutch Code, Best practice provisions II.1.6 and II.2.6 and UK Code, provision C.3.4: implementation of measures for employees to report alleged irregularities and policy on share dealings.

The Company has not implemented such procedures. These are part of a set of regulations to be adopted in 2008.

- ◊ Dutch Code, Best practice provisions II.2.3 *"Shares granted to management board members shall be retained for a period of at least five years [...]"*

Although not in place for the group employees as at 31 December 2007, the long term incentive plan dated 21 June 2007 provides for a holding period of 3 years. The Board considered this duration more suitable for the Company's organizational structure and business profile.

- ◊ Dutch Code, Best practice provisions III.8.4 and UK Code, provisions A.3.2

III.8.4 Dutch Code
"The majority of the members of the management board shall be non-executive directors and are independent within the meaning of best practice provision III.2.2"

A.3.2. UK Code
"...At least half the board, excluding the chairman, should comprise non-executive directors determined by the board to be independent."

The current Board composition consists of four Executive Directors and nine Non-Executive Directors out of which only 4 are independent. The Chairman and four non-executive directors (Walid Abboud, Roger Akoury, Michel Eid, Ludovic Robert) are not independent due to the intensive involvement and interests in the company respectively. Until significant change of the current structure will occur, the Company will not be able to comply with the above provisions.

- ◊ Dutch Code, Best practice provision III.5.1 (with respect to the Remuneration and Nomination Committee) and UK Code, provisions A.4.1, B.2.1 and C.3.1 (with respect to the Nomination, Remuneration and Audit Committees)

III.5.1 Dutch Code
"... a maximum of one member of each committee need not be independent within the meaning of best practice provision III.2.2."

A.4.1 UK Code
"A majority of members of the nomination committee should be independent non-executive directors."

B.2.1 UK Code
"The Board should establish a remuneration committee of at least three, or in the case of smaller companies two, independent non-executive directors."

C.3.1. UK Code
"The Board should establish an audit committee of at least three, or in the case of smaller companies two, members, who should all be independent non-executive directors."

Considering the composition of the April 2007 established committees, the Company does not meet the Dutch and UK requirements with respect to the independent non-executive directors composition of the Committees.

◊ Dutch Code, Principle III.7: *"[...] The remuneration of a supervisory board member is not dependent on the results of the company."*

As more detailed in the Remuneration Committee Report, the Chairman's and non-executive directors' remuneration comprises a variable part, dependent of the Company's results. The board concluded that, for the non-executive directors excepting the Chairman, the variable part does not affect their independence in judgment and character and that they carry out their duties in an independent manner. At the date of his appointment, the Chairman was independent.

◊ Dutch Code and UK Code: Information inclusion on the website

The relevant information, as provided by the Dutch and UK Codes, has not been included yet on the Company's website. The Company understands the necessity of improving the information available on its website, and undertakes to comply with these requirements, as soon as reasonable possible.

◊ UK Code, Provision D.2.4 *"The company should arrange for the Notice to the AGM and related papers to be sent to shareholders at least 20 working days before the meeting."*

For the AGM and the two EGMs held in 2007 the Company has applied the Dutch law and its Articles of Association provisions, according to which *"The convocation shall take place no later than on the 15th day prior to the date of meeting."*

The Company will endeavor to also comply with the UK Code requirement.

◊ Dutch Code, Provision IV.3.9 regarding *Anti-takeover measures*

The Company has not prepared any policy relating to anti-takeover measures meant to prevent or discourage an unwanted takeover of the Company.

Remuneration Committee Report

Introduction

The Board of the Company determined to follow UK Corporate Governance best practice in relation to Executive remuneration for the year in question. Therefore this report has been prepared in accordance with the spirit of The UK Directors' Remuneration Report Regulations 2002, (the "Regulations"). The report also meets the relevant requirements of the UK Listing Rules of the Financial Services Authority and describes how the Board has applied the Principles and complied with the provisions of the UK Combined Code (the "Code") on Corporate Governance relating to directors' remuneration. It also meets the requirements of the Dutch Corporate Governance Code regarding the Executive and Non-Executive Directors.

Remuneration Committee

The Directors who were members of the Remuneration Committee during 2007 were:

Name	Position	Date of Appointment to Committee	Number of Meetings during 2007	Percentage Attendance at Meetings
Michael Wemms	Chairman	13th April 2007	6	100%
Dr. David Ebsworth	Member	13th April 2007	6	100%
Roger Akoury	Member	13th April 2007	3	50%
William Wells	Member	21st June 2007	6	100%

The responsibility for the establishment of a remuneration policy and its cost is a matter for the full Board, on the advice of the Remuneration Committee. The recommendations of the Remuneration Committee have been approved without amendment by the Board for submission to shareholders.

The Remuneration Committee is responsible for developing policy on remuneration for executive directors and senior management and for determining specific remuneration packages for each of the executive directors. The Remuneration Committee members have no personal financial interest other than as shareholders in matters to be decided, no potential conflicts of interests arising from cross directorships and no day-to-day involvement in running the business.

During the period under review, the Remuneration Committee sought the assistance of the Chief Executive and Group HR Director on matters relating to directors' performance and remuneration. No director takes part in discussions relating to their own remuneration and benefits. The Board and the Remuneration Committee appointed and received wholly independent advice on executive remuneration from Halliwell Consulting. No other services were provided to the Company by Halliwell Consulting during the year.

The Remuneration Committee is formally constituted with written terms of reference with the full remit of the Committee role described. A copy of the terms of reference is available to shareholders on request by writing to the Company Secretary, Mihaela Ciobanescu, whose address can be found on the back cover of this report.

Philosophy behind Remuneration Committee's Approach

The policy is designed to encourage, reward and retain the executives and the Remuneration Committee believes that shareholders' interests are best served by remuneration packages which have a large emphasis on performance related pay. Emphasis on performance should encourage executives to focus on delivering the business strategy and, by providing meaningful incentives to executives, ensure that the appropriate balance between fixed and performance related pay is maintained.

The philosophy is designed to encourage, reward and retain the Executives based on the following principles:

- shareholders interests are best served by remuneration packages which have a large emphasis on performance related pay;
- emphasis on performance will encourage the Executives to focus on delivering the business strategy;
- the structure of the package will ensure fair reward for performance such that exceptional remuneration will only be justified where performance is exceptional;
- Executives will be encouraged to build substantial personal holdings in the Company to further align their interests with those of shareholders;
- remuneration policy and practice will be as transparent as possible.

Remuneration Policy 2007 & 2008

The Remuneration Committee reviews on an annual basis whether its remuneration policy remains appropriate for the relevant financial year. Factors taken into account by the Remuneration Committee include:

- market conditions affecting the Company;
- the recruitment market in the Company's sector;
- changing market practice;
- changing views of institutional shareholders and their representative bodies.

In line with this general review the Committee specifically considered how the A&D Pharma 2007 Long-Term Incentive Plan would be operated during 2008. The results were:

- that the Committee after reviewing the performance criteria and release schedules which applied to 2007 grants has determined that the type of performance criteria remain appropriate to the Company's current circumstances and prospects and therefore will apply to any 2008 grants that may be made to the Executives;
- however, while the Committee has determined that there will be no material change to the total shareholder return performance condition applying to any proposed 2008 awards; the Committee is actively considering the level of EBITDA performance target applying to 50% of any 2008 grant to reflect the three year strategy recently agreed by the Board.

In all other respects the policy applied during 2007 will continue to apply for 2008. The Remuneration Committee's policy during the year was to set the main elements of the remuneration package at the following quartiles in comparison to the Company's Comparator Group:

Base salary	Annual Bonus Potential	Pension	Benefits in kind	Potential Total Short-Term Remuneration available	Potential Annual Share Awards	Potential Total Compensation Value
Lower quartile	Upper quartile	Median	Market practice	Median	Median	Median
	Maximum bonus payouts are only earned by Executives for achieving upper quartile performance.			The remuneration package will provide lower quartile total short-term remuneration unless high levels of bonus payments are earned by Executives.	The remuneration package will provide a lower quartile total compensation value unless Executives earn their bonus payouts and satisfy the performance conditions attached to their share incentives. Maximum bonus and share incentive payments will only occur for upper quartile performance.	

Comparator Group

The Company's Comparator Group is made up predominately of UK and European companies of comparable market capitalisation to the Company drawn from the following sectors:

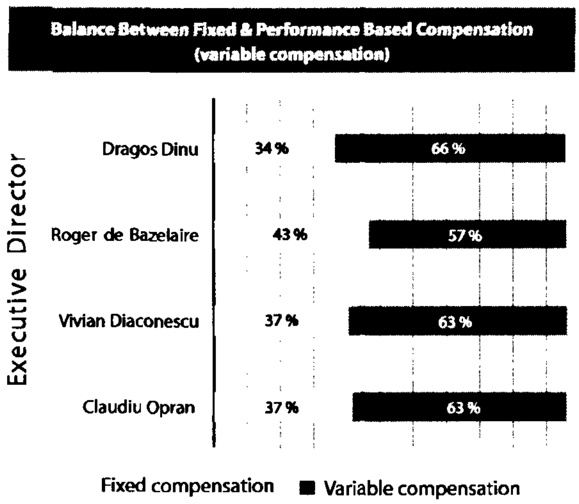
- pharmaceuticals;
- wholesale pharmaceuticals;
- retail.

Throughout this report, references to quartiles are to quartiles in the Comparator Group. It is the Committee's current intention to use the same Comparator Group to benchmark the Company's Executive compensation in 2008 and as the comparator group for the total shareholder return performance condition attached to awards under the A&D Pharma 2007 Long-Term Incentive Plan (the "LTIP"). The LTIP was approved by shareholders at the Company's Annual General Meeting on 21 June 2007.

A&D Pharma

Balance between Fixed & Performance Based Compensation

The chart below demonstrates the balance between fixed and variable performance based compensation for each Executive Director for 2007 (figures have been annualised to allow a direct comparison):



Key

Fixed Compensation is calculated as:
Salary
Benefits
Pension

Performance Compensation is calculated as:
Maximum Anual Bonus
FairMarket Value of LTIP

Elements of Executive Directors' Remuneration

Basic Salary
Policy 2007 & 2008: Lower Quartile

The salaries payable for 2007 and those proposed for 2008 are set out in the following table (all figures are annualised):

Name	2006 Salary	2007 Salary	2008 Salary	%age Rise 2007 to 2008	Median %age rise in CG
Dragos Dinu Chief Executive Officer	€202,349	€218,576	€270,883	24%	10.6%
Roger de Bazelaire Chief Finance Officer	n/a	€359,637	€359,637	0%	10.04%
Vivian Diaconescu COO Wholesale	€61,843	€137,667	€151,434	10%	5.8%
Claudiu Opran COO Retail	€64,890	€100,648	€110,713	10%	5.8%

Notes:

The significant salary rises since 2006 reflect the following factors:

- the listing of the Company and the corresponding increase in responsibilities and profile of the Executive Directors;
- the increased complexity of operating a listed business; and
- the requirement to be competitive internationally rather than just domestically to recruit and retain the appropriate calibre of Executive needed to deliver the Company's ambitious business plans.

When determining the salary of the Executives the Committee takes into consideration:

- the levels of base salary for similar positions with comparable status, responsibility and skills, in organisations of broadly similar size and complexity, in particular the lower quartile salary levels of those comparable companies within the pharmaceutical retail sector and the Comparator Group;
- the performance of the individual Executive Director;
- the individual Executive Director's experience and responsibilities;
- pay and conditions throughout the Company.

Annual Performance Related Bonus
Policy 2007 & 2008: Upper Quartile Maximum Bonus Potential

Bonus payments are not pensionable. The following tables summarise the main features of the Company's executive bonus plan.

Bonus	Dragos Dinu	Roger de Bazelaire	Vivian Diaconescu	Claudiu Opran
Maximum Annual Bonus Potential (%age of Salary) 2007 & 2008				
Company	100%			
Upper Quartile	100%	100%	100%	100%
2007 Bonus Paid (& as %age of Salary)	**€82,269 (38%)**	**€18,299 (5%)**	**€69,171 (50%)**	**€52,922 (53%)**
Median Bonus Payments in the Comparator Group as a %age of Salary	42%	n/a	48%	48%

2007 Bonus Targets
The following table sets out the bonus targets for the Executive Directors for the 2007 Bonus Plan and their level of satisfaction:

Executive	Percentage of Maximum Bonus Potential	Bonus Earned as %age of Salary
Dragos Dinu - Chief Executive Officer		38%
Group Performance	30%	
Individual Business Objectives	50%	
Personal Development	10%	
Team Work Effectiveness	10%	
Vivian Diaconescu - COO Wholesale		50%
Group Performance	30%	
Individual Business Objectives	50%	
Personal Development	10%	
Team Work Effectiveness	10%	

Executive	Percentage of Maximum Bonus Potential	Bonus Earned as %age of Salary
Claudiu Opran - COO Retail		53%
Group Performance	30%	
Individual Business Objectives	50%	
Personal Development	10%	
Team Work Effectiveness	10%	

2008 Bonus Targets

The targets for the annual bonus plan are reviewed and agreed by the Remuneration Committee each year to ensure that they are appropriate to the current market conditions and position of the Company in order to ensure that they continue to remain challenging. It is the opinion of the Committee that the following targets are appropriate for the requirements of the Group in 2008:

Executive	Percentage of Maximum Bonus Potential
Dragos Dinu - Chief Executive Officer	
Group Performance	50%
Individual Objectives	50%
Roger de Bazelaire - Chief Finance Officer	
Group Performance	50%
Individual Objectives	50%
Vivian Diaconescu - COO Wholesale	
Group Performance	35%
Business Unit Sales & Marketing Performance	50%
Individual Objectives	15%
Claudiu Opran - COO Retail	
Group Performance	35%
Business Unit Sales & Marketing Performance	50%
Individual Objectives	15%

Share Incentives
Policy 2007 & 2008: - Median

The Remuneration Committee's policy is to provide annual share grants to Executives at the median level compared to the Comparator Group. Ongoing share incentives, excluding all employee plans, are provided to the Executive Directors solely through the LTIP. The Remuneration Committee believes that share awards under the LTIP enable the Company to provide a competitive incentive and retention tool which is also cost effective in respect of both shareholder dilution and income statement expense. Furthermore, the proposed grant of awards with the attached performance conditions ensure that the Company's comparative Total Shareholder Return ("TSR") performance against the Comparator Group is at least at the upper quartile before Executives will receive the full benefit of their share incentives. This structure demonstrates the Remuneration Committee's desire to correlate incentive arrangements with the achievement of substantial performance.

The following table sets out the main terms of the LTIP and the grants that have been made to the Executive Directors during 2007:

Feature	**Dragos Dinu** Chief Executive Officer	**Roger de Bazelaire** Chief Finance Officer	**Vivian Diaconescu** COO Wholesale	**Claudiu Opran** COO Retail	**Note**
Maximum Maximum Annual Grant	200%	200%	200%	200%	It is not the current intention of the Remuneration Committee to grant the maximum level of grant to an Executive Director during the normal course of the operation of the LTIP.
2007 LTIP Grant:					
Face Value	**€382,500**	**€449,531**	**€172,074**	**€125,800**	
Face Value %age of Salary	**175%**	**125%**	**125%**	**125%**	
Fair Market Value	€248,625	€292,195	€111,848	€81,770	
Fair Market Value %age of Salary	114%	81%	81%	81%	
Median in Comparator Group:					
Face Value	€651,000	€301,000	€202,000%	€202,000	
Face Value %age of Salary	125%	94%	53%	53%	
Fair Market Value	€425,000	€179,000	€142,000	€142,000	
Fair Market Value %age of Salary	90%	63%	50%	50%	

Feature	Dragos Dinu Chief Executive Officer	Roger de Bazelaire Chief Finance Officer	Vivian Diaconescu COO Wholesale	Claudiu Opran COO Retail	Note
Shareholding to be Build up Over Five Years %age of Salary (current shareholding %age of salary in brackets)	175% (5,265%)	125% (0% new hire)	125% (7,165%)	125% (3,266%)	The Remuneration Committee introduced a Shareholding Guideline in conjunction with the new LTIP to encourage a minimum level of shareholding amongst all the Executive Directors to help to align their interests with those of shareholders. This Shareholding Guideline has to be satisfied by the end of 2012.

It should be noted that the real value received by the Executive Directors under the share incentive arrangements will be dependent upon the degree to which the associated performance conditions have been satisfied at the end of the three year performance period and the share price of the Company at this time.

The operation of the LTIP and the main terms and conditions are set out in the following table:

<table>
<tr><th>Feature</th><th colspan="2">Terms & Conditions</th></tr>
<tr><td>Maximum Annual Grant Limit p.a.</td><td colspan="2">Global Limit under the LTIP is 200% of salary.</td></tr>
<tr><td rowspan="5">Performance Conditions for 2007 Award</td><td colspan="2">50% of the Award – 50% of the shares subject to the award will be released for achieving comparative total shareholder return (TSR) targets over the three year holding period from the date of grant. 20% of this element of the award will be released for median comparative performance with full release for upper quartile performance. The comparator group for the purposes of the TSR performance condition consists of the members of the Comparator Group used for benchmarking remuneration.
50% of the Award – 50% of the award will be based on the Company's EBITDA growth over the holding period:</td></tr>
<tr><td>EBITDA Growth over Holding Period</td><td>%age of 50% of the Award Released</td></tr>
<tr><td><100%</td><td>0%</td></tr>
<tr><td>100%*</td><td>20%</td></tr>
<tr><td>200%*</td><td>100%</td></tr>
</table>

Basis of Performance Condition Selection & Measurement:

The rationale behind the selection of TSR as a performance measure is:

- that it ensures that part of the potential benefit to the Executives is based on delivering share price appreciation and dividend payments to shareholders over the next three year performance period;
- it ensures that Executives have to deliver a comparatively satisfactory level of return to shareholders before being entitled to receive any benefit;
- the Committee believes that the value of the Company's Executive team and the strategy they are implementing will be reflected in the share price of the Company going forward;
- the measure is generally supported by shareholders;
- it will reduce the P&L cost of the awards.

The Remuneration Committee will ensure that the underlying financial performance of the Company is consistent with its TSR performance. One of the measures which will obviously be considered when making this determination is the EBITA performance of the Company.

The rationale behind the selection of EBITDA as a performance measure is:

- EBITDA growth is one of the key performance indicators for retail / wholesaling companies;
- it is directly linked to the performance of the Company and the influence of the Executive Directors;
- the P&L cost of this part of the award will only be taken if a benefit is provided to the Executive which will also mitigate the overall cost to the Company of the awards.

The Remuneration Committee determines whether the performance conditions for share awards are satisfied. Where the performance requirements are based on EBITDA the Committee will use the principles behind the audited figures disclosed in the Company's financial statements, and may take advice from independent advisors as to whether any adjustments are required to ensure consistency in accordance with the terms of the performance conditions. Where the performance measure is Total Shareholder Return, Halliwell Consulting, the Remuneration Committee's advisors, shall calculate the TSR in accordance with the rules of the LTIP and sign-off these figures prior to the release of any award.

Dilution

The following table sets out the current level of potential dilution against the ABI limits for all share plans and discretionary plans (principally executive plans) and sets out the commitments to issue shares made during the financial year reported:

Maximum	Current Potential Dilution	Additional Potential Dilution During the Year in Question
10% dilution in ten years	1.76%	1.76%
5% dilution in ten years	1.76%	1.76%

In accordance with the ABI guidelines the Company can issue a maximum of 10% of its issued share capital in a rolling ten year period to employees under all its share plans. In addition, of this 10% the Company can only issue 5% to satisfy awards under discretionary or executive plans. The additional dilution considers the commitments the Company has made under its share plans during the financial year. It should be noted that it is the Company's current intention that all grants under the LTIP will be satisfied by the issue of shares.

Old LTIP

In 2002, the Board of the Company put in place an equity based incentive plan for certain members of the senior and middle management of the Company. The plan involves a cash payment linked to the value of the Company's shares (with the aggregate number of reference shares being a maximum of 7% of the Company's issued share capital). The value of the cash payments were based on the offer price of the Company's shares on flotation. Participants in the plan are required to repay the bonus if they are employed by a competitor within 12 months of the date of payment.

Pension
Policy 2007 & 2008: Median

Defined Contribution Plan

The Executive Directors are entitled to receive payment into a defined contribution pension arrangement equal to 10% of net base salary.

The following table sets out the annualised pension contribution made to the Executive Directors in 2007:

Name	Pension Contribution %age of Salary	Contribution
Dragos Dinu – Chief Executive Officer	10%	€17,160
Roger de Bazelaire – Chief Finance Officer	10%	€30,000
Vivian Diaconescu – COO Wholesale	10%	€11,106
Claudiu Opran – COO Retail	10%	€7,920

Benefits in Kind
Policy 2007 & 2008: Market Practice

The Company has provided limited benefits in 2007, primarily the provision of Company cars. However, during 2008 the Company is intending to provide normal benefits in kind for Executives of this level in a company of this size, such as company cars, healthcare, life assurance and permanent health insurance.

Total Compensation Value
Policy 2007 & 2008: Median

The following table shows the value of each of the main elements of the remuneration package provided to the Executive Directors during 2007 (all figures have been annualised). It should be noted that the FMV of LTIP awards are not the value that will be received by the Executives but represent the accounting cost to the Company of providing these share incentives under IFRS2[1] and therefore represent the theoretical 'cash value' of those grants at the date of grant. The FMV calculation is based on a series of assumptions and may not equate to the actual value received by the Executive Directors on release. In addition, no benefit under the LTIP will be provided unless the attached performance conditions are satisfied and will also depend on the share price on release.

Notes:
1. International Accounting Standard dealing with the expensing of share incentives.

Name	Salary €'000	Bonus €'000	Benefits €'000	Total Payments €'000	FMV of LTIP Grant €'000	Pension Contribution €'000	Total Compensation Value €'000	%age of Median Total Compensation Value in CG
Dragos Dinu	€219	€82	€0	€301	€249	€17	€567	45%
Roger de Bazelaire	€360	€18	€105	€483	€292	€30	€805	93%
Vivian Diaconescu	€138	€69	€0	€207	€112	€11	€330	58%
Claudiu Opran	€101	€53	€0	€154	€82	€8	€243	42%

Other Remuneration Matters

Executive Directors' Contracts
Details of the service contracts of the Executive Directors of the Company are as follows:

Name	Company Notice Period	Contract date	Normal Contract Lapse Date	Date of Appointment	Date of Termination	Potential Termination Payment
Dragos Dinu Chief Executive Officer	12 months	01.10.06	31.12.08			See table below for Details
Roger de Bazelaire Chief Finance Officer	12 months	17.09.07	Rolling Contract	17.09.07		
Florin Buligoanea	12 months	01.10.06	31.12.08		31.10.07	
Vivian Diaconescu COO Wholesale	12 months	01.10.06	31.12.08			
Claudiu Opran COO Retail	12 months	01.10.06	31.12.08			

Termination

Roger de Bazelaire
In the event of the termination of the Executive's contract, salary and benefits will be payable during the twelve month notice period (there will, however, be no automatic entitlement to bonus payments or share incentive grants during the period of notice other than where normal good leaver provisions apply). The Executive Director will be expected to mitigate his loss in

accordance with general legal principles in the event of his cessation of employment. The Remuneration Committee will ensure that there have been no unjustified payments for failure on the Executive's termination of employment. There are no special provisions in his contract of employment extending the notice period on a change of control, liquidation of the Company or cessation of employment.

Other Executive Directors

The following table sets out the entitlements and penalties for the various circumstances surrounding the termination of an Executive's employment (excluding Roger de Bazelaire - see above) with the Company:

Element	Executive Gives Notice		Company Gives Notice		
	New Employment by Competitor	No Employment or Employment with a Non-Competitor	New Employment by Competitor	No Employment or Employment with a Non-Competitor	Summary Dismissal
Salary for 12 months	Yes	Yes	Yes	Yes	No
75% of Total Cash Compensation for 24 months (salary and bonus) (see note 1)	No	Yes (see note 2)	No	Yes (see note 2)	No
Penalty Payment (see note 3)	Yes (see note 3)	Yes (see note 3)	No	No	No

Note 1: the payment is being made to compensate the Executive for agreeing not to work with a competitor of the Company during this 24 month period. The limited pool of experienced Executives in the Company's market makes the employment of its Executives very attractive to current or potential competitors. Therefore the Remuneration Committee felt that it was essential that these provisions were included in the service agreements to protect the Company's commercial interests and in this case these interests take precedence over UK corporate governance best practice that stated notice payments should not exceed 12 months salary.

Note 2: the Company has the right to offset any earnings received by the Executive as a result of his employment providing similar services to another company against its liability to make the payment.

Note 3: the Executive is liable for the following payment if he voluntarily terminates his employment prior to the Contract Lapse Date set out above:

Name	Liability on Termination of Employment
	Period 01.10.2007 to 31.12.2008
Dragos Dinu	€1.5million
Florin Buligoanea	Currently under negotiation (Maximum €1.5million)
Vivian Diaconescu	€1.5million
Claudiu Opran	€0.5million

This penalty payments structure has been put in place to discourage Executives departing in order to maintain the stability of the Executive team.

It should be noted that at the date of this Report the Company is still in negotiation with Florin Buligoanea on the terms of his cessation of employment with the Company.

The Remuneration Committee will ensure that there have been no unjustified payments for failure on an Executive Director's termination of employment. There are no special provisions in the contracts of employment extending notice periods on a change of control or liquidation of the Company.

Non-Executive Director Compensation Policy

Policy 2007 & 2008: Upper Quartile

The nature of the Company's business is international, requiring the Non-Executive Directors to travel. The Board is, therefore, made up of Non-Executive Directors with a wide range of experience both in the UK and internationally. To ensure that the Company remains able to attract the appropriate calibre of candidate the Board has therefore set its fee policy at the upper quartile.

Chairman

The Chairman is entitled to an annual fee of €120,000. For each full day worked in excess of 40 days in the year he is entitled to an additional fee of €3,000 per day. The current expected time commitment of the Chairman is 56 days per annum (with a maximum of 96 days). The Chairman's appointment is for a fixed term of three years.

Non-Executive Directors

The remuneration of the non-executive directors is determined by the Board based upon recommendations from the Chairman and Chief Executive (or, in the case of the Chairman, based on recommendations from the Senior Independent Non-Executive Director and the Chief Executive). The individual fee levels are as follows:

Name	Date of Appointment	Basic fee € 2007 & 2008	Additional Fee for Working more than 40 days. Per day 2007 & 2008
Urs Kamber	09.10.06	€80,000	€2,000
Michael Wemms	09.10.06	€70,000	€1,200
William Wells	21.06.07	€70,000	€1,200
Eric ter Hark	21.06.07	€70,000	€1,200
Ludovic Robert	09.10.06	€ 0	€ 0
Michel Eid	09.10.06	€ 0	€ 0
Roger Akoury	09.10.06	€ 0	€ 0
Walid Abboud	09.10.06	€ 0	€ 0

The four founding shareholders who are Non-Executive Directors are not remunerated for their services to the Company.

Executive Summary of the A&D Pharma 2007 Non-Executive Incentive Plan
Approved by shareholders at the Annual General Meeting of the Company on 21 June 2007.

Rationale behind the Plan - the Board of the Company felt that the Incentive Plan was in the Company's commercial interests by aligning the Non-Executive Directors with shareholders (a number of whom have Board representation) and incentivising them to maximise shareholder value and in this case these interests take precedence over UK corporate governance best practice that Non-Executive Directors should not participate in any incentive based arrangements. Further it is the view of the Board that the participation of the Non-Executive Directors in the Incentive Plan does not affect their independence of judgment.

Frequency of Award - it is the current intention of the Board that a Non-Executive Director will be granted one award under the Incentive Plan on the commencement of his three year term of appointment.

Holding Period - no payment under the Incentive Plan will normally be made to a Non-Executive Director until the third anniversary of the date of grant of the award.

Performance Conditions & Details of the First Awards – the performance conditions are as follows:

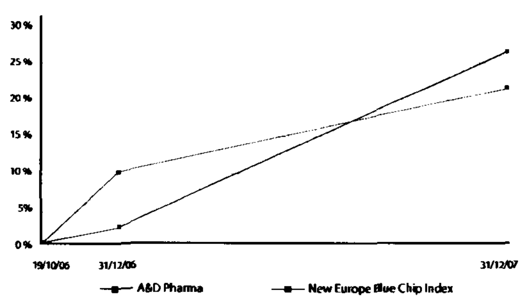
- no benefit will accrue to a participant unless the Company's total shareholder return (TSR) is above 15% for any year of the three year holding period (the "Threshold TSR"). The Threshold TSR will be adjusted if the total returns of the constituents of the Comparator Group (same constituents as for the LTIP) falls by more than 10% in any year on the basis of 1% reduction in the Threshold TSR for each 1% drop in the total returns of the Comparator Group greater than 10%;
- the benefit will be calculated annually and "banked" until the end of the holding period, interest will be paid on any banked elements at the rate of Euribor +2%p.a.;
- the maximum value of the award which can be made to a Non-Executive Director of the Company during each three year term of appointment (four years for the current Chairman) is 1% of the total shareholder return generated above the Threshold TSR;
- the following table sets out the value of the award made to each Non-Executive Director of the Company, expressed as a percentage of the total shareholder return generated above the Threshold TSR:

Participant	%age of TSR above Threshold TSR
Dr. David Ebsworth	1%
Urs Kamber	0.4%
Michael Wemms	0.3%
William Wells	0.1%
Eric ter Hark	0.1%

- on a change of control a participant is entitled to a payment equivalent to the accrued element of the additional fee at the date of the change of control and a payment equivalent to the additional fee that would have been earned had the mean average total shareholder return for the previous completed years of the term continued until its normal end. There are similar provisions if the participant leaves the Company as a "good leaver" i.e. death.

Non-Executive Directors do not participate in any other bonus plan or share incentive programme operated by the Company and are not entitled to pension contributions or other benefits provided by the Company. The Non-Executive Directors appointments are for fixed terms of three years. The terms and conditions of appointment of the Non-Executive Directors are available for inspection.

Total Shareholder Return from Date of Flotation



The graph shows the Company's performance, measured by total shareholder return, compared to the constituents of the New Europe Blue Chip Index which the Committee has selected on the basis that it provides a good indication of the Company's share price performance against the general market.

Directors' Emoluments

The remuneration of each Director, excluding long-term incentive awards and pensions, during the year ended 31 December 2007 compared with 2006 is set out in the table below:

Director	Salary/Fees €'000s		Benefits €'000s		Annual Performance Based Bonus €'000s		Compensation for Loss of Office €'000s		TOTAL €'000s	
	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
Executive Directors[1]										
Dragos Dinu	219	202	0	0	82	14			301	217
Roger de Bazelaire[2,3]	103	0	30	0	18	0			152	0
Vivian Diaconescu	138	62	0	0	69	74			207	136
Claudiu Opran	101	65	0	0	53	20			154	85
Non-Executive Directors										
Dr. David Ebsworth[4]	370	72			1,916				2,286	72
Urs Kamber	96	20							96	20
Michael Wemms	70	18							70	18
William Wells[5]	30	0							30	0
Eric ter Hark[6]	30	0							30	0
Ludovic Robert	0	0							0	0
Michel Ed	0	0							0	0
Roger Akoury	0	0							0	0
Former Directors										
Florin Buligoanea[7]		136		0		0		0		78
	1,156	575	30	0	2,139	108	0	0	3,325	626

Notes:

1. The Executive Directors also receive the benefit of a company car (the purchase value of which is between €45k and €55k).
2. Roger de Bazelaire was appointed on 17 September 2007.
3. Benefits provided to Roger de Bazelaire consists of living allowance, school and medical insurance.
4. Dr. David Ebsworth's compensation has the following elements.
   (i) Salary and fees reflecting the fact that part of the year he was Executive Chairman and part of the year Non-Executive Chairman;
   (ii) Sign-on bonus of €788k to be used to purchase Company GDRs by March 2008, or in the first open period;
   (iii) The banked element of the first year of the operation of the Incentive Plan (see report above for details) which is made up of the following: €635k in cash and a voluntary conversion by Dr. David Ebsworth of €635k in the form of GDRs, namely 37,104 GDRs at a national price of €17,1 per 1 GDR.
5. William Wells was appointed on 21 June 2007.
6. Eric ter Hark was appointed on 21 June 2007.
7. Florin Buligoanea resigned 31 October 2007.

Pension

Details of the Executive pension provision is set out above; the following table sets out the actual Company contributions made during the year ended 31 December 2007 and compares them with those for 2006:

Director[1]	Salary/Fees €'000s	
	[redacted]	2006 €000's
Executive Directors	[redacted]	
Dragos Dinu	[redacted]	0
Roger de Bazelaire	[redacted]	0
Vivian Diaconescu	[redacted]	0
Claudiu Opran	[redacted]	0
Former Directors	[redacted]	
Florin Buligoanea	[redacted]	0

[redacted]

Awards under the A&D Pharma 2007 Long-Term Incentive Plan (LTIP)

Date of Grant	LTIP Awards to 01.01.07 '000	LTIP Awards to 01.01.07 '000	Lapsed '000	LTIP Awards held at 31.12.07 '000	Award Price €	Date of release
Dragos Dinu						
06.11.07	0	22,500	0	22,500	€17	06.11.10
	0	**22,500**	**0**	**22,500**		
Roger de Bazelaire						
06.11.07	0	26,443	0	26,443	€17	06.11.10
	0	**26,443**	**0**	**26,443**		
Vivian Diaconescu						
06.11.07	0	10,122	0	10,122	€17	06.11.10
	0	**10,122**	**0**	**10,122**		
Claudiu Opran						
06.11.07	0	7,400	0	7,400	€17	06.11.10
	0	**7,400**	**0**	**7,400**		

Note:

1. Director's pension contributions did not commence until 1 October 2007.

LTIP Payments

The following table sets out the payments to the executives as a result of the old LTIP (described above) and the repayment provisions if they voluntary terminate their employment with the Company (see above section on executive directors' contracts):

Executive	Date of Payment	Value on Date of Payment	Penalty Payment[2]	
			Period	Period
			01.10.2006 to 30.09.07	01.10.2007 to 31.12.08
			€ million	€ million
Dragos Dinu	25.10.06	4,454,600	3	1,5
Florin Buligoanea	25.10.06	4,454,600	3	1,5
Vivian Diaconescu	25.10.06	3,818,200	3	1,5
Claudiu Opran	25.10.06	1,272,800	1	0,5

Note:

1. The penalty payment for cessation prior to 30.09.07 no longer applies.
2. See the main body of the Report for a description of the performance conditions have to be satisfied for LTIP Awards to be released and description of the operation of the Plan.

The market price of the Company's GDRs on 31 December 2007 was €15.50 per GDR and the high and low GDR prices during the year were €18.50 and €11.25 respectively.

By order of the Board
Michael Wemms
Remuneration Committee Chairman
2008

Disclosures required pursuant to the Decree implementing Article 10 of the EU Takeover Directive

Share capital structure

The Company's authorized share capital amounts to Eur 220,000,000, consisting of 220,000,000 ordinary shares, with a nominal value of Eur 1 per share, of which 200,000,000 shares have been issued and have been fully paid up. Shares can be issued in registered form only. No share certificates may be issued for shares.

As of 24 October 2006 a number of 68,096,304 shares (representing 34.05% of the issued share capital) are publicly traded on the London Stock Exchange, in the form of Regulation S GDRs, each GDR representing six ordinary shares, with a nominal value of Eur 1 each.

The Company and Citibank, N.A., acting in its capacity as depositary, have established a depositary receipt facility for the issuance of Rule 144A GDRs, although no Rule 144A GDRs were issued.

Transfer restrictions

Due to the following restrictions, holders of GDRs are advised to consult legal counsel prior to making any offer, resale, pledge or other transfer of the Regulations S GDRs, the Rule 144A GDRs or the shares represented thereby.

- **Regulation S GDRs**

The Regulation S GDRs and the shares represented thereby have not been, and will not be, registered under the Securities Act or with any securities regulatory authority of any state in the United States or other jurisdiction, and may not be offered or sold within the United States. The Regulation S GDRs and the shares represented thereby may only be offered, sold or delivered outside the United States in offshore transactions in reliance on Regulation S, and in each case in accordance with any other applicable law.

- **Rule 144A GDRs**

To the extent any Rule 144A GDRs (including those issued in exchange for Regulation S GDRs) are issued in the future and for so long as such Rule 144A GDRs are "restricted securities" within the meaning of Rule 144(a)(3) under the Securities Act, such Rule 144A GDRs and the shares represented thereby may only be offered, sold or delivered within the United States to qualified institutional buyers (as defined in Rule 144A) ("QIBs") in reliance on the exemption from the registration requirements of the Securities Act provided by Rule 144A.

Notwithstanding anything to the contrary in the foregoing, the GDRs may not be deposited into any unrestricted depositary receipt facility in respect of GDRs established or maintained by a depositary bank.

Note:

1. The penality payment for cessation prior to 30.09.07 no longer applies

The Rule 144A GDRs offered in reliance on Rule 144A will be evidenced by the Master Rule 144A GDR. Before any interest in the Master Rule 144A GDR may be offered, sold, pledged or otherwise transferred to a person who takes delivery in the form of an interest in the Master GDR, it will be required to provide the Depositary with a written certification (in the form provided in the Rule 144A Deposit Agreement) as to compliance with applicable securities laws. To the extent (if any) that Rule 144A GDRs may be offered and sold, holders may be relying on the exemption from the provisions of Section 5 of the Securities Act followed by Rule 144A.

- **General**

Any resale or other transfer, or attempted resale or other transfer, made otherwise than in compliance with the above-stated restrictions shall not be recognized by the company or the depositary in respect of the Regulation S GDRs, the Rule 144A GDRs or the shares represented thereby.

Disclosure of major shareholdings and capital interests

According to the provisions of Act on the Disclosure of major shareholdings and capital interests in securities-issuing institutions, certain shareholders and the executive and non-executive directors holding interests in the issuing company have the obligation to disclose to the Dutch Authority for Financial Markets (AFM) their holdings in the company, in order to increase transparency regarding major shareholdings and capital interests in securities-issuing institutions.

The information regarding the major shareholdings and capital interests is made available to AFM by way of notifications filed by the shareholders and directors concerned, and is published on the AFM's website, at www.afm.nl.

As at 2 May 2008, according to the AFM's website, two major holdings were posted:

> Active Pharma Invest Ltd, which holds 58.95% capital interests in the Company, and which directly (for 58.5% capital interests) and potentially (for 0.45% capital interests) exercises its voting rights in the Company, through its subsidiary Sograno B.V.,
> Date of disclosure: 1 November 2006.
>
> JP Morgan Chase & Co, which holds 5% capital interests in the Company, and which can potentially exercises its voting rights in the Company, through its subsidiaries JP Morgan Investment Management Inc., JF Asset Management Ltd., JPMorgan Asset Management (Japan) Ltd., JPMorgan Asset Management (UK) Limited.
> Date of disclosure: 1 November 2006.

As at 2 May 2007, according to the AFM's website, the following directors' holdings in the Company were posted:

> Dragos Dinu, Executive Director, Chief Executive Officer, who holds 4,454,600 shares, representing 2.2273% capital interests,
> Date of disclosure: 1 November 2006.
>
> Vivian Diaconescu, Executive Director, Chief Operating Officer Wholesale Business, who holds 3,818,200 shares,

representing 1.9091% capital interests,
Date of disclosure: 1 November 2006.

Claudiu Opran, Executive Director, Chief Operating Officer Retail Business, who holds 1,272,600 shares, representing 0.6363% capital interests.
Date of disclosure: 1 November 2006.

David Ebsworth, Non-Executive Director, Chairman of the Board of Directors, who holds 3,000 GDRs, representing 0.0015% capital interests.
Date of disclosure: 1 November 2006.

Voting rights

GDR holders will have no direct voting rights with respect to the shares represented by the GDRs. They will be able to exercise voting rights with respect to the shares represented by GDRs only in accordance with the provisions of the relevant Deposit Agreement relating to the GDRs and relevant requirements of the Company's Articles of Association and Dutch law, which provide for a proxy being granted to the holder upon request by such holder, provided the proxy is submitted to the Board of Directors 5 days prior to the meeting of shareholders. There are, therefore, certain practical limitations on the ability of GDR holders to exercise their voting rights due to the additional procedural steps involved in communicating with them. Under the Company's Articles of Association, the Board of Directors can set a registration date for determining which shareholders or GDR holders have the right to attend and vote at the meeting of shareholders.

Rules governing the appointment and dismissal of managing directors and supervisory directors and amendment of the articles of association

According to the Company's Articles of Association, the Executive Directors and Non-Executive Directors are appointed by the General Meeting, for a period of up to four years. Re-appointment is possible, but each time for a period of up to four years.

Any suspension or dismissal of directors (Executive and Non-Executive) can only be made by the General Meeting, based on a resolution that is well-motivated. Any suspension may be extended one or more times, but may not last longer than three months in the aggregate. If at the end of that period no decision has been taken on termination of the suspension, or on dismissal, the suspension shall cease.

When a proposal of the Board of Directors to amend the Articles of Association of the Company is made to the General Meeting, this must be mentioned in the notification of the General Meeting of Shareholders and a copy of the proposal including the text of the proposed amendment must at the same time be deposited and held available at the Company's office for inspection by the shareholders and the GDRs holders until the end of the meeting. Such copy will also be available for inspection at the General Meeting of Shareholders.

Resolutions on the appointment and dismissal of directors and on the amendment of the Articles of Association can be adopted by simple majority.

The powers of the managing board, in particular the power to issue or repurchase shares of the company

In the Articles, the power to decide on any further issuance of shares or rights for shares and on the terms and conditions thereof, has been delegated to the Board of Directors. This delegation prevents the General Meeting from deciding on the issue of shares or the granting of rights to subscribe for shares and is valid for a period of five years, ending on 19 June 2011. The delegation is limited to the Company's authorized share capital from time to time. Therefore, under the current Articles, the Board of Directors has the right to issue an additional 20,000,000 shares without the need to amend the Articles. The delegation to the Board of Directors may be extended for periods of up to five years by a resolution of the General Meeting. In the absence of a resolution extending the delegation the General Meeting shall have the authority to issue shares and grant the right to subscribe for shares.
Shares may not be issued at less than their nominal value. The nominal value of shares and share premium (if any) must be fully paid up upon issue. Each holder of shares has pre-emptive rights to subscribe for any shares or rights to subscribe for shares. Pre-emptive rights are in proportion to the percentage of outstanding shares that the holder owns. Pre-emptive rights do not apply to shares (or rights to subscribe for shares) issued for a non-cash consideration, to shares (or rights to subscribe for shares) issued to employees of the Company or its affiliates or to shares issued to a person who exercises a previously acquired right to subscribe for shares. The Board of Directors has been delegated the authority to exclude or limit pre-emptive rights of holders of shares, which delegation is valid for a period of five years, ending on 19 June 2011, and may at any time be extended for periods of up to five years by a resolution of the General Meeting.

A resolution of the Board of Directors to limit or exclude pre-emption rights in the event of the issuance of shares or the granting of rights to subscribe for shares requires the prior approval of the General Meeting. It should be noted, however, that the absence of approval of the General Meeting does not affect the ability of the Management Board to exclude or limit pre-emptive rights. The Board of Directors shall apply the Statement of 86 Principles of the UK Pre-Emption Group when deciding on the exclusion or limitation of pre-emptive rights.

Acquisition by the Company of its own shares

The Company may acquire fully paid-up shares in its own capital for no consideration or if the following conditions are met:

a) the General Meeting has authorized the Board of Directors to make the acquisition (which authorization can be valid for no more than 18 months), specifying the maximum number of shares that may be acquired, the manner in which such shares may be acquired and the limits within which the price must be set;

b) the Company's equity, after deduction of the acquisition price, is not less than the amount of the paid-up and called portion of share capital plus the reserves that the Company has to maintain under Dutch law or the Articles;

c) the Company and its subsidiaries would as a result of such acquisition not hold, or hold as pledgee, shares with an aggregate nominal value exceeding one-tenth of the Company's issued share capital.

The Articles provide that the Company shall be able to acquire shares in order to transfer these shares under employee stock option or stock purchase plans, without an authorization of the General Meeting being required. The Board of Directors has not been authorized to acquire shares in the Company's own capital.

Shares held by the Company or its subsidiaries cannot be voted on or counted for quorum purposes at shareholders' meetings.

Significant agreements affected by the change of control clause

Citibank Loan Agreement

On 13 July 2006, the Company's subsidiaries (A&D Pharma Holdings SA, Ideapharm, Mediplus and Sensiblu), as borrowers, entered into a EUR 100 million syndicated loan agreement with Citibank N.A., London as arranger, Citibank International Plc as agent, HVB Bank Romanian S.A. as issuing bank and Citibank Romanian S.A. as security agent (the "Citibank Loan Agreement"). The lenders under the Citibank Loan Agreement are: Bank Austria Creditanstalt AG; Piraeus Bank S.A. (London Branch), Alpha Bank AE, BRD Groupe Société Generalé SA, EFG Private Bank (Luxembourg), ING Bank N.V, Dublin Branch, Investkredit Bank AG, Raiffeisen Bank SA, Citibank Romania SA, MKB Bank Rt, Budapest and Banca Romaneasca S.A.

The Citibank Loan Agreement contains certain customary events of default (which, in case of occurrence, will generate an accelerated loan repayment) including, *inter alia*, change of control, but subject to certain exceptions.

Citibank Credit Facility Agreement

On 24 December 2007 the Company as borrower entered into a EUR 3.6 mil loan agreement with Citibank Romania SA as lender. This Agreement contains certain customary events of default (which, in case of occurrence, will generate an accelerated loan repayment) including, *inter alia*,change of control.

Rental agreements

There is a small number of rental agreements for pharmacy activity to which Sensiblu is party, which could be affected as result of the exercise by the landlords of the right to terminate the agreement in case of change of control.

The premises concerned are: Jupiter City, Pitesti; Lake Park, Bucuresti; Carrefour, Braila.

Supply agreements

There is a certain number of supply agreements to which Mediplus and Sensiblu are parties, which could be affected as result of the exercise by the suppliers of the right to terminate the agreement in case of change of control.

The Mediplus' suppliers concerned are: Abbott GmbH & Co.KG Germany, Aventis Pasteur France, Alfa Wasemann Spa Italy, Aliud Pharma Germany, Astrazeneca Limited UK, Bayer SRL Romania, CSC Pharmaceuticals SA Switzerland, Eli Lilly Export SA Switzerland, Laboratoires fournier SA France, GSK Healthcare Hungary, Johnson & Johnson Switzerland & Slovenia, Merck

Sharp & Dohme Netherlands, Millet Innovation France, Dr Reddy's India, Roche Romania Srl, Krka d.d., Novo mesto, Slovenia, Reckit Benckiser Healthcare Eastern Europe Czech Republic,. UCB SA Belgium.

The Sensiblu's supplier concerned is: Boots Beauty International Limited, UK.

United Kingdom Tax Considerations

The following comments are of a general nature and are based on current United Kingdom ("UK") law and Her Majesty's Revenue and Customs ("HMRC") practice as at the date of this document, both of which are subject to change at any time and possibly with retrospective effect. They do not necessarily apply to all categories of investors. Prospective investors are urged to consult their own tax advisers prior to investing with respect to their own particular circumstances.
In particular, these comments do not apply to the following:

- investors who are not the beneficial owners of GDRs;
- investors who do not hold their GDRs as capital assets;
- special classes of investor such as dealers, broker dealers, insurance companies and investment companies;
- investors who own (or are deemed to own) 10 per cent. or more of the Company's voting rights or GDRs;
- investors who own the GDRs as part of hedging or conversions transactions; or
- investors who have (or are deemed to have) acquired their GDRs by virtue of an office or employment.

Withholding Tax
Dividend payments in respect of GDRs may be made without withholding or deduction for or on account of UK income tax.

Taxation of Dividends
Dividends received by investors who are resident in the UK for tax purposes, who are carrying on a trade, profession or vocation in the UK through a branch or agency, in the case of a corporate investor, a permanent establishment in connection with which the GDRs are held or, from 6th April 2008, who are UK nationals owning less than a 10 per cent. shareholding in the Company will generally be subject to UK income tax or corporation tax, as the case may be, on the gross amount of any dividend paid.

Credit may be given for Dutch tax withheld (and not recoverable from the Dutch tax authorities) in respect of such dividends subject to the UK taxation rules regarding calculation and availability of such credit including taking all reasonable steps to minimise the amount of Dutch tax on the dividends.

Generally, an individual investor being resident but not domiciled in the UK will be liable to UK income tax on dividends received to the extent that such dividends are remitted to the UK or deemed to be remitted to the UK. A dividend is remitted to the UK if it is paid to the UK or transmitted or brought to the UK in any way.

A dividend may also be treated as remitted to the UK under certain anti-avoidance legislation.

Where dividends are paid by or through a UK paying agent or collected by a UK collecting agent, such agent may be required to supply details of the payment and certain details relating to the investor (including the investor's name and address) to HMRC. Any information obtained may, in certain circumstances, be provided by HMRC to the tax authorities of other jurisdictions.

Taxation of Disposals

For the purposes of UK taxation on chargeable gains, a disposal of GDRs in the case of a corporate investor being resident in the UK or carrying on a trade through a permanent establishment in connection with which the GDRs are held may give rise to a chargeable gain or allowable loss.

For the purposes of UK taxation on chargeable gains, a disposal of GDRs in the case of an individual investor being resident or ordinarily resident in the UK or carrying on a trade, profession or vocation in the UK through a branch or agency in connection with which the GDRs are held may give rise to a chargeable gain or allowable loss which may, depending on the investor's circumstances, be reduced or offset by any available exemptions or reliefs

For the purposes of UK taxation on chargeable gains, a disposal of GDRs in the case of an individual investor being resident or ordinarily resident but not domiciled in the UK and not carrying on a trade in the UK, will be liable only to the extent that the chargeable gains made on the disposal of GDRs are remitted to the UK or deemed to be remitted to the UK.

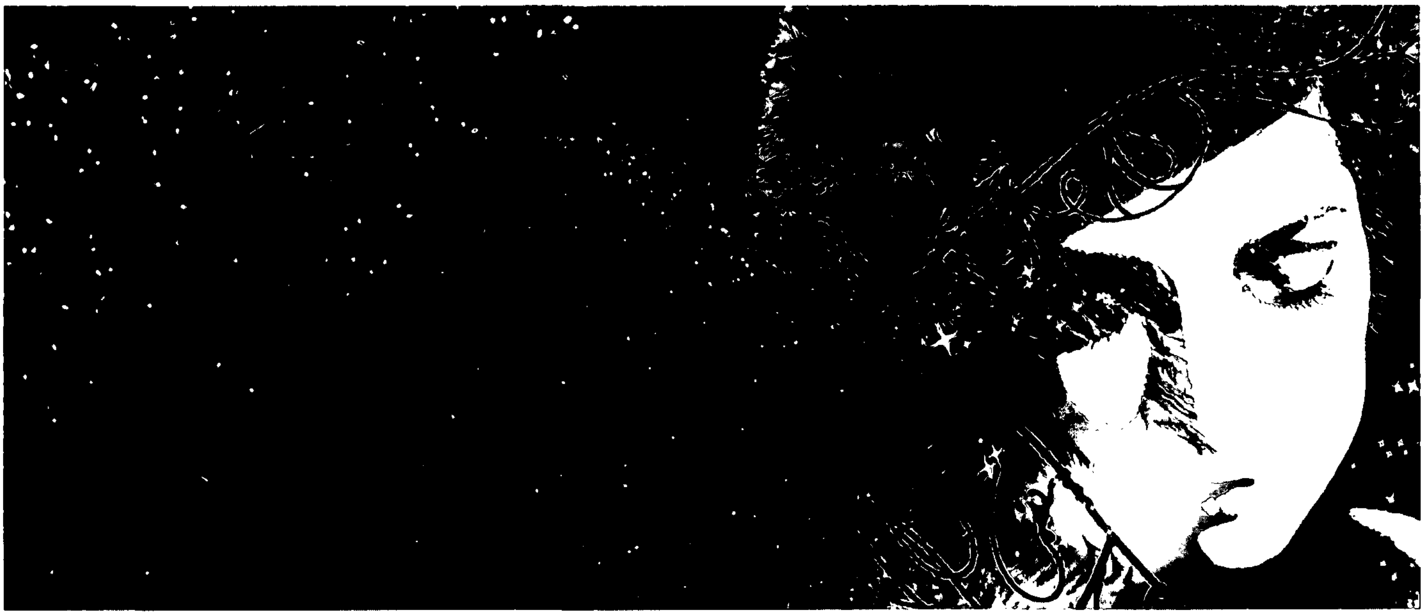
For the purposes of UK taxation on chargeable gains, a disposal of GDRs in the case of an individual investor being neither resident nor ordinarily resident in the UK and who does not return to the UK within five years of such disposal will not be liable unless, at the time of the disposal, such investor carries on a trade, profession or vocation in the UK through a branch or agency in connection with which the GDRs are held.

Stamp Duty

No liability to UK stamp duty or stamp duty reserve tax ("SDRT") should arise on the issue of GDRs to investors.

UK stamp duty should not be payable in connection with a transfer of GDRs provided that the instrument of transfer is executed and retained outside the UK, the GDR register is not held in the UK and no other action is taken in the UK by the transferor or transferee.

No UK SDRT should be payable in respect of any agreement to transfer GDRs.



1. What is Corporate Social Responsibility?

- CSR (Corporate Social Responsibility) is the company's permanent commitment to act ethically and to contribute to economical development, at the same time improving life quality of employees and their families, as well as local community life and society as a whole (World Business Council for Sustainable Development);
- CSR is a mix of business and social values;
- CSR is the duty to get involved and transparency;
- Social responsibility is described by triple bottom line: success at social, financial and environment level.

Sensiblu Foundation – The CSR Division of A&D Pharma

2.1. What is a corporate foundation?

- A non-profit entity with a separate juridical personality, having its own board, employees and projects, observing the same rules and regulations as any other non-governmental organization.

2.2. Programs developed in 2007

A. Casa Blu program is an exhaustive answer to the needs faced by the women and children, victims of domestic violence. In this way we deal with social problems, as well as with the psychological and juridical matters. The specialists team working in Casa Blu program helps women to understand the abusive situation they have escaped, adapt to the "outside" world, to regain self-respect and to improve the relationship with their children and extended family.

Casa Blu program helps victims of domestic violence, providing them social, psychological and juridical counseling, court representation, financial support, shelter, help in finding a job, and most important of all, offers them the emotional support necessary for a new start.

In Casa Blu there is a counseling center, having a public address, offering services for women and children who get there direct, or directed by our program partner or other similar NGOs, as well as a shelter, having a confidential address, where women and children can find a safe home between 1 to 6 months.

In **the counseling center**, foundation specialists - sociologists, psychologists, law experts and attorneys – offer immediate support for the victim to overcome the crisis situation, and on long term, to the assisted persons to develop the abilities to live a new life, safe from violence.

Persons who call the counseling center benefit of the following services:

- **social counseling:** help to find a job, help to find a rented house, registration to a family doctor, getting identity cards, having a good relation with other institutions with intervention abilities such as: Police, National Institute of Legal Medicine, Children Protection Authority, National Agency for Employment and other non-governmental institutions with similar programs;

- **Individual and group psychological counseling:** within the support group, women interact with other women facing similar problems, share experiences and solutions, help each other. Women can choose individual counseling and they are helped to regain self esteem and to discover new psychological resources to face domestic violence;

- **Interaction group for children:** children from families dealing with domestic violence interact and improve their social abilities and creativity;

- **Juridical counseling:** our law specialist helps persons in our assistance to understand their situation from a legal point of view, help them make a penal complaint against the violent man, making the divorce papers, getting the medico-legal certificate, etc. The attorney assists the victim to the court, together with a bodyguard;

- **Assistance in Court of Justice:** persons who are victims of domestic violence can choose to be represented by our attorney in the Court of Justice, the costs being entirely or partial paid by the Sensiblu Foundation.

B. V-Days Campaign – 16 Days of Activism against Gender Violence

During November 25 - December 10, Sensiblu Foundation has organized the IV edition of V-Days Campaign – 16 International Days of Activism against Gender Violence, with the slogan "Through indifference we encourage domestic violence". During 16 days of campaign people were encouraged to take attitude when they hear, see or know of a domestic violence case. We wanted this year to invite all the Romanians to give indifference up because due to simple gestures they can save lives.

To draw public attention, Sensiblu Foundation have build in Universitatii Square a "Wall of Indifference" on which the passers by could read the names and stories of the women killed by a husband, son or father, in Bucharest since 2004 till now.

During the campaign, volunteers from Sensiblu Foundation have given in 30 000 informative flyers and have invited people to wear the white ribbon, a symbol of fight against gender violence. Over 100 persons were interested in this initiative and sent encouraging messages for people facing this kind of situation and proposed measures to fight the phenomenon.

The campaign ended on 10 December with a symbolic gesture of people getting involved in combating gender violence – they have demolished the "Wall of Indifference".

This campaign was organized in partnership with Romanian National Television and Bucharest General Direction of Police.

C. Courses for specialists in domestic violence

The courses were held between February – April 2007 and target specialists in institutions and organizations with abilities in intervention against domestic violence. In the first phase, the courses targeted 85 proximity agents, and police officers.

Trainers from Sensiblu Foundation delivered information about the domestic violence phenomenon, the laws in this realm, the practical means used to intervene in a domestic violence situation.

3. Awards received in 2007

In 2007 Sensiblu Foundation received three awards: V-days Campaign, developed together with GMP PR got the Gold Award in Public Education category at the international competition SABRE Awards (Superior Achievement in Branding and Reputation) and Golden Award for Excellence in Romanian PR Award 2007. The TV spot from „Fireworks" made for Sensiblu Foundation by OgilvyOne received the prize for best social TV spot at Ad'Or Festival.

Introduction by Roger de Bazelaire, Chief Financial Officer

For another consecutive year, A&D Pharma has seen a strong level of sales growth in 2007, displayed by both operating divisions, Mediplus and Sensiblu. Consolidated sales were up 28% year-on-year to €425.5 million, beating market growth, with Mediplus posting a healthy 26% year-on-year sales growth and Sensiblu recording an impressive 35% year-on-year growth. At the same time, the Group has kept a stable gross margin of 26%, in spite of an adverse regulatory environment at present.

However, in 2007, the Group has also been affected by some significant one-off and non-recurring events as well as by the depreciation of the Romanian currency against the Euro and other foreign currencies, which adversely impacted both our operational cost base and our financial result. In addition to this, the local market regulator has so far not updated the prices of prescription medicines in line with the changes in currency exchange rates. The Group also increased the level of provisions by €1.8 million following a reassessment of corporate risks.

Our results were further impacted by an increase in headquarter costs during the second half of the year as the Group continued to build up its corporate structure in line with the requirements of its publicly listed status. We have also invested heavily in strengthening our core services to leverage A&D Pharma's position as the leading player in Romania to prepare for international expansion. We do not expect such cost increase to reappear in 2008 and the investments we have made during 2007 will positively impact our profit & loss statements moving forward, as we look to participate in a period of further sustained growth both in Romania and across Central & Eastern Europe.

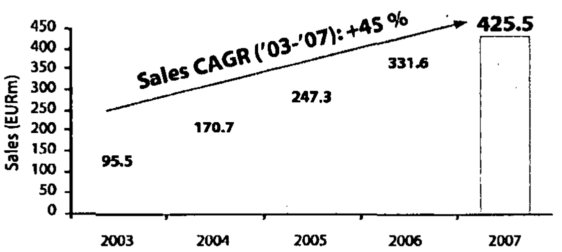
In 2008, A&D Pharma's priorities will be to continue to strengthen Mediplus's market leadership while preserving its margins through the development of higher margin value-added Sales & Marketing services. The Company will also focus on the profitability of each individual Sensiblu outlet; on strengthening the control of its fixed cost base and on managing working capital effectively. The Group's strong position in the fast growing Romanian market, together with its enhanced management capabilities, will provide the platform from which we will develop our regional expansion strategy.

INCOME STATEMENT

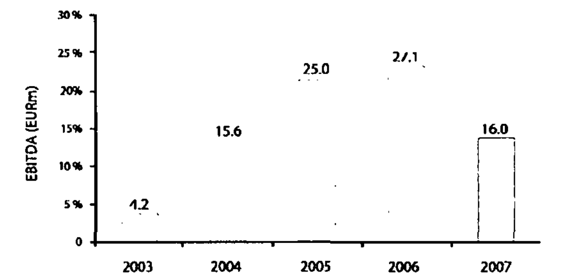
Sales

A&D Pharma Romania's consolidated sales for the twelve months ended 31 December 2007 were €425.5 million, an increase of €93.9 million or 28% from €331.6 million for the twelve months ended 31 December 2006. This growth in sales was the combined result of the underlying growth of the pharmaceutical market in Romania, which grew by 17% in Euro terms in 2007, and A&D Pharma Romania's stronger performance compared to its competitors. Although sales growth declined slightly in 2007 compared to 2006, A&D Pharma Romania's performance continues to be above general market growth and in line with management expectations.

Group Consolidated Sales

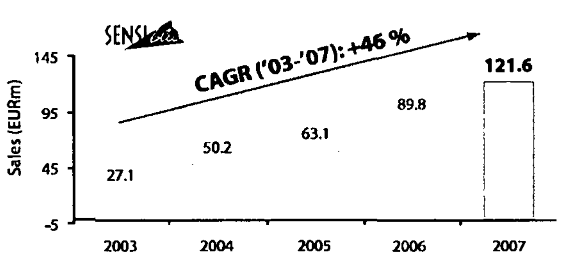


Group Consolidated EBITDA

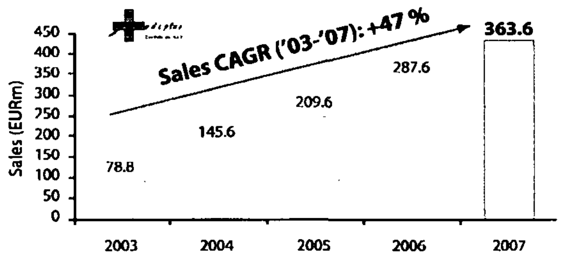


Mediplus' sales for the twelve months ended 31 December 2007 were €363.6 million, a year-on-year increase of €76 million or 26% from €287.6 million in 2006. Sensiblu's sales for the twelve months ended 31 December 2007 were €121.6 million, a year-on-year increase of €31.8 million or 35% from €89.8 million in 2006. These unconsolidated divisional sales figures include inter-company sales from Mediplus to Sensiblu. Eliminations arising from inter-company sales amounted to €59.7 million in 2007.

Sensiblu Sales



Mediplus Sales



Operating costs

Total operating costs for the twelve months ended 31 December 2007 were €416.6million, an increase of €107.3 million or 35% from €309.3 million for the twelve months ended 31 December 2006. As a percentage of sales, operating costs increased to 98% in 2007 compared to 93% in 2006 and 91% in 2005.

Cost of sales for 2007 amounted to €313.5 million from €243.4 million in 2006, which represents a 29% increase, significantly lower than the 38% increase in costs of sales for 2006 compared to 2005. Gross margin for the twelve months ended 31 December 2007 was 26.3% compared to 26.6% for the year ended 31 December 2006. The stable gross margin reported in 2007 compared to 2006 was achieved despite the depreciation of the Romanian currency against the Euro and other foreign currencies, which adversely impacted our operational cost base due to the purchasing of imported products, and by the fact that the local market regulator has not updated the prices of prescription medicines in line with the changes in currency exchange rates. A&D Pharma's margins were also impacted by an increase in headquarter costs, as the Company continued to build up its corporate structure in line with the requirements of its publicly listed status, and the pursuit of an international expansion strategy by reviewing a number of opportunities for the further development of the business. The Group also increased the level of provisions by €1.8 million following a reassessment of corporate risks.

Other operating costs (mainly including staff costs, rent and administrative expenses and third party services, excluding depreciation and amortisation) increased by 57% in 2007 to €96.0 million from €61.0 million in the previous year. While the increase in costs in the wholesale business was primarily reflected in the growth of its business activities, it did result in higher logistics and warehousing costs, sales force costs and an increasing demand for promotional activities. The retail business, which has expanded quickly in 2006 and 2007, suffered from sharp increases in real estate prices in Romania, leading to an increase in rents for the existing and new locations.

EBITDA margin

A&D Pharma Romania's consolidated EBITDA for 2007 was €16 million, down 41% from €27.1 million in 2006. The sharp decrease was due, to a large extent to one-off and non recurring events. The Wholesale division's EBITDA in the twelve months to 31 December 2007 was €27.1 million, down 8% from €29.4 million the year before. In the retail segment, higher rent costs and the sustained pace at which new Sensiblu outlets are being opened, led to an EBITDA loss for Sensiblu of €2.8 million in 2007, compared to an EBITDA loss of €1.9million in 2006.

Wholesale	**2007**	**2006**	**2005**
Sales	**363,580**	**287,582**	**209,603**
EBITDA**	**27,118**	**29,356**	**26,928**
EBITDA margin (%)	7.5%	10.2%	12.8%

Retail	**2007**	**2006**	**2005**
Sales	**121,633**	**89,780**	**63,147**
EBITDA**	**(2,775)**	**(1,858)**	**(1,765)**
EBITDA margin (%)	(2.3%)	(2.1%)	(2.8%)

***Calculations based on audited numbers.*

Net profit margin

Net loss amounted to €8.4 million for 2007, compared to a net profit of €16.9 million for 2006. Net loss margin for the twelve months ended 31 December 2007 reached 2%, from a positive net margin of 5.1% for the twelve months ended 31 December 2006. In addition to the one-off and non recurring events described above, the Company has also booked an unhedged unrealized financial foreign exchange loss of €6.6 million in 2007, compared with a gain of €4.0 million in 2006. fluctuations in exchange rate had a significant negative impact on the Group's bottom line and could contribute to the high levels of volatility in the Company's earnings over the next few years.

BALANCE SHEET

Total assets decreased by 3% based on a 4.53% decrease in non-current assets, mainly resulting from the decrease in intangible assets, and 2% in current assets. Working capital for existing business in 2007 was mainly financed by suppliers while any additional increase in business required new financing resources covered from the bank credit facilities.

A&D Pharma Romania used the long-term syndicated bank loan concluded in 2006 to finance business operations and capex needs (EUR 16 million).

Decrease in capital expenditure of EUR 16 million in 2007 compared to EUR 22.7 million in 2006 was mainly linked to investments made in 2006 in the new logistic centre and headquarters in Mogosoaia., which were opened during the first quarter of 2007.

The Balance sheet structure remains flexible enough to support financing future company expansion (net debt was EUR 60.8 million as of 31.12.2007 while book value of equity stood at EUR 249.7 million).

CASH FLOW STATEMENT

As at 31 December 2007, A&D Pharma had positive net cash of €13.9 million compared to a positive cash position of €17.2 million as at 31 December 2006. A&D Pharma has as at 31 December 2007 drawn down €72.7 million from its long-term syndicated Bank Loan of €100 million to finance its business operations and capex needs, compared with €69.8 million at the end of 2006. In 2007, the Group benefited from a positive change in working capital, due mainly to the payment, towards the end of the year, of overdue amounts by the NHHI.

Summary of consolidated income statement for A&D Pharma:

	Year ended 31 December 2007				
(€'000)	2007	% change	2006**	% change	2005*
Sales					
Retail	121,633	35%	89,780	42%	63,147
Wholesale	363,580	26%	287,582	37%	209,603
Other revenues	-		-		442
Eliminations	(59,694)	30%	(45,769)	80%	(25,456)
Total Sales	**425,519**	28%	**331,593**	34%	**247,294**
Cost of sales	(313,509)	29%	(243,431)	38%	(175,842)
Gross profit	**112,010**	27%	**88,162**	23%	**71,452**
Margin	*26,3%*		*26.8%*		*28.9%*
Other operating costs	(95,992)	60%	(61,048)	29%	(46,449)
EBITDA	**16,018**	(43%)	**27,114**	12%	**25,003**
Margin	*3,8%*		*8.2%*		*10.1%*
Depreciation and amortisation	(7,079)		(4,794)	51%	(3,174)
Total operating costs	(416,580)	48%	(309,273)	37%	(225,465)
EBIT	**8,939**	(62%)	**22,320**	7%	**21,829**
Margin	*2,10%*		*6.7%*		*8.8%*
Financial gains / (losses)	(14,590)	672%	(1,905)	(5%)	(1,988)
Profit before taxation	**(5,651)**		**20,415**	8%	**19,841**
Taxation	(2,792)	21%	(3,552)	9%	(3,245)
Net income	**(8,443)**		**16,863**	7.4%	**16,596**
Margin	*(2.0%)*		*5.1%*		*6.7%*
Total Capital Expenditure	**16,027**	(30%)	**22,741**	69%	**13,487**

/ See Note at the end of this section.*

Consolidated balance sheet for A&D Pharma:

(€'000)	31 December 2007	31 December 2006
Assets		
Non-current assets		
Property, plant and equipment	39,375	35,592
Intangible assets	266,011	282,960
Financial investments	53	57
Long term receivables	5,384	6,231
Total non-current assets	**310,823**	**324,840**
Current assets		
Inventories	51,366	63,455
Accounts receivable	131,282	119,787
Other current assets	15,559	11,849
Restricted cash	2,441	5,863
Cash and cash equivalents	13,924	17,194
Total current assets	**214,572**	**218,148**
Total assets	**525,395**	**542,988**
Shareholders' equity and liabilities		
Shareholders' equity		
Share capital	200,000	200,000
Share Premium	59,075	59,075
Translation reserve	(6,165)	12,178
Retained earnings	(3,226)	8,783
Total shareholders' equity	**249,684**	**280,036**
Non-current liabilities		
Provisions	16,770	14,966
Long term payables	1,128	1,562
Long term borrowings	69,113	69,793
Deferred tax	4,097	6,704
Finance lease	2,071	1,825
Total non-current liabilities	**93,179**	**94,850**
Current liabilities		
Short term borrowings	3,600	-
Accounts payable, accruals and other liabilities	174,292	163,071
Current Tax	2,214	2,580
Finance lease	2,426	2,451
Total current liabilities	**182,532**	**168,102**
Total liabilities	**275,711**	**262,952**
Total shareholders' equity and liabilities	**525,395**	**542,988**

Summary of consolidated Cash Flows for A&D Pharma:

(€'000)	2007	2006**
Cash flows from operating activities		
Operating profit before working capital changes	**8,297**	**28,108**
Increase in receivables and prepayments	(10,936)	(50,404)
Increase in inventories	12,089	(26,833)
Increase in trade and other payables	10,952	43,993
Changes in working capital	**12,105**	**(33,244)**
Tax paid	(2,881)	(2,703)
Net cash from operating activities	**17,521**	**(7,839)**
Cash flows from investing activities		
Net cash used in investing activities	**(10,546)**	**(13,698)**
Cash flow from financing activities		
Net cash from financing activities	**(10,443)**	**50,737**
Translation effect	198	(733)
Net (decrease)/increase in cash and cash equivalents	**(3,270)**	**28,467**
Cash and cash equivalents at beginning of the year	**17,194**	**(11,273)**
Cash and cash equivalents at end of year	**13,924**	**17,194**

Notes:

*** Proforma financial information**

The consolidated proforma financial information is presented by A&D Pharma Holdings SRL and they incorporate the results of the former group A&D Pharma Holdings NV, Netherlands Antilles (ADP Antilles), the ultimate parent company of the operating subsidiaries. The Group has preserved the same operational structure as that of ADP Antilles holding before 1 January 2006. Therefore, for comparative purposes, proforma income statement and cash flow figures for the year ended 31 December 2005 and 31 December 2004 are extracted from the consolidated financial statements of ADP Antilles, as detailed above.

**** Proforma financial information**

The figures are extracted from the consolidated Financial Statements of A&D Pharma SRL, adjusted with the standalone results of ADP NV for the period between 24 May (date of incorporation) and 31 December 2006

This Annual Report contains the following financial statements:

A. Independent Auditors' Report and A&D PHARMA HOLDINGS N.V. ("A&D Pharma NV") Consolidated Financial Statements prepared in accordance with International Financial Reporting Standards as at and for the year ended 31 December 2007.

B. Independent Auditors' Report and A&D PHARMA HOLDINGS N.V. ("A&D Pharma NV") Statutory Consolidated Financial Statements prepared in accordance with International Financial Reporting Standards as at and for the year ended 31 December 2007.

Our analysis of the financial performance of the business provided in the "Financial Review" section refers to the 12-month audited results of A&D Pharma NV. The "Financial Review" section should be read in conjunction with the notes of the audited financial accounts included in the consolidated financial statements for the year ended 31 December 2007 for A&D Pharma NV.

A&D PHARMA HOLDINGS NV

CONSOLIDATED FINANCIAL STATEMENTS

PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2007

CONTENTS **PAGE**

Independent Auditors' Report

The Board of Directors of
A&D Pharma Holdings NV

Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of A&D Pharma Holdings NV (and its subsidiaries) (the "Group"), which comprise the consolidated balance sheet as at 31 December 2007 and the consolidated income statement, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes. The consolidated financial statements are not statutory financial statements of the Group, nor are the financial statements intended for statutory filing purposes.

Management's responsibility for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards as endorsed by the European Union. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatements, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with relevant ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting principles used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2007, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as endorsed by the European Union.

Other Matters

This report is made solely to the Board of Directors of A&D Pharma Holdings NV. The consolidated financial statements are not statutory financial statements of the Group, nor are the financial statements intended for statutory filing purposes. Our audit work has been undertaken so that we might state to the Board of Directors of A&D Pharma Holdings NV those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Board of Directors of A&D Pharma Holdings NV, for our audit work, for this report, or for the opinions we have formed.

KPMG

KPMG România SRL
Bucharest, Romania

6 March 2008

GENERAL INFORMATION

Description of the business

A&D Pharma Holdings NV and its subsidiaries' (together "the Group") principal activities include the import, wholesale, sales and marketing and retail distribution of pharmaceutical products. The Group's operational facilities are based in Romania. The parent company, A&D Pharma Holdings NV (ADP NV or "the Company") was incorporated as a limited liability company in Delft, the Netherlands, on 24 May 2006 by means of an in-kind contribution to its share capital made by Sograno BV, consisting of the shares held in A&D Pharma Holdings SRL, Mediplus Exim SRL, Sensiblu SRL. By means of amendment of the articles of association dated 19 June 2006, the legal form of the incorporated limited liability company was changed into a public company. The principal subsidiaries are disclosed in Note 20.

As at 31 December 2007 the Group have 3,558 employees (3,173 employees as at 31 December 2006). ADP NV has its registered office at 2 Martinus Nijhofflaan, 2624 ES Delft, Netherlands.

Shareholder structure

The shareholders of the Company as at 31 December 2007 and 2006 were:

	Number of shares	Shareholding %
Sograno BV, Netherlands	117,000,000	58.5000
Defrin Investment Ltd	4,454,600	2.2273
Nezik Trading Ltd	3,818,200	1.9091
Wartfield Investments Ltd	1,272,600	0.6363
Mantin Ltd	4,454,600	2.2273
Citibank N.A. (Depositary)	69,000,000	34.5000
	200,000,000	**100**

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

Board of Directors:

Eric ter Hark and William Wells were appointed as Non-Executive Directors on 21 June 2007.
On 31 October 2007 Florin Buligoanea concluded his mandate as Chief Financial Officer and ceased to be employed by the Group both as a director and an executive.
Beginning 1 November 2007 the Chief Financial Officer is Roger de Bazelaire.
The Board of Directors as at 31 December 2007 comprised:

David Raymond Ebsworth	Chairman of the Board, and of the Nomination Committee
Urs Kamber	Vice Chairman, Non-Executive Director, and Chairman of Audit Committee
Dragos Dinu	Chief Executive Officer
Roger de Bazelaire	Chief Financial Officer
Vivian Diaconescu	Chief Operating Officer Wholesale
Claudiu Opran	Chief Operating Officer Retail
Charles Michel Eid	Non-Executive Director
Eric ter Hark	Non-Executive Director, and Chairman of Corporate Governance Committee
John Michael Wemms	Non-Executive Director, and Chairman of Remuneration Committee
Ludovic Charles Simon Robert	Non-Executive Director
Roger Akoury	Non-Executive Director
Walid Abboud	Non-Executive Director
William Wells	Non-Executive Director

A&D Pharma

A&D PHARMA HOLDINGS N.V.

Consolidated Balance Sheet as at 31 December 2007

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

	Note	31 December 2007	31 December 2006
Assets			
Non-current assets			
Property, plant and equipment	4	39,375	35,592
Intangible assets	5	266,011	282,960
Financial investments		53	57
Long term receivables	6	5,384	6,231
Total non-current assets		**310,823**	**324,840**
Current assets			
Inventories	7	51,366	63,455
Accounts receivable	8	131,282	119,787
Other current assets	9	15,559	11,849
Restricted cash	10	2,441	5,863
Cash and cash equivalents	10	13,924	17,194
Total current assets		**214,572**	**218,148**
Total assets		**525,395**	**542,988**
Shareholders' equity and liabilities			
Shareholders' equity			
Share capital	11	200,000	200,000
Share premium	11	59,075	59,075
Translation reserve		(6,165)	12,178
Retained earnings/(accumulated losses)		(3,226)	8,783
Total shareholders' equity		**249,684**	**280,036**
Non-current liabilities			
Provisions for tax and other regulatory matters	15	16,770	14,966
Long term payables		1,128	1,562
Long term borrowings	14	69,113	69,793
Deferred tax	12	4,097	6,704
Finance lease	13	2,071	1,825
Total non-current liabilities		**93,179**	**94,850**
Current liabilities			
Short term borrowings	14	3,600	-
Accounts payable, accruals and other liabilities	16	174,292	163,071
Current tax	16	2,214	2,580
Finance lease	13	2,426	2,451
Total current liabilities		**182,532**	**168,102**
Total liabilities		**275,711**	**262,952**
Total shareholders' equity and liabilities		**525,395**	**542,988**

Authorised for issue by the Board of Directors on 6 March 2008 and authorised for signature on their behalf by:

Dragos Dinu
Chief Executive Officer

Roger de Bazelaire
Chief Financial Officer

A&D PHARMA HOLDINGS N.V.

Consolidated Statement of Income for the period ended 31 December 2007

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

	Note	2007	7 months ended 31 December 2006
Sales		425,519	212,039
Operating costs	17	(416,580)	(200,967)
Operating profit		**8,939**	**11,072**
Financial income		422	3,074
Financial expense		(15,012)	(2,292)
Financial result	**18**	**(14,590)**	**782**
(Loss) /Profit before taxation		**(5,651)**	**11,854**
Taxation	12	(2,792)	(3,071)
(Loss)/Profit for the period		**(8,443)**	**8,783**
Basic (loss)/earnings per share	**22**	**€(0.04)**	**€0.04**
Diluted (loss)/earnings per share	**22**	**€(0.04)**	**€0.04**

Authorised for issue by the Board of Directors on 6 March 2008 and authorised for signature on their behalf by:

Dragos Dinu
Chief Executive Officer

Roger de Bazelaire
Chief Financial Officer

A&D Pharma

A&D PHARMA HOLDINGS N.V.

Consolidated Statement of Cash Flows for the period ended 31 December 2007

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

	2007	7 months ended 31 December 2006
Cash flows from operating activities		
(Loss)/profit before taxation	(5,651)	11,854
Adjustments for:		
Depreciation and amortization	7,079	3,074
Loss/(gain) on disposal of tangible and intangible assets	68	(74)
Property, plant and equipment impairment	222	(443)
Goodwill impairment	379	-
Reversal of tax provision	(732)	-
Interest income	(422)	(1,153)
Interest expense	7,354	2,698
Operating profit before working capital changes	**8,297**	**15,956**
Increase in receivables and prepayments	(10,936)	(34,626)
Decrease/(increase) in inventories	12,089	(28,052)
Increase in trade and other payables	10,952	49,083
Changes in working capital	**12,105**	**(13,595)**
Tax paid	(2,881)	(1,177)
Net cash from (used by) operating activities	**17,521**	**1,184**
Cash flows from investing activities		
Purchases of property, plant and equipment	(10,271)	(13,141)
Purchases of intangibles	(2,292)	(1,006)
Acquisition of other subsidiaries	-	(273)
Proceeds from sale of tangible assets	1,595	803
Interest received	422	233
Net cash used in investing activities	**(10,546)**	**(13,384)**
Cash flow from financing activities		
(Decrease)/increase in long term loans	(680)	69,793
(Decrease)/increase in short term borrowings	3,600	(5,614)
Lease payments	(3,243)	(2,263)
Dividends paid	(3,566)	(925)
Interest paid	(6,554)	(2,291)
Net cash (used by) provided by financing activities	**(10,443)**	**58,700**
Translation effect	198	(178)
Net (decrease)/ increase in cash and cash equivalents	**(3,270)**	**46,322**
Cash and cash equivalents at beginning of the period	**17,194**	**(29,128)**
Cash and cash equivalents at end of period (Note 10)	**13,924**	**17,194**

Consolidated Statement of Changes in Shareholders' Equity for the period ended 31 December 2007

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

	Share capital	Share premium	Translation reserve	Retained Earnings/ (Accumulated losses)	Total
Balance as at incorporation date (24 May 2006)	**2,500**	**257,500**	-	-	**260,000**
Conversion of share premium into the issued capital on 28 June 2006	197,500	(197,500)	-	-	-
Share premium distribution on 9 October 2006	-	(925)	-	-	(925)
Profit for the period	-	-	-	8,783	8,783
Translation reserve	-	-	12,178	-	12,178
Balance as at 31 December 2006	**200,000**	**59,075**	**12,178**	**8,783**	**280,036**
Dividend distribution	-	-	-	(3,566)	(3,566)
Loss for the period	-	-	-	(8,443)	(8,443)
Translation reserve	-	-	(18,343)	-	(18,343)
Balance as at 31 December 2007	**200,000**	**59,075**	**(6,165)**	**(3,226)**	**249,684**

The Group is not allowed to declare and pay dividends without prior consent of Citibank (see Note 14).

1 REPORTING ENTITY

These consolidated financial statements (alternatively referred to hereinafter as the "Financial Statements") are presented by A&D Pharma Holdings NV ("ADP NV" or the "Company") and they incorporate the results of the Company and its subsidiaries (together the "Group" or separately the "Entity" or "Entities"), as detailed in Note 20.

2 BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS

2.1 Basis of preparation

These consolidated Financial Statements have been prepared in accordance with, and comply with, International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") as endorsed by the European Union ("EU"). These are not the statutory accounts of the Group, nor are the Financial Statements intended for the statutory filing purposes.

The consolidated Financial Statements are prepared based on the statutory records of the Entities, which are maintained on a going concern basis under the historical cost convention except for the items disclosed in Note 3.19.

The preparation of consolidated Financial Statements in conformity with IFRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the Financial Statements and the reported amounts of revenues and expenses during the reporting period. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. Although these estimates are based on Management's best knowledge of current events and actions, actual results may differ from these estimates (Note 23).

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

2.2 Functional currency

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

- ADP NV – EUR
- ADP SRL –Romanian Leu ("RON")
- Mediplus – Romanian Leu ("RON")
- Sensiblu – Romanian Leu ("RON")
- Lauren – Romanian Leu ("RON")

The RON is not convertible outside Romania. The Management of the Company has decided to adopt EUR as presentation currency for the purpose of consolidated Financial Statements.

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

	31 December 2007	31 December 2006
RON / 1 EUR	3.6102	3.3817

The statement of income items for the period ended 31 December 2007 were translated using the RON/EUR monthly average exchange rates. The translation of the balance sheet and statement of income items into the presentation currency gave rise to a translation reserve as defined in Note 3.9. Cash flows are translated using appropriate average exchange rates. Components of equity are not retranslated.

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

2.3 Going concern

Management is satisfied that it is appropriate to prepare these Financial Statements on a going concern basis. The Management position is based on the fact that the underlying business performance has recorded a positive net result in an amount of EUR 5,900 thousand, while the actual net loss for the period, in an amount of EUR 8,443 thousand, has been the result of the negative impact of one-off and non recurring events amounting to EUR 14,343 thousand, as follows:

Net of tax, where applicable	31 December 2007
Unhedged unrealized financial foreign exchange loss (Note 18)	5,727
VAT tax control expense (Note 15)	3,679
Chairman of the Board bonus	1,578
Bacau warehouse fire loss and other provisions	3,359
	14,343

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Group accounting

a) Subsidiaries

Subsidiaries, which are those Entities in which the Group has an interest of more than one half of the voting rights or otherwise has power to govern the financial and operating policies, are consolidated. The existence and effect of potential voting rights that are presently exercisable or presently convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are consolidated from the date on which control is transferred to the Group and are no longer consolidated from the date when control ceases. The purchase method of accounting is used to account for the acquisition of subsidiaries.

The cost of an acquisition is measured by the fair value of the assets given up, shares issued or liabilities undertaken at the date of acquisition plus costs directly attributable to the acquisition. The excess of the cost of acquisition over the fair value of the net assets and contingent liabilities of the subsidiary acquired is recorded as goodwill.

b) Associates and joint ventures

Associates are entities over which the Group generally has between 20% and 50% of the voting rights, or over which the Group has significant influence, but which it does not control.

Joint ventures are those entities over whose activities the Group has joint control, established by contractual agreement and requiring unanimous consent for strategic financial and operating decisions. Associates and joint ventures are accounted for using the equity method (equity accounted investees). The consolidated Financial Statements include the Group's share of the income and expenses of equity accounted investees, after adjustments to align the accounting policies with those of the Group, from the date that significant influence or joint control commences until the date that significant influence or joint control ceases.

c) Transactions eliminated on consolidation

Intra-group balances, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated Financial Statements. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

3.2 Segment reporting

Segment information is presented in respect of the Group's business segments, based on the Group's Management and internal structure. Inter-segment pricing is determined on an arm's length basis.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Segment capital expenditure is the total cost incurred during the period to acquire segment assets that are expected to be used for more than one period.

Primary reporting format – business segments

The Group comprises the following main business segments:

- Wholesale
- Retail

Secondary reporting format – geographical segments

The operational activities of the Group are in Romania and accordingly no geographical segment is presented.

3.3 Property, plant and equipment

Property, plant and equipment is recorded at purchase or construction cost.

Depreciation is calculated on the amounts of property, plant and equipment on a straight-line basis down to the assets' estimated residual values.

The depreciation periods, which approximate the estimated useful economic lives of the respective assets, are as follows:

Type	Useful life (years)
Buildings	30-50
Leasehold improvements	3-10
Computers and electronic equipment	3-5
Motor vehicles and trucks	3-5
Fixtures and fittings	3-10

Land is not depreciated.

Repairs and maintenance are charged to the statement of income during the financial period in which they incur. The cost of major renovations is included in the carrying amount of the asset when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the Group. Major renovations are depreciated over the remaining useful life of the related asset. Gains and losses arising from the retirement of property, plant and equipment are included in the statement of income as incurred.

All borrowing costs are expensed as incurred.

Impairment

At each reporting date the Management assess as to whether there is any indication of impairment of property, plant end equipment. If any such indication exists, the Management estimates the recoverable amount which is determined as the higher of an asset's net selling price and its value in use. In assessing value in use, the estimated cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. The carrying amount is reduced to the recoverable amount and the difference is recognised as expense (impairment loss) in the statement of income. An impairment loss recognised for an asset in prior years is reversed if there has been a change in the circumstances leading to the impairment.

3.4 Intangible assets

a) Goodwill

Goodwill represents amounts arising on acquisition of subsidiaries, associates and joint ventures. Goodwill represents the difference between the cost of the acquisition and the fair value of the net identifiable assets and contingent liabilities acquired.

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash generating units and is tested for impairment at each reporting date.

Impairment

At each reporting date the Management assess whether there is any indication of impairment of goodwill. If any such indication exists, the Management estimates the recoverable amount which is determined as the higher of net selling price and its value in use of cash generating units it is allocated to. In assessing value in use, the estimated cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. The carrying amount is reduced to the recoverable amount and the difference is recognised as expense (impairment loss) in the statement of income. An impairment loss in respect of goodwill is not reversed.

b) Brands

Acquired brands are capitalized on the balance sheet. These brands are valued on acquisition by an independent valuer, using a discounted cash flow methodology based on Management assumptions and estimates regarding future revenue growth, prices, costs and economic factors in valuing a brand. These assumptions reflect

Management's best estimates but these estimates involve inherent uncertainties, which may not be controlled by Management.

No amortisation is charged on brand intangibles as the Group believes that the value of these brands is maintained indefinitely. The factors that result in the durability of brands capitalised are that there are no material legal, regulatory, contractual, competitive, economic or other factors that limit the useful life of these intangibles.
Furthermore:

- The Group expects to acquire, hold and support brands for an indefinite period. The Group supports these brands through spending on consumer marketing across the business and through significant investment in promotional support. The brands capitalised are expected to be in longstanding and profitable market sectors.

- The likelihood that market based factors could truncate a brand's life is relatively remote because the size and market share of the brands in question.

The brands are tested for impairment at each reporting date, irrespective of whether there is an indication that the related assets may be impaired, as well as whenever there is any indication that they may be impaired. Management estimates the recoverable amount which is determined as the higher of net selling price and the value in use of the cash generating units it is allocated to. The carrying amount is reduced to the recoverable amount and the difference is recognised as expense (impairment loss) in the statement of income.

c) Pharmacies licenses

Expenditure to acquire operating licenses for pharmacies are capitalised at cost.
Licenses are tested for impairment at each reporting date. Impairment testing is performed in a similar way to that of brands and goodwill (see paragraph above). Licenses are stated at cost less any accumulated impairment losses.

d) Computer licences and software

Expenditure to acquire licences and computer software is capitalised and amortised using the straight-line method over their useful lives, normally 1 to 5 years.

e) Impairment of intangible assets

Where an indication of impairment exists, the carrying amount of any intangible asset is assessed and, when impaired, the asset is written down immediately to its recoverable amount.

3.5 Investments

The Group classified its investments in debt and equity securities into the following categories: trading, held-to-maturity and available-for-sale. The classification is dependent on the purpose for which the investments were acquired. Management determines the classification of its investments at the time of the purchase and re-evaluates such designation on a regular basis. Investments that are acquired principally for the purpose of generating a profit from short-term fluctuations in price are classified as trading investments and included in current assets; for the purpose of these Financial Statements short term is defined as 3 months. Investments with a fixed maturity that Management has the intent and ability to hold to maturity are classified as held-to-maturity and are included in non-current assets, except for maturities within 12 months from the balance sheet date which are classified as current assets. Investments intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, are classified as available-for-sale and are included in non-current assets unless Management has the express intention of holding the investment for less than 12 months from the balance sheet date or unless they will need to be sold to raise operating capital, in which case they are included in current assets.

Purchases and sales of investments are recognized on the trade date, which is the date that the Group commits to purchase or sell the asset. Cost of purchase includes transaction costs. Trading and available-for-sale investments are subsequently carried at fair value. Held-to-maturity investments are carried at amortized cost using the effective yield method. Realized and unrealized gains and losses arising from changes in the fair value of trading and available-for-sale investments are included in the statement of income in the period in which they arise. The fair value of investments is based on quoted bid prices or amounts derived from cash flow models. Fair values for unlisted equity securities are estimated using applicable price/earnings or price/cash flow ratios refined to reflect the specific circumstances of the issuer. Equity securities for which fair values cannot be measured reliably are recognized at cost less impairment. When securities classified as available-for-sale are sold or impaired the accumulated fair value adjustments are included in the statement of income as gains and losses from investment securities.

3.6 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined by the first-in, first-out (FIFO) method. Net realisable value is the estimated selling price in the ordinary course of business, less any selling expenses. When necessary, provision is made for obsolete, slow moving and defective inventories.

3.7 Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the collection terms of receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the provision is determined based on Management risk assessment of the trade receivables collectability.

3.8 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purposes of the statement of cash flows, cash and cash equivalents comprise cash on hand, cash held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. In the balance sheet, bank overdrafts are included with borrowings in current liabilities.

3.9 Shareholders' equity

Share capital and Share Premium

Ordinary and preferred shares are classified as equity. Any excess of the fair value of consideration received over the par value of shares issued is recognised as a share premium and any deficit is deducted from share premium and retained earnings, if available.

Translation reserve

In translating the Financial Statements into EUR, all resulting exchange differences are classified as equity. The main differences arise on the translation of income and expense items at the monthly average exchange rates and assets and liabilities at the date of each balance sheet closing rate. Components of equity are not retranslated.

Dividends

The Company can only pay dividends from its entities' statutory retained earnings and share premium, based upon Financial Statements prepared in accordance with local accounting regulations.
Dividends are recognised as a liability and deducted from equity at the balance sheet date only if they are declared before or on the balance sheet date. Dividends are disclosed when they are proposed before the balance sheet date or proposed or declared after the balance sheet date, but before the Financial Statements are authorised for issue.

3.10 Deferred income taxes

Deferred tax assets and liabilities are calculated in respect of temporary differences using the balance sheet liability method. Deferred income taxes are provided for all temporary differences arising between the tax basis of assets and liabilities and their carrying values for financial reporting purposes. A deferred tax asset is recorded only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised.

Deferred tax assets and liabilities are measured at tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not be reversed in the foreseeable future.

3.11 Provisions

3.11 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Where the Group expects a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

3.12 Leases

Leases of property, plant and equipment, where the Group has substantially all the risks and rewards of ownership, are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased property or the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance costs is charged to the income statement over the lease period. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset or the lease term.

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

3.13 Borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs. The transaction costs incurred in issuing the liability are amortized over the life of the loan.

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method; any difference between fair value of the proceeds (net of transaction costs) and the redemption amount is recognised as interest expense over the period of the borrowings.

3.14 Accounts payable

Liabilities for trade payables are carried at cost, which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Group. After initial recognition, the Group measures trade payable at amortised cost using effective interest method.

Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at balance sheet date exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of income.

3.15 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown net of value added tax, returns, rebates and discounts.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods are transferred to the buyer and when collection is reasonably assured.

Sales of services are recognised in the accounting period in which the services are rendered, by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided.

Interest income is recognised on a time-proportion basis using the effective interest method. When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans is recognised using the original effective interest rate.

3.16 Employee benefits

The Group, in the normal course of business, makes payments to the Romanian State on behalf of its employees. All employees of the Group, except ADP NV Board members, are associated to the Romanian State pension plan. Expatriates and executives have included in their individual contracts pension plan schemes. All such contributions to the mandatory government pension scheme are expensed when incurred. The Group does not operate any other pension scheme or post retirement benefit plan and, consequently, has no obligation in respect of pensions. In addition, the Group is not obliged to provide further benefits to current and former employees.

3.17 Financial instruments

Non-derivative financial instruments comprise investments in equity and debt securities, trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables.

Non-derivative financial instruments are initially recognised at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction cost, except as described below. Subsequent to initial recognition non-derivative financial instruments are measured as described in the notes.

Fair value is the amount for which a financial instrument could be exchanged between knowledgeable and willing parties in an arm's length transaction. The amounts disclosed in the Financial Statements approximate their fair value.

The Group uses financial instruments that are subject to fluctuations in foreign currency exchanges (Note 25(ii)) for the financial risks faced by the Group.

Changes in the fair value of a derivative hedging instrument designated as a fair value hedge are recognised in profit or loss. The hedged item also is stated at fair value in respect of the risk being hedged, with any gain or loss being recognised in profit or loss.

3.18 Determination of fair values

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and / or disclosure purposes based on the following methods. Where applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

Intangible assets

The fair value of other intangible assets is based on the discounted cash flows expected to be derived from the use and eventual sale of the assets as detailed in Note 5.

Trade and other receivables

The fair value of trade and other receivables is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date.

Derivatives

The fair value of forward exchange contracts is based on their listed market price, if available. If a listed market price is not available, then fair value is estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract using a risk-free interest rate (based on government bonds).

Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date. For finance leases the market rate of interest is determined by reference to similar lease agreements.

3.19 Earnings per share

Pursuant to IAS 33, earnings per share ("EPS") are calculated by dividing the profit or loss allocated to the shareholders of the Group by the weighted average number of shares outstanding during the fiscal period.

The weighted average number of ordinary shares outstanding during the period is the number of ordinary shares outstanding at the beginning of the period, adjusted by the number of ordinary shares issued during the period multiplied by a time – weighting factor.

Dilution is a reduction in earnings per share or an increase in loss per share resulting from the assumption that convertible instruments are converted, that options or warrants are exercised, or that ordinary shares are issued upon the satisfaction of specified conditions. The objective of diluted earnings per share is consistent with that of basic earnings per share, namely to provide a measure of the interest of each ordinary share in the performance of an entity.

3.20 Recent accounting pronouncements

(a) Adoption of standards and interpretations effective from 1 January 2007

As at 1 January 2007, the Group adopted the IFRSs below. The financial statements have been amended in accordance with the relevant requirements.

- IFRS 7 Financial Instruments: Disclosures. The Standard requires increased disclosure about the significance of financial instruments for an entity's financial position and performance, and qualitative and quantitative disclosures on the nature and extent of risks.

- Amendment to IAS 1 Presentation of Financial Statements – Capital Disclosures. As a complementary amendment arising from IFRS 7 (see above), the Standard requires increased disclosure in respect of the Group's capital.

- IFRIC 11 - IFRS 2 Group and Treasury Share Transactions (effective from 1 March 2007). The Interpretation requires a share-based payment arrangement in which an entity receives goods or services as consideration for its own equity-instruments to be accounted for as an equity-settled share-based payment transaction, regardless of how the equity instruments needed are obtained. It also provides guidance on whether share-based payment arrangements, in which suppliers of goods or services of an entity are provided with equity instruments of the entity's Parent, should be accounted for as cash-settled or equity-settled in the entity's Financial Statements. The interpretation is not relevant for the Group's operations.

(b) Standards issued before, but effective after 1 January 2008

Certain new standards, amendments and interpretations to existing standards that have been published are mandatory for the Group's accounting periods beginning on or after 1 January 2008 or later periods but have not been early adopted, as follows:

- IFRS 8 Operating Segments (effective from 1 January 2009). The Standard requires segment disclosure based on the components of the entity that Management monitors in making decisions about operating matters. Operating segments are components of an entity about which separate financial information is available that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance. This standard which becomes mandatory for the Group's 2009 Financial Statements is not expected to have any impact on the Financial Statements.

- Revised IAS 23 Borrowing Costs (effective from 1 January 2009). IAS 23 was revised to require the previously allowed alternative treatment of capitalisation. Capitalisation of borrowing costs for a qualifying asset becomes the only accounting treatment.

- IFRIC 12 Service Concession Arrangements (effective from 1 January 2008). The Interpretation provides guidance to private sector entities on certain recognition and measurement issues that arise in accounting for public-to-private service concession arrangements. IFRIC 12 is not relevant for the Group's operations.

- IFRIC 13 Customer Loyalty Programmes (effective from 1 July 2008) addresses accounting by entities that grant loyalty award credits to customers who buy other goods or services. It explains how an entity should account for their obligations to provide free or discounted goods or services ('awards') to customers who redeem award credits.

- IFRIC 14 IAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction (effective from 1 January 2008). In many countries, laws or contractual terms require employers to make minimum funding payments for their pension or other employee benefit plans. This enhances the security of the retirement benefit promise made to members of an employee benefit plan.

Unless otherwise described above, these new standards and interpretations are not expected to significantly affect the Group's Financial Statements.

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

4 PROPERTY, PLANT AND EQUIPMENT

	Land & buildings	Leasehold improvements	Computers & electronic equipment	Motor vehicles	Fixtures & fittings	Assets in course of construction	Total
24 May 2006	5,734	4,557	1,634	4,782	1,334	4,329	22,370
Additions	512	47	746	1,848	565	11,649	15,367
Transfers	824	1,195	29	192	338	(2,578)	-
Disposals	(140)	-	(3)	(545)	(18)	(16)	(722)
Depreciation charge	(58)	(960)	(514)	(958)	(295)	-	(2,785)
Impairment charge	-	369	13	-	61	-	443
Translation differences	258	189	55	165	53	199	919
Closing net book amount	**7,130**	**5,397**	**1,960**	**5,484**	**2,038**	**13,583**	**35,592**
At 31 December 2006							
Cost	7,320	8,712	4,043	8,146	3,007	13,583	44,811
Accumulated depreciation	(190)	(3,315)	(2,083)	(2,662)	(969)	-	(9,219)
Closing net book amount as of 31 December 2006	**7,130**	**5,397**	**1,960**	**5,484**	**2,038**	**13,583**	**35,592**

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

	Land & buildings	Leasehold improvements	Computers & electronic equipment	Motor vehicles	Fixtures & fittings	Assets in course of construction	Total
Net book amount as of 1 January 2007	7,130	5,397	1,960	5,484	2,038	13,583	35,592
Additions	1,490	1	1,267	4,170	620	6,187	13,735
Transfers	14,278	2,014	50	1,088	577	(18,007)	-
Disposals	(200)	(426)	(126)	(521)	(169)	(161)	(1,603)
Depreciation charge	(410)	(1,858)	(1,102)	(2,166)	(666)	-	(6,202)
Impairment charge	-	(55)	(72)	-	(95)	-	(222)
Translation differences	(403)	(317)	(75)	(202)	(93)	(835)	(1,925)
Closing net book amount	**21,885**	**4,756**	**1,902**	**7,853**	**2,212**	**767**	**39,375**
At 31 December 2007							
Cost	22,442	9,232	4,633	11,441	3,690	767	52,205
Accumulated depreciation	(557)	(4,476)	(2,731)	(3,588)	(1,478)	-	(12,830)
Closing net book amount as of 31 December 2007	**21,885**	**4,756**	**1,902**	**7,853**	**2,212**	**767**	**39,375**

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

The additions of land and buildings represent mostly the building of the new office and warehouse in Mogosoaia (operational from February 2007) in amount of EUR 12,750 thousand, the building of new warehouses in Craiova (EUR 864 thousand) and Iasi (EUR 612 thousand), and acquisition of land in Sibiu (EUR 707 thousand), Brasov (EUR 370 thousand) and Bacau (EUR 323 thousand).

Assets under construction represent mostly works for the installation of the automatic warehousing system from Targu Mures and Bucharest (EUR 313 thousand) and improvements made at the 14 new leased pharmacies which had not been opened until after the period end.

Leasehold improvements include refurbishments from related parties capitalised in amount of EUR 306 thousand (2006: EUR 1,950 thousand). Total property plant and equipment acquired from related party during 2007 is EUR 4,434 thousand (2006: EUR 9,594 thousand) (see Note 19).

Bank borrowings (Note 14) are secured over buildings and land with a net book value of EUR 19,723 thousand (2006: EUR 5,367 thousand).

The impairment on leasehold improvements relates to the assets existing in some pharmacies which are intended to be relocated.

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

	31 December 2007	31 December 2006
Cost – capitalised finance leases	11,185	10,431
Accumulated depreciation	(4,048)	(3,235)
Net book value	**7,137**	**7,196**

5 GOODWILL AND OTHER INTANGIBLE ASSETS

	Goodwill	Brand Sensiblu	Licences	Software and other	Total
24 May 2006	**220,036**	**46,761**	**1,654**	**922**	**269,373**
Translation reserve	10,210	2,170	65	26	12,471
Additions	405	-	-	1,006	1,411
Disposals	-	-	-	(6)	(6)
Amortisation charge	-	-	-	(289)	(289)
Closing net book amount	**230,651**	**48,931**	**1,719**	**1,659**	**282,960**

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

At 31 December 2006					
Cost	230,651	48,931	2,168	2,419	284,169
Accumulated amortisation	-	-	(449)	(760)	(1,209)
Closing net book amount as of 31 December 2006	**230,651**	**48,931**	**1,719**	**1,659**	**282,960**

	Goodwill	**Brand Sensiblu**	**Licences**	**Software and other**	**Total**
1 January 2007	**230,651**	**48,931**	**1,719**	**1,659**	**282,960**
Translation reserve	(14,595)	(3,097)	(110)	(123)	**(17,925)**
Additions	-	-	-	2,292	**2,292**
Transfers	-	-	9	(9)	**-**
Disposals	-	-	-	(60)	**(60)**
Amortisation charge	-	-	-	(877)	**(877)**
Impairment	(379)	-	-	-	**(379)**
Closing net book amount	**215,677**	**45,834**	**1,618**	**2,882**	**266,011**
At 31 December 2007					
Cost	215,677	45,834	2,039	4,428	267,978
Accumulated amortisation	-	-	(421)	(1,546)	(1,967)
Closing net book amount as of 31 December 2007	**215,677**	**45,834**	**1,618**	**2,882**	**266,011**

As at 31 December 2007, for impairment purposes, Management has allocated goodwill to the Group's two main cash generating units, Mediplus Exim SRL EUR 182,611 thousand as at 31 December 2007 and Sensiblu SRL EUR 33,066 thousand.

As at 31 December 2006, for impairment purposes, Management has allocated goodwill to the Group's two main cash generating units, Mediplus Exim SRL EUR 216,465 thousand as at 31 December 2006 and Sensiblu SRL EUR 33,235 thousand as at 31 December 2006. Goodwill was allocated taking into account the enterprise value assessed by the independent valuer for each entity and its net assets upon being acquired.

The acquired goodwill represents a sum of non quantifiable intangible assets such as:

- Leading position in Romanian pharmaceutical wholesale and retail, a market of EUR 1,563 million and with a compound annual growth rate of 31% pa. This high growth rate is driven by the strong economic growth further supported also by the recent EU membership.

- Management track record

ADP's Management has a track record of delivering growth and consistently increasing market share. ADP's Management team has been involved with the Group since 1996 and has managed the business independently of the founding shareholders since July 2002. Under the supervision of the Management team, ADP has (i) become the leading pharmaceutical wholesaler, sales and marketing and retailer in Romania, (ii) achieved national coverage in both the wholesale and retail markets, (iii) introduced various innovative services for both suppliers and clients in wholesale, (iv) introduced the loyalty card scheme for Sensiblu customers and (v) undertaken the first major private pharmacy chain acquisition in the pharmacy retail market in Romania through the acquisition of Ideapharm.

- Mediplus' consumer healthcare divisions and value added service

Mediplus differentiates itself from other wholesalers through its consumer healthcare sales divisions which provide contract marketing services and promote OTC brands of international producers generating higher gross margins than the traditional wholesale business. Mediplus also provides a wide range of value added services to both producers and its pharmacy clients such as free pharmacy software, pharmacy refurbishment services and pharmacist training.

- Vertical integration: strong synergies on both revenues and costs

There are significant strong synergies between the wholesale and retail businesses. Revenue synergies arise from the improved insight gained by Mediplus via Sensiblu into consumer behaviour and segmentation which enables Mediplus to offer greater value added services to its key suppliers. Cost synergies are generated by higher operations efficiency due to vertical integration. For example, fewer field sales force visits are required for Sensiblu which means that sales and marketing costs are reduced. Invoice processing costs and time are also reduced. Mediplus provides for Sensiblu with warehousing facilities, logistics infrastructure, the head office building and other central costs.

As at 31 December 2007 Management tested goodwill, brands and licenses, as well as non-current fixed assets for impairment (see Note 23 (iv)).

Pharmacy licence

Licences represent mainly the cost of the legal entities acquired by Sensiblu SRL during the years, in order to obtain their existing operating licences to open new pharmacies.

The life of and the conditions for obtaining a pharmacy license are regulated under article 15 of the Norms approved by the Order no. 626/ 2001, issued by the Romanian Minister of Health, modified and completed by the Order no. 1196/ 2004. Article 15 stipulates that the pharmacy licenses obtained after the enforcement of the Order no. 1199 are to be permanent, under the amendment of preserving the initial conditions that have originated the authorization of such a license.

In respect to the licenses previously obtained, having a limited life of 5 years according to the Order no. 626, the new regulation states they will be re-authorized, under the provisions of the Order no. 1199.

Considering the changes in legislation mentioned above, and based on the fact that no license was cancelled since the Sensiblu's foundation, the Management has decided to cease the amortisation of the current pharmacy licenses.

Acquisition of Lauren Finance IFN SA

On 18 July 2006, the Group acquired 99.67% of Lauren Finance IFN SA ("Lauren") as follows: 94.97% from Gemisa Investments Ltd (related party) and 4.69% from others, for the amount of EUR 450 thousand plus 2.3% of Lauren's monthly sales for at least 5 years, starting 1 January 2007.

Lauren was incorporated in 2004, and its object of activity is financial intermediation, specifically issuing of credit cards.

At the date of acquisition, Lauren's total statutory turnover was EUR 8 thousand and the net loss was EUR 28 thousand. Net assets at acquisition date were EUR 72 thousand. As at 31 December 2006, Lauren's net sales were in amount of EUR 11 thousand and the net assets were at the level of EUR 42 thousand.

As at 31 August 2007 Lauren Finance IFN SA has been included by the National Bank of Romania ("NBR") in the General Register of Non-Banking Financial Institutions. However, following the negative operating performance experienced during the year 2007, Management considers that Lauren will not produce the expected future returns to the Group and has therefore decided to fully impair the goodwill that resulted from the acquisition of the entity, in amount of EUR 379 thousand.

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

6 LONG TERM RECEIVABLES

	31 December 2007	31 December 2006
Long term trade receivables	5,347	4,365
Health Insurance Houses receivables	-	1,562
Other	37	304
	5,384	**6,231**

As at 31 December 2007, the fair value of long term receivables is EUR 5,347 thousand (2006: EUR 6,409 thousand). Amortised cost was computed based on an effective weighted average interest rate of 7.73 % (2006: 8.57%).

As at 31 December 2007 bank borrowings (Note 14) are secured over EUR 5,347 thousand from the above long term trade receivables balance (2006: EUR 4,365 thousand).

7 INVENTORIES

	31 December 2007	31 December 2006
Goods held for sale	52,607	64,827
Provision for slow moving and obsolete inventory	(1,241)	(1,372)
	51,366	**63,455**

As at 31 December 2007 bank borrowings (Note 14) are secured over EUR 49,993 thousand from the above inventories (2006: EUR 63,136 thousand).

8 ACCOUNTS RECEIVABLE

	31 December 2007	31 December 2006
Trade receivables	126,771	115,841
Amounts due from related parties (Note 19)	6,543	6,487
Impairment of receivables	(2,032)	(2,541)
	131,282	**119,787**

Trade receivables amortised cost was computed based on an effective weighted average interest rate of 3.73% as at 31 December 2007 (2006: 4.43%).

As at 31 December 2007 bank borrowings (Note 14) are secured over EUR 131,282 thousand from the above trade receivables balance (2006: EUR 119,770 thousand).

The fair value of trade receivables (including related parties) as at 31 December 2007 is EUR 132,567 thousand (2006: EUR 120,113 thousand).

9 OTHER CURRENT ASSETS

	31 December 2007	31 December 2006
Prepayments	5,949	4,886
VAT recoverable	4,552	4,889
Hedging receivables	3,523	-
Loans receivable from customers	274	733
Amounts receivable from shareholders (Note 19)	90	587
Advances to suppliers	230	181
Sundry debtors, net	709	351
Amounts due from related parties (Note 19)	232	222
	15,559	**11,849**

In prepayments, the Group has included various forms of discounts granted in advance to clients.

Hedging receivables at fair value through profit or loss

The Group entered into a number of foreign currencies deliverable forward contracts to mitigate its foreign currency exposure with trade payables. All gains and losses on foreign currency contracts are recognised in the income statement.

The unrealised gains as at 31 December 2007 of the deliverable forward contracts are EUR 3,523 thousand.

The table below summarizes, by major currency, the contractual amounts of the Group deliverable forward foreign exchange contracts as at 31 December 2007, with details of the contracted exchange rates versus the RON. Foreign currency amounts are translated at market rates ruling at the balance sheet date.

	Forward exchange rates	Spot exchange rates	Notional amount in EUR thousand
Buy US Dollars	2.4242	2.4564	15,517
Buy US Dollars	2.3866	2.4564	15,385
Buy Euro	3.4360	3.6102	46,479
Buy CHF	2.1058	2.1744	8,581

The "Forward rate" represents the rate at which the Group buys the notional amounts in foreign currency at the forward due date. The spot exchange rates are the official market rates issued by National Bank of Romania ruling at the balance sheet date.

10 CASH AND CASH EQUIVALENTS

	31 December 2007	31 December 2006
Cash and bank in RON	13,809	17,127
Cash and bank in foreign currency	115	67
Total cash in bank	**13,924**	**17,194**
Restricted cash	2,441	5,863
	16,365	**23,057**

As at 31 December 2007 the value of short-term deposits included within cash and bank in RON was EUR 2,240 thousand (2006: EUR 14,500 thousand), and the weighted average effective interest rate on short-term bank deposits was 5.37% p.a. (2006: 3.36% p.a.).

As at 31 December 2007 bank borrowings (Note 14) are secured over EUR 9,313 thousand (2006: EUR 589 thousand) from the above cash balance.

Restricted cash in amount of EUR 2,441 thousand consists of guarantees in favour of suppliers (Note 24).

For the purpose of the cash flow statement, the cash and cash equivalents comprise the following:

	31 December 2007	31 December 2006
Cash and bank balances	16,365	23,057
Less restricted cash	(2,441)	(5,863)
	13,924	**17,194**

11 SHARE CAPITAL AND SHARE PREMIUM

The statutory issued share capital and share premium were contributed as set out below:

	Date	Share capital (EUR '000)	Share premium (EUR '000)
In-kind contribution by Sograno BV of shares in ADP SRL	24 May 2006	2,500	257,500
Conversion of the share premium into the issued share capital	28 June 2006	197,500	(197,500)
Share premium distribution	9 October 2006	-	(925)
		200,000	**59,075**

Shares have a nominal value of EUR 1 each and all have equal voting rights. The total statutory value of share capital is EUR 200 million.

In 2007 there were no changes and in the share capital in share premium of the Group.

The issued share capital consists of the following:

	Number of shares (thousand)	Ordinary shares (EUR '000)
At 24 May 2006	2,500	2,500
At 31 December 2006	200,000	200,000
At 31 December 2007	200,000	200,000

12 TAXATION

	2007	7 months ended 31 December 2006
Income tax expense – current	2,515	3,757
Deferred tax income and tax provision	277	(686)
Income tax	**2,792**	**3,071**

The Romanian subsidiaries accrue income tax at the rate of 16% on profits as at 31 December 2007 and 31 December 2006 computed in accordance with the Romanian tax legislation.

The profit before taxation for financial reporting purposes is reconciled to the total tax expense as follows:

	2007	7 months ended 31 December 2006
(Loss)/profit before tax charge	(5,651)	11,854
Tax calculated at domestic tax rates applicable to profits in the respective countries	(1,443)	1,897
Tax effect of items which are not deductible or assessable for taxation purposes		
Non-deductible expenses	2,593	962
Other non-temporary adjustments	1,642	212
Income tax	**2,792**	**3,071**

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

Deferred tax

Deferred tax assets/liabilities arise from the Romanian subsidiaries and from ADP N.V. operations.

The Romanian subsidiaries are subject to the statutory tax rate of 16% on taxable profits. Deferred tax assets/liabilities are measured at the enacted statutory effective tax rate of 16%.

ADP N.V. is subject to the statutory tax rate of 25.5% on taxable profits. Deferred tax assets/liabilities are measured at the enacted statutory effective tax rate of 25.5%.

The net effect of the change on deferred tax balances recognised as at 31 December 2007, respectively 31 December 2006 is reflected in the statement of income for the period then ended.

	31 December 2007		31 December 2006	
	Cumulative temporary differences	**Deferred tax asset/(liability)**	**Cumulative temporary differences**	**Deferred tax asset/(liability)**
Property, plant and equipment	(877)	(156)	(1,118)	(179)
Inventories	8,586	1,374	7,830	1,253
Receivables	1,191	191	5,953	952
Investments	(412)	(66)	(442)	(71)
Borrowings	49	8	-	-
Payables and other accruals	(6,329)	(864)	(13,085)	(2,094)
Deferred tax asset for statutory unused loss relief	14,651	2,750	7,892	1,263
Brand	(45,834)	(7,334)	(48,922)	(7,828)
Deferred tax asset/(liability)	**(28,975)**	**(4,097)**	**(41,892)**	**(6,704)**

The movement in deferred tax liability balance is as follows:

	Deferred tax (liability)/asset
24 May 2006	**(7,087)**
Deferred tax income	686
Translation reserve – recognized in equity	(303)
31 December 2006	**(6,704)**
Deferred tax income	2,241
Translation reserve – recognized in equity	366
31 December 2007	**(4,097)**

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

In the context of the Group's current structure, tax losses and current tax assets of the different companies may not be set off against current tax liabilities and taxable profits of other companies and, accordingly, taxes may accrue even when there is a net consolidated tax loss. Therefore, a deferred tax asset of one of the companies is not offset against the deferred tax liability of another company in the Group.

13 FINANCE LEASE

Finance lease liabilities – minimum lease payments:

	31 December 2007	31 December 2006
Gross obligations under finance leases		
Less than 1 year	2,654	2,694
Between 1 year and 5 years	2,183	1,924
	4,837	**4,618**
Future finance charges	(340)	(342)
Present value of finance lease liabilities	**4,497**	**4,276**

The present value of finance lease liabilities is as follows:

	31 December 2007	31 December 2006
Less than 1 year	2,426	2,451
Between 1 year and 5 years	2,071	1,825
Present value of finance lease liabilities	**4,497**	**4,276**

The carrying amounts of lease obligations approximate their fair value.

14 BORROWINGS

The short term borrowings are presented as follows:

Lender	Maturity	Interest	31 December 2007	31 December 2006
CITIBANK Romania – EUR A&D Pharma Holdings NV	20 June 2008	EURIBOR 3m + 1.45% p.a.	3,600	-

The above short term borrowing has been contracted on 24 December 2007.

As at 13 July 2006, the Company has contracted a syndicated loan with Citibank. The balances for the long term loans as at 31 December 2007 and 31 December 2006 respectively are as follows:

	31 December 2007	31 December 2006
CITIBANK - EUR (Syndicated Loan)	70,218	71,718
Prepaid fees – less than 1 year	(698)	(745)
Prepaid fees – between 1 year and 5 years	(407)	(1,180)
	69,113	**69,793**

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

Long term borrowings are presented as follows:

Lender	Maturity	Interest	31 December 2007	31 December 2006
CITIBANK – Facility A – Mediplus Exim SRL	31 July 2011	EURIBOR 6m + 1.7% p.a. (2006: EURIBOR 6m + 1.95% p.a.)	4,000	4,000
CITIBANK – Facility B1 – Mediplus Exim SRL	31 July 2009	EURIBOR 1m + 1.45% p.a. (2006: EURIBOR 3m + 1.7% p.a.)	52,480	50,580
CITIBANK – Facility B1 – Sensiblu SRL	31 July 2009	EURIBOR 1m + 1.45% p.a. (2006: EURIBOR 3m + 1.7% p.a.)	13,738	17,138
			70,218	**71,718**

As at 31 December 2007, the Group has issued letters of guarantee to third parties, as presented below:

Lender	Maturity	Bank Commission	31 December 2007	31 December 2006
CITIBANK – Facility B3 – Mediplus Exim SRL	19 March 2008	1.7% p.a.	256	-
CITIBANK – Facility B3 – Mediplus Exim SRL	19 May 2008	1.7% p.a.	280	-
			536	**-**

The bank has agreed to split the total facility as follows:

- Facility A - capital expenditure requirements and/or repayment of existing indebtedness of any member of the Group, over a period of 5 years;
- Facility B1 - working capital requirements and/or repayment of existing indebtedness of any member of the Group (revolving), over a period of 3 years;
- Facility B2 - capital expenditure requirements and/or repayment of existing indebtedness of any member of the Group, over a period of 3 years;
- Facility B3 - issuance of letters of guarantee to the extent required in the ordinary course of the business of any member of the Group, over a period of 3 years;

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

Limitations and utilisations:

- The maximum amount that can be utilised for facility A is EUR 10 million at the date of the agreement;
- The maximum amount that can be utilised for facility B1 is EUR 80 million;
- The maximum amount of all letters of guarantee issued under facility B3 shall not exceed EUR 10 million;
- The maximum total amount that can be utilised for all B facilities is EUR 90 million at the date of the agreement.

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

15 PROVISIONS FOR TAX AND OTHER REGULATORY MATTERS

The movement in provision for the period ended 31 December 2007 is detailed below:

	31 December 2006	Translation difference	Increase	Decrease	**31 December 2007**
Provision	14,966	(947)	15,689	(12,938)	16,770

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

During the year 2007, the Management has reassessed the Group tax, legal and regulatory risk exposure with a net charge in the income statement of EUR 2,751 thousand. This reassessment followed a control inspection by the Romanian Fiscal Authorities over VAT reporting and an investigation made by the Romanian Competition Council (see below). The inspection over VAT reporting resulted in a claim representing VAT and related interest and penalties for late payment, of EUR 3,679 thousand, which has been included separately in the 2007 income statement, and which does not form part of the net charge to the income statement of EUR 2,751 thousand referred to above.

Mediplus Exim SRL was one of the companies acting on the Romanian insulin products market, investigated by the Competition Council ("CC") during its inquiry opened in July 2005. The report of the investigation ("Report"), released on 7 December 2007, concluded that Mediplus was part of an anti-competitive market sharing agreement with a producer and two other distributors of insulin products participating in a tender issued in 2003 by the Ministry of Health in relation to the distribution of insulin and oral antidiabetic products for the National Program for Diabetes. The CC hearings took place on 19 February 2008 and following the debates, Mediplus submitted additional observations to the Report on 25 February 2008. Management was informed that the CC made its decision on 4 March 2008, whereby Mediplus was found to have infringed Competition Law and imposed a fine of RON 49,231 thousand (EUR 13.6 million). The official decision is expected from the Competition Council during the following days. The fine is payable within 30 days of the official communication of the Competition Council's decision. Mediplus management intends to vigorously challenge the Competition Council's decision in court and simultaneously to ask the court for a deferral of the payment until the final ruling in relation with the alleged infringement is issued. Based on the preliminary risk assessment made by the external lawyers engaged to represent Mediplus, Management has concluded that the low level of provision included in these financial statements is adequate and represents the Group's best estimate of the amounts more likely than not to be paid. Further information regarding the detail of the provision required to be disclosed by IAS 37 "Provisions, Contingent Liabilities and Contingent Assets" is not presented on the grounds that it could prejudice the outcome of the litigation.

16 ACCOUNTS PAYABLE, ACCRUALS AND OTHER LIABILITIES

	31 December 2007	31 December 2006
Trade payables	156,273	147,779
Amounts owing to related parties (Note 19)	8,636	9,369
VAT and other tax payables	5,733	2,548
Hedging payables	-	1,590
Accrued labour costs	2,675	1,140
Interest payable	163	432
Other payables	812	213
	174,292	**163,071**
Tax on profit	2,214	2,580
	176,506	**165,651**

Short term trade payables amortised cost was computed based on an effective weighted average interest rate of 4.38% as at 31 December 2007 (2006: 4.96%).

The fair value of trade payables (including related parties) as at 31 December 2007 is EUR 167,383 thousand (2006 is EUR 156,960 thousand).

Hedging payables at fair value through profit or loss

The unrealised losses as at 31 December 2006 on the non deliverable forward contracts are EUR 1,590 thousand (see Note 17).

The table below summarizes, by major currency, the contractual amounts of the Group non-deliverable forward foreign exchange contracts as at 31 December 2006, with details of the contracted exchange rates versus the RON. Foreign currency amounts are translated at market rates ruling at the balance sheet date.

	Enhanced forward exchange rates	Participation exchange rates	Notional amount in EUR thousand
Buy US Dollars	2.72	2.92	15,185
Buy US Dollars	2.60	2.70	5,315
Buy Euro	3.47	3.47	18,000
Buy Euro	3.40	3.50	8,000

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

The "Enhanced forward rate" represents the rate at which the Group buys the notional amounts in foreign currency as long as the spot rate is below the "Participation rate". In case the spot rate reaches or goes above the Participation rate, the Group exits the hedge.

17 OPERATING COSTS

	2007	7 month ended 31 December 2006
Cost of sales	313,509	155,121
Labour costs	43,089	18,684
Rent and administrative expenses	16,841	8,542
Advertising and promotion	12,134	8,723
Other third party services	20,074	7,606
Depreciation and amortization	7,079	3,074
Impairment for fixed assets/ (reversal)	601	(443)
Provision for inventories/ (reversal)	(48)	648
Inventory write off	2,437	485
Penalties and fines	4,565	1,064
Receivables write off, (gain)/loss	(243)	520
Operational foreign exchange (income)/ expense	1,232	(5,366)
Hedging (gain)/loss	(5,585)	1,590
Net movement in general tax provisions, (gain)/loss	(732)	-
Other expenses	1,627	719
	416,580	**200,967**

18 FINANCIAL RESULT

	2007	7 month ended 31 December 2006
Foreign exchange (expense)/ income, net	(6,643)	2,830
Interest income	422	244
Interest expense	(7,250)	(2,698)
Interest (expense)/income financial instruments	(104)	909
Other financial expense	(1,015)	(503)
	(14,590)	**782**

19 RELATED PARTY TRANSACTIONS

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

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

The nature of the related party relationships for those related parties with whom the Group entered into significant transactions during the period ended 31 December 2007 or had significant balances outstanding at 31 December 2007 are detailed below. Transactions were entered into with related parties during the ordinary course of business on both normal and preferential commercial terms.

Controlled by the same ultimate shareholders	Activity	Country of incorporation
Consumer Product Network SRL (formerly Farmactiv SRL)	Importer and distributor of parapharmaceutical products	Romania
Loyalty Insurance Broker SRL	Insurance broker	Romania
Ozone Laboratories Ltd	Holding company of Ozone Laboratories SRL	United Kingdom
Ozone Laboratories SRL	Pharmaceutical manufacturer	Romania
Fleet Management Services SRL	Car fleet maintenance	Romania
Puls Media Network SRL (formerly Press Pro International SRL)	Media promotion	Romania
Arishop Pharma AD	Importer and distributor of pharmaceutical products	Bulgaria
Oxigen Plus SRL	Oxigen products distributor	Romania
Sensident SRL	Dental equipments	Romania
Sensiblu Optica SRL	Optical products	Romania
Miniblu SRL	Baby clothing and toys	Romania
Optical Network SRL	Optical products	Romania
Gemisa Investments Ltd	Investment fund	Cyprus

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

Controlled by the same ultimate shareholders	Activity	Country of incorporation
Gemisa Servicii SRL	Services	Romania

Controlled by the same ultimate shareholders	Activity	Country of incorporation
Elantis Farm SRL	Importer and distributor of pharmaceutical products	Moldova
Adkit Serv SRL	Management services	Romania
Grup 3 Contracting SRL	Construction	Romania
Cristal Diagnostic SRL	Laboratory tests	Romania
Sograno BV		The Netherlands

Other related parties	Activity	Country of incorporation
Avia Travel&Tour SRL	Tourism agency	Romania

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

Sales of goods and services	2007	7 months ended 31 December 2006
Ozone Laboratories SRL	4,353	2,660
Employees	-	789
Elantis Farm SRL	356	-
Miniblu SRL	150	132
Optical Network SRL	164	141
Consumer Product Network SRL	148	98
Gemisa Servicii SRL	-	1
	5,171	**3,821**

Mediplus Exim SRL and Ozone Laboratories SRL have entered into an agreement dated 1 January 2006, based on which the former undertook to provide the latter storage and distribution services, as well as logistic services related to the transport and Management of Ozone Laboratories SRL products, up to a yearly limit set out by the parties in the agreement. The agreement remains in force until 31 December 2007. The fees that Ozone Laboratories SRL must pay to Mediplus Exim SRL are calculated by applying certain percentages to the value of the Ozone Laboratories SRL finished products acquired by Mediplus Exim SRL from Ozone Laboratories SRL.

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

On 2 August 2006 Sensiblu SRL and Ozone Laboratories SRL entered into a service agreement according to which the former undertook to provide to the latter certain services for the merchandising of Ozone Laboratories SRL products in 159 of Sensiblu SRL's pharmacies. The number of the pharmacies where these services are provided has increased to 214 by the end of 2007 (end of 2006: 190 pharmacies). The agreement was entered into for a 12 month period, namely from 1 July 2006 to 1 July 2007, and was subsequently extended until 1 July 2008. The tariffs to be paid by Ozone Laboratories SRL are set out for each type of services provided.

Purchases of goods and services	**2007**	**7 months ended 31 December 2006**
Ozone Laboratories SRL	28,098	16,265
Avia Travel&Tour SRL	2,138	-
Consumer Product Network SRL	1,702	1,299
Fleet Management Services SRL	841	340
Loyalty Insurance Broker SRL	271	-
Optical Network SRL	109	66
Cristal Diagnostic SRL	78	109
Adkit Serv SRL	71	27
Sensiblu Optica SRL	12	8
Others	120	28
	33,440	**18,142**

The goods and services purchased are presented net of discounts received from Ozone Laboratories SRL during the period ended 31 December 2007. The value of discounts received by the Group in the period is of EUR 5,717 thousand.

Sales of property plant and equipment	**2007**	**7 months ended 31 December 2006**
Consumer Product Network SRL	-	52
Ozone Laboratories SRL	11	41
Optical Network SRL	15	-
Founding shareholders	59	-
Others	-	24
	85	**117**

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

Purchases of property plant and equipment	2007	7 months ended 31 December 2006
Grup 3 Contracting SRL	4,434	9,594

Interest related to loan granted by related parties	2007	7 months ended 31 December 2006
Interest paid to Sograno BV	-	188

The following balances were outstanding with related parties:

Trade receivables from related parties	31 December 2007	31 December 2006
Ozone Laboratories SRL	4,961	4,286
Employees	657	1,516
Ozone Laboratories Ltd	374	453
Optical Network SRL	195	109
Miniblu SRL	204	100
Elantis Farm SRL	115	-
Consumer Product Network SRL	37	23
	6,543	**6,487**

The trade receivables from employees in amount of EUR 657 thousand have been entirely provided for at 31 December 2007.

Other receivables from related parties	31 December 2007	31 December 2006
Ozone Laboratories SRL	70	64
Receivable from shareholders	90	587
Miniblu SRL	34	36
Oxigen Plus SRL	56	60
Optical Network SRL	51	40
Gemisa Servicii SRL	12	12
Others	9	10
	322	**809**

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

Trade payables to related parties	31 December 2007	31 December 2006
Ozone Laboratories SRL	6,985	7,323
Grup 3 Contracting SRL	530	1,286
Consumer Product Network SRL	542	579
Avia Travel&Tour SRL	372	-
Optical Network SRL	116	74
Fleet Management Services SRL	60	60
Cristal Diagnostic SRL	-	23
Miniblu SRL	27	18
Others	4	6
	8,636	**9,369**

As at 1 January 2006 a contract was signed between Mediplus Exim SRL and Ozone Laboratories SRL, related party of the Group, related to the transfer of the Mediplus's outstanding receivables balances older than 210 days on Ozone products.

The contract concerns the compensation of third parties receivables balances towards the Group against the Ozone Laboratories SRL payable balance.

Transactions with shareholders

Balances from/(due) to shareholders	31 December 2007	31 December 2006
To recover from founding shareholders	90	39
Other amounts receivable/(payable)	-	548
Net amount recoverable from shareholder (Note 9)	**90**	**587**

As at 31 December 2006, other amounts receivable comprise the withholding tax due to the state in relation with past transactions involving the founding shareholders. Based on administrator's decision of Mediplus Exim SRL and Sensiblu SRL dated 7 March 2007, the shareholders repaid the amount of EUR 548 thousand to the Group.

Other transactions with key Management personnel

Executive Directors of the Company control 7% of the voting shares of the Group's parent company, while the 4 founding shareholders acting as Non-Executive Directors control 58.5% of the voting shares of the Group's parent company through Sograno BV.

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

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

	2007	2006
David Raymond Ebsworth	2,286	72
Urs Kamber	96	20
Dragos Dinu	315	123
Roger de Bazelaire	174	-
Florin Buligoanea	237	103
Vivian Diaconescu	235	111
Claudiu Opran	190	61
Charles Michel Eid	-	-
Eric ter Hark	30	-
John Michael Wemms	70	17
Ludovic Charles Simon Robert	-	-
Roger Akoury	-	-
Walid Abboud	-	-
William Wells	30	-
Board of Directors Salaries	**3,663**	**507**

The salary of David Raymond Ebsworth includes:

(1) *Sign-on bonus in gross amount of EUR 788 thousand to be used exclusively for buying GDRs in the* Company by end of March 2008, or as soon as an open purchase period exists, according to the rules on share dealings;

(2) Total Shareholder Return Bonus in the amount of EUR 1,128 thousand which represents the discounted value as at 31 December 2007 of the full amount of EUR 1,269 thousand payable on 9 October 2010 as follows:

- EUR 635 thousand in cash,
- and a voluntary conversion by Dr David Raymond Ebsworth of Euro 635 thousand in the form of GDRs, namely 37,104 GDRs at a notional price of EUR 17.1 per 1 GDR.

The 4 founding shareholders which are Non-Executive Directors are not remunerated for their services rendered to the Company.

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

20 MAIN SUBSIDIARIES

The consolidated subsidiaries included within the Group and the degree of control exercised by A&D Pharma Holdings N.V. are as follows:

Entity	Country of incorporation	Activity	% share 31 December 2007	% share 31 December 2006
A&D Pharma Holdings SRL	Romania	Romanian holding company of Mediplus and Sensiblu	100	100
Mediplus Exim SRL	Romania	Import and wholesale distribution of pharmaceutical products in Romania	100	100
Sensiblu SRL	Romania	Retail distribution of pharmaceutical products in Romania	100	100
Lauren Finance SRL	Romania	Financial activities	100	100

21 SEGMENT INFORMATION

Statement of income **Year ended 31 December 2007**	**Wholesale**	**Retail**	**Other**	**Eliminations**	**Group**
Sales	363,580	121,633	-	(59,694)	425,519
Operating income and expenses	(339,691)	(128,183)	(8,400)	59,694	(416,580)
Segment result	23,889	(6,550)	(8,400)	-	8,939
Operating profit/(loss)	**23,889**	**(6,550)**	**(8,400)**	**-**	**8,939**
Finance costs, net	(10,744)	(2,269)	(1,577)	-	(14,590)
Profit/(loss) before taxation	**13,145**	**(8,819)**	**(9,977)**	**-**	**(5,651)**
Income tax expense	(2,576)	882	(1,098)	-	(2,792)
Net profit/(loss) for the period	**10,569**	**(7,937)**	**(11,075)**	**-**	**(8,443)**

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

Balance sheet As at 31 December 2007	**Wholesale**	**Retail**	**Other**	**Eliminations**	**Group**
Segment assets	255,855	44,702	253,972	(29,234)	525,395
Unallocated assets	-	-	-	-	-
Total assets	**255,855**	**44,702**	**253,972**	**(29,234)**	**525,395**
Segment liabilities	217,552	60,910	13,169	(15,920)	275,711
Unallocated liabilities	-	-	-	-	-
Total liabilities	**217,552**	**60,910**	**13,169**	**(15,920)**	**275,711**
Capital expenditure	10,845	4,375	807	-	16,027
Depreciation and amortisation	(3,229)	(3,775)	(75)	-	(7,079)

Statement of income Period from 24 May 2006 (date of incorporation) to 31 December 2006	**Wholesale**	**Retail**	**Other**	**Eliminations**	**Group**
Sales	183,597	56,236	-	(27,794)	212,039
Operating income and expenses	(170,115)	(57,636)	(1,033)	27,817	(200,967)
Segment result	13,482	(1,400)	(1,033)	23	11,072
Operating profit/(loss)	**13,482**	**(1,400)**	**(1,033)**	**23**	**11,072**
Finance costs, net	647	223	(88)	-	782
Profit/(loss) before taxation	**14,129**	**(1,177)**	**(1,121)**	**23**	**11,854**
Income tax expense	(3,120)	49	-	-	(3,071)
Net profit/(loss) for the period	**11,009**	**(1,128)**	**(1,121)**	**23**	**8,783**

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

Balance sheet

As at 31 December 2006	**Wholesale**	**Retail**	**Other**	**Eliminations**	**Group**
Segment assets	245,820	49,275	269,832	(21,939)	542,988
Unallocated assets	-	-	-	-	-
Total assets	**245,820**	**49,275**	**269,832**	**(21,939)**	**542,988**
Segment liabilities	220,025	62,619	2,016	(21,708)	262,952
Unallocated liabilities	-	-	-	-	-
Total liabilities	**220,025**	**62,619**	**2,016**	**(21,708)**	**262,952**
Capital expenditure	13,253	3,104	15	-	16,373
Depreciation and amortisation	(1,037)	(1,980)	(58)	-	(3,074)

Primary reporting format - business segments

There are material sales and other transactions between the business segments. Segment assets consist primarily of property, plant and equipment, intangible assets, inventories, receivables and operating cash and investments. Segment liabilities comprise operating liabilities, lease liabilities and borrowings. Eliminations comprise mainly intercompany commercial and service transactions.

Capital expenditure comprises additions to property, plant and equipment and intangibles

The secondary segmental information based on geographical area is not material to be disclosed as almost all the activity is carried out in Romania.

22 EARNINGS PER SHARE

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

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

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

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

For 2007, basic loss per share values are as follows:

	2007
Net loss	(8,443)
Number of shares	200,000,000
Basic loss per share (€)	(0.04)

Also, in accordance with group's accounting policies, as at period end, diluted loss per share value are as follows:

	2007
Net loss	(8,443)
Number of shares	200,000,000
Diluted loss per share (€)	(0.04)

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

For 7 months period ended 31 December 2006, basic earnings per share value were as follows:

	7 months ended 31 December 2006
Net Profit	8,783
Number of shares	200,000,000
Basic earnings per share (€)	0.04

Also, in accordance with Group's accounting policies, as at period end, diluted earnings per share value were as follows:

	7 months ended 31 December 2006
Net Profit	8,783
Number of shares	200,000,000
Diluted earnings per share (€)	0.04

23 USE OF ESTIMATES

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(i) Interest income and expenses

Interest income and expenses for financial instruments is recognised in the income statement following the computation of amortised cost using the effective interest rate method for financial assets and liabilities.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period.

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to the net carrying amount of the financial asset or financial liability.

The linear amortisation method used to determine the amortised cost for both receivable and payables represents the Management's best estimate for the value of the corresponding amortisation.

(ii) Impairment losses on receivable

In accordance with the internal impairment assessment methodology, the Group reviews its receivable portfolios to assess impairment on a yearly basis. In determining whether an impairment loss should be recorded in the income statement, the Group makes judgments as to whether there is any observable data indicating that there is objective evidence of impairment that has an impact on the estimated future cash flows from an individual or from entire portfolio of receivables. Management uses estimates based on historical loss experience; in the same time the calculation of the present value of future cash flows requires judgement by the Management. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

(iii) Carrying value of inventories

The Group assesses at each balance-sheet date the requirement for a provision against its inventories. The Group uses its judgement, based on the expiry date of goods in order to estimate the level of the provision required.

(iv) Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

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

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

Goodwill is allocated at the acquisition date before the end of the first annual reporting period. As at 31 December 2007 Management tested goodwill, brands and licenses for impairment. Goodwill acquired through business combination, indefinite lived intangibles and net book value of fixed assets have been allocated to cash generating units as follows:

Cash-generating unit	Carrying amount of goodwill	Carrying amount of indefinite lived brand	Carrying amount of pharmacy licences	Carrying amount of tangible assets	**Total Carrying value**	**Value in Use**	**Excess of recoverable amount over carrying amount**
Wholesale	182,611	-	-	31,441	**214,052**	**235,156**	**21,104**
Retail	33,066	45,834	1,618	7,552	**88,070**	**139,195**	**51,125**
	215,677	**45,834**	**1,618**	**38,993**	**302,122**	**374,351**	**72,229**

In determining the values in use, the Management uses four-year detailed free cash flow forecasts (for period 2008-2011) and then simplified free cash flow forecasts in perpetuity with a discount rate of 9.5%, using data for 2011. The value in use of the cash generating units was based on a growth factor of 2% for all cash flows beyond the detailed projections.

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

Wholesale segment

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

Retail segment

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

As at 31 December 2007, Management tested goodwill and brands for impairment by reference to the Entities' business plans drawn up for the period 2008-2011. The assumptions and estimates used in the preparation of these business plans are detailed above. Following these tests, Management has reached the conclusion that the above-mentioned assets are not impaired as at 31 December 2007.

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

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

24 CONTINGENCIES, COMMITMENTS AND OPERATING RISKS

(i) Contingencies

a) Taxation

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

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

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

Even if the current Romanian Fiscal Code is intended to create a stable tax framework, tax legislation can be subject to significant changes and contradictory interpretations, which may apply retroactively.

Moreover, in practice, the tax authorities can take a strong approach and assess additional tax liabilities and related late payment penalties (2007: 0.1% per day) based on their individual interpretations of the tax legislation. As a result, penalties and delay payment interest could result in a significant amount payable to the Romanian State.

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

b) Legal proceedings

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

c) Competition laws

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

d) Insurance policies

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

e) Operating environment

On 1 January 2007 Romania became a member of the European Union and therefore national laws have been adapted to comply with the detailed and complex rules on the basis of the EU Treaties, Regulations and Directives.

Although a member of the European Union, the economy of Romania continues to display certain macroeconomic imbalances, such as a high current account deficit, a relatively uncomplex financial market and fluctuations in the foreign currency exchange rates.

From mid 2007 onwards recent months, the international financial markets have experienced a number of effects that can be traced back to the concerns over the US sub-prime mortgage market. These range from specific concerns over the underlying value of certain asset classes to the broader impact of widening credit spreads and market illiquidity on asset values, and the ability of organizations to meet their financing requirements in an orderly and low cost manner.

The effects of these on the Romanian financial markets have been seen in the form of fall in the capital markets and a forecasted increase in financing interest rates on the medium term due to worldwide liquidity conditions. Nevertheless, given the market conditions and uncertainties that are likely to exist throughout the first periods of 2008, other effects may be felt beyond the date of these financial statements.

Management has assessed and recorded in the attached financial statements an overarching provision for a total amount of EUR 16,770 thousand. (Note 15)

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

(ii) Contractual commitments

a) Operating lease contracts for pharmacies

The Group has operating lease contracts for pharmacies location, and warehouses in total amount of EUR 29.4 million, for a period from 1 to 14 years, with future minimum lease payments as follows:

i) less than 1 year EUR 8.3 million;
ii) between 1 and 5 years EUR 12.6 million;
iii) more than 5 years EUR 8.5 million.

(iii) Guarantees

- As at 31 December 2007, the Group has given guarantees amounting to EUR 5.1 million to third parties.

Bank	Off Balance Sheet	Recorded in Balance Sheet (Note 10)
Unicredit Tiriac Bank	59	2,441
Citibank (Note 14)	536	-
ABN AMRO Bank	2,108	-
Total	**2,703**	**2,441**

- As at 31 December 2007 the Group has the following agreements with Unicredit Bank Romania:
  - Credit line for the purpose of issuing of letters of guarantee in amount of EUR 325 thousand. The unused facility available to the Group as at 31 December 2007 was EUR 266 thousand.
  - Letters of guarantee issued in amount of EUR 2,441 thousand, with restricted cash.

- As at 31 December 2007 the Group has an agreement with Citibank for a credit line (Facility B3 – Note 14). The Group used EUR 536 thousand from this facility for the purpose of issuing of letters of guarantee. The unused facility available to the Group as at 31 December 2007 is EUR 9,464 thousand.

- As at 31 December 2007 the Group has an agreement with ABN AMRO Bank Romania for the purpose of issuing of letters of guarantee in amount of CHF 3,500 thousand (EUR 2,108 thousand). There is no unused facility available to the Group as at 31 December 2007.

- As at 31 December 2007 the Group is a guarantor for a loan granted by GarantiBank International N.V. in favour of SC Farma Com Iulia SRL in amount of EUR 200 thousand.

25 FINANCIAL RISKS

(i) Credit risk

Financial assets, which potentially subject this Group to credit risk, consist principally of trade receivables. The Group has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history. The carrying amount of accounts receivable, net of impairment adjustment, represents the maximum amount exposed to credit risk.

The Group has no significant concentrations of credit risk, other than the case of Sensiblu SRL with the amounts due from the Health Insurance Houses. Credit risk with respect to these receivables is limited, since these amounts are primarily due from the Romanian State and hence are considered to be ultimately recoverable.

Accordingly, Management believe that the Group has no significant net credit risk with regards to such balances. Cash is placed in financial institutions, which are considered at the time of deposit to have minimal risk of default.

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

The maximum exposure to credit risk at the reporting date was:

	Carrying amount	
	31 December 2007	**31 December 2006**
Financial assets		
Trade receivables	136,629	125,714

The maximum exposure to credit risk for trade receivables at the reporting date by type of customer was:

	Carrying amount	
	31 December 2007	**31 December 2006**
Wholesale trade receivables	130,818	117,014
Retail trade receivables	5,811	8,700
Total	**136,629**	**125,714**

The ageing of trade receivables at the reporting date was:

	Gross 2007	**Impairment 2007**	**Gross 2006**	**Impairment 2006**
Between 0 – 30 days	29,714		28,963	
Between 30 – 120 days	74,359		64,615	
Between 120 -180 days	18,479		15,580	
Between 180 -210 days	4,899		4,830	
Between 210 – up to one year	6,128		7,248	
More than one year	5,081	2,031	7,019	2,541
Total	**138,660**	**2,031**	**128,255**	**2,541**

The movement in the allowance for impairment in respect of trade receivables during the year was as follows:

	2007
Balance as at 1 January	**(2,541)**
Impairment loss recognised	377
Translation effect	133
Balance as at 31 December	**(2,031)**

The impairment provision at the end of 2007 is in line with the specific provision policy (see Note 3.7). The provision calculation takes into consideration only the customers against which the Group took legal action.

The EUR 377 thousand recorded in 2007 is based on 140 legal files where the Group had a suspicion of bankruptcy, insolvability or bad payment behaviour. Based on past experience, about 50% of these receivables are collected in maximum one year from the opening of a legal case and management expects to collect up to 30% more in 2008.

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

The Group believes that no impairment is necessary in respect of trade receivables from hospitals (even if 26% of these receivables are older than one year) and from a related party – Ozone Laboratories SRL. The trade relation with hospitals is considered as being effectively risk free due to state ownership.

(ii) Foreign currency risk

The Group imports supplies from other European countries through its Romanian subsidiaries, which also attract significant foreign currency denominated borrowings. This exposes the Group to foreign exchange risk.

The Group is exposed to foreign currency risk on purchases and borrowings that are denominated in a currency other than the respective functional currencies of Group entities. The currencies giving rise to this risk are primarily EUR, U.S. Dollars (USD), Swiss Franc (CHF).

The Group hedges 100 percent of all monthly payments to suppliers denominated in EUR and USD. The Group uses forward exchange contracts to hedge its foreign currency risk. The forward exchange contracts have maturities of less than one year after the reporting date. Where necessary, the forward exchange contracts are rolled over at maturity.

The Group's exposure to foreign currency risk was as follows based on notional amounts:

	RON	EURO	USD	GBP	CHF	DKK
31 December 2007						
Monetary assets						
Receivables	136,552	77	-	-	-	-
Other receivables	15,396	200	-	-	-	-
Monetary liabilities						
Payables	(98,695)	(42,482)	(26,620)	(393)	(7,201)	(2,243)
Borrowings		(72,713)	-	-	-	-
Leases	-	(4,488)	(9)	-	-	-
Gross balance sheet exposure	**53,253**	**(119,406)**	**(26,629)**	**(393)**	**(7,201)**	**(2,243)**
Forward exchange contracts	-	46,479	30,902	-	8,581	-
Net balance sheet exposure	**53,253**	**(72,927)**	**4,273**	**(393)**	**1,380**	**(2,243)**
31 December 2006						
Monetary assets						
Receivables	125,702	12	-	-	-	-
Other receivables	12,153	-	-	-	-	-
Monetary liabilities						
Payables	(96,130)	(32,876)	(30,365)	(216)	(7,626)	-
Borrowings	-	(69,793)	-	-	-	-
Leases	-	(4,205)	(71)	-	-	-

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

Gross balance sheet exposure	**41,725**	**(106,862)**	**(30,436)**	**(216)**	**(7,626)**	**-**
Forward exchange contracts	-	26,000	15,565	-	-	-
Net balance sheet exposure	**41,725**	**(80,862)**	**(14,871)**	**(216)**	**(7,626)**	**-**

The following significant exchange rates applied during the year:

	Average rate		**Reporting date spot rate**	
	2007	**2006**	**31 December 2007**	**31 December 2006**
RON/ EURO	3.3337	3.5245	3.6102	3.3817
RON/ USD	2.4361	2.8090	2.4564	2.5676
RON/ GBP	4.8736	5.1683	4.9095	5.039
RON/ CHF	2.0297	2.2409	2.1744	2.1044
RON/ DKK	0.4479	0.4725	0.4841	0.4536

Sensitivity analysis

A 10 percent strengthening of the RON against the following currencies at 31 December 2007 and 2006 would have increased (decreased) profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and includes the hedging effect.

	Profit / (loss) 2007	**Profit / (loss) 2006**
EUR	7,075	8,002
USD	(427)	1,487
CHF	(233)	763
GBP	39	22
DKK	224	-

A 10 percent weakening of the RON against the above currencies at 31 December 2007 and 2006 would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant and includes the hedging effect.

	Profit / (loss) 2007	**Profit / (loss) 2006**
EUR	(7,075)	(8,002)
USD	427	(1,487)
CHF	233	(763)
GBP	(39)	(22)
DKK	(224)	-

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

(iii) Interest rate risk

The Group's income and operating cash flows are impacted by changes in market interest rates since the majority of interest rates on financial instruments are variable.

At the reporting date the interest rate profile of the Group's interest-bearing financial instruments was:

	Carrying amount	
	31 December 2007	31 December 2006
Financial assets		
Trade receivables	136,629	125,713
Financial liabilities		
Trade payables	(164,909)	(158,710)
Borrowings	(72,713)	(69,793)
Leases	(4,497)	(4,276)
Total	**(105,490)**	**(107,064)**

Sensitivity analysis for variable rate instruments

A change of 10% in interest rates at the reporting date would have increased (decreased) profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2006.

	Profit / (loss)	
Profit / (loss)	**10% increase**	**10%decrease**
31 December 2007		
Trade receivables	(603)	607
Financial assets interest sensitivity, net	**(603)**	**607**
Trade payables	781	(786)
Borrowings	421	(421)
Leases	34	(34)
Financial liabilities interest sensitivity, net	**1,236**	**(1,241)**
31 December 2006		
Trade receivables	(591)	595
Financial assets interest sensitivity, net	**(591)**	**595**
Trade payables	795	(800)
Borrowings	128	(128)
Leases	34	(34)
Financial liabilities interest sensitivity, net	**957**	**(962)**

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

Interest rates used for determining fair value

The interest rates used to discount estimated cash flows were as follows:

	2007	2006
Trade receivables and trade payables	6% - 7.8%	5.4% - 7.5%
Borrowings	5% - 6.8%	4.6% - 5.6%
Leases	9% - 12.7%	9% - 13%

(iv) Liquidity risk

	31 December 2007	31 December 2006
Assets		
Monetary assets in RON	164,913	160,346
Monetary assets in foreign currency	3,677	578
	168,590	**160,924**
Liabilities		
Monetary liabilities in RON	(115,883)	(111,225)
Monetary liabilities in foreign currency	(155,731)	(145,023)
	(271,614)	**(256,248)**
Net monetary position in RON	**49,030**	**49,121**
Net monetary position in foreign currency	**(152,054)**	**(144,445)**

The Group's policy on liquidity is to maintain sufficient liquid resources to meet the obligations as they fall due.

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

The following are the contractual maturities of financial liabilities, including interest payments and excluding the impact of netting agreements:

	Carrying amount	Contractual amount	12 months or less	1 - 2 years	2 - 5 years
31 December 2007					
Financial liabilities					
Trade payables	(164,909)	(168,823)	(168,823)	-	-
Borrowings	(72,713)	(73,818)	(3,600)	(66,218)	(4,000)
Leases	(4,497)	(4,837)	(2,654)	(1,519)	(664)
Total	**(242,119)**	**(247,478)**	**(175,077)**	**(67,737)**	**(4,664)**
31 December 2006					
Financial liabilities					
Trade payables	(158,710)	(162,705)	(160,852)	(1,853)	-
Borrowings	(69,793)	(71,718)	-	(67,718)	(4,000)
Leases	(4,276)	(4,618)	(2,694)	(1,428)	(496)
Total	**(232,779)**	**(239,041)**	**(163,546)**	**(70,999)**	**(4,496)**

26 POST BALANCE SHEET EVENTS

Acquisition of pharmacy

In January 2008 the Group acquired a pharmacy in Bucharest for the total amount of EUR 1,904 thousand.

Land acquisition

In January 2008 the Group acquired a land in Galati County for the amount of EUR 353 thousand.

Competition Council fine

Management was informed that on 4 March 2008, the Competition Council ("CC") found Mediplus Exim SRL to have infringed Competition Law and imposed a fine of RON 49,231 thousand (EUR 13.6 million). The official decision is expected from the CC during the following days. The fine is payable within 30 days of the official communication of the CC decision. Mediplus management intends to vigorously challenge the Competition Council's decision in court and simultaneously to ask the court for a deferral of the payment until the final ruling in relation with the alleged infringement is issued. Based on the preliminary risk assessment made by the external lawyers engaged to represent Mediplus, Management has concluded that the low level of provision included in these financial statements is adequate and represents the Group's best estimate of the amounts more likely than not to be paid. Further information regarding the detail of the provision required to be disclosed by IAS 37 "Provisions, Contingent Liabilities and Contingent Assets" is not presented on the grounds that it could prejudice the outcome of the litigation. (Note 15).

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

27 PROFORMA FINANCIAL INFORMATION

The Group has preserved the same operational structure as that of A&D Pharma SRL before 1 January 2007. Therefore, for comparative purposes, proforma income statement and cash flow figures for the year ended 31 December 2006 are extracted from the consolidated Financial Statements of A&D Pharma SRL, adjusted with the standalone results of ADP NV for the period between 24 May (date of incorporation) and 31 December 2006, as detailed below.

Statements of income

	ADP NV 2007	ADP SRL 2006
Sales	425,519	331,593
Operating costs	(416,580)	(309,273)
Operating profit	**8,939**	**22,320**
Financial income	422	4,354
Financial expense	(15,012)	(6,259)
Financial result	**(14,590)**	**(1,905)**
(Loss)) /Profit before taxation	**(5,651)**	**20,415**
Taxation	(2,792)	(3,552)
(Loss)/Profit for the period	**(8,443)**	**16,863**

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

Statements of cash flows

	ADP NV 2007	ADP SRL 2006
Cash flows from operating activities		
(Loss)/profit before taxation	(5,651)	20,415
Adjustments for:		
Depreciation and amortization	7,079	4,794
Loss on disposal of investments	68	-
Loss on disposal of tangible and intangible assets	-	(1,735)
Property, plant and equipment impairment	222	(360)
Goodwill impairment	379	-
Reversal of tax provision	(732)	-
Interest income	(422)	(365)
Interest expense	7,354	5,359
Operating profit before working capital changes	**8,297**	**28,108**
Increase in receivables and prepayments	(10,936)	(50,404)
Decrease/(increase) in inventories	12,089	(26,833)
Increase in trade and other payables	10,952	43,993
Changes in working capital	**12,105**	**(33,244)**
Tax paid	(2,881)	(2,703)
Net cash from (used by) operating activities	**17,521**	**(7,839)**
Cash flows from investing activities		
Purchases of property, plant and equipment	(10,271)	(17,430)
Purchases of intangibles	(2,292)	(1,481)
Acquisition of other subsidiaries	-	(273)
Proceeds from sale of tangible and intangible assets	1,595	5,116
Interest received	422	370
Net cash used in investing activities	**(10,546)**	**(13,698)**
Cash flow from financing activities		
(Decrease)/increase in long term loans	(680)	69,793
(Decrease)/increase in short term borrowings	3,600	(11,713)
Lease payments	(3,243)	(3,147)
Dividends paid	(3,566)	(925)
Interest paid	(6,554)	(3,271)
Net cash (used by) provided by financing activities	**(10,443)**	**50,737**
Translation effect	198	(733)
Net (decrease)/increase in cash and cash equivalents	**(3,270)**	**28,467**
Cash and cash equivalents at beginning of the year	**17,194**	**(11,273)**
Cash and cash equivalents at end of year	**13,924**	**17,194**

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

Operating costs

	ADP NV 2007	ADP SRL 2006
Cost of sales	313,509	243,431
Labour costs	43,089	28,782
Rent and administrative expenses	16,841	11,913
Advertising and promotion	12,134	13,419
Other third party services	20,074	12,019
Depreciation and amortization	7,079	4,794
Impairment for fixed assets/ (reversal)	601	(360)
Provision for inventories/ (reversal)	(48)	487
Inventory write off	2,437	1,453
Penalties and fines	4,565	1,337
Receivables write off, (gain)/loss	(243)	(515)
Operational foreign exchange (income)/ expense	1,232	(9,900)
Hedging (gain)/loss	(5,585)	1,590
Net movement in general tax provisions, (gain)/loss	(732)	-
Other expenses	1,627	823
	416,580	**309,273**

Financial result

	ADP NV 2007	ADP SRL 2006
Foreign exchange (expense)/ income, net	(6,643)	3,989
Interest income	422	365
Interest expense	(7,250)	(3,810)
Interest expense financial instruments	(104)	(1,549)
Other financial expense	(1,015)	(900)
	(14,590)	**(1,905)**

Related parties

Sales of goods and services	ADP NV 2007	ADP SRL 2006
Ozone Laboratories SRL	4,353	3,054
Employees	-	1,195
Elantis Farm SRL	356	-
Miniblu SRL	150	196
Optical Network SRL	164	191
Consumer Product Network SRL	148	149
Gemisa Servicii SRL	-	1
	5,171	**4,786**

Sales of property, plant and equipment	ADP NV 2007	ADP SRL 2006
Consumer Product Network SRL	-	52
Ozone Laboratories SRL	11	41
Optical Network SRL	15	4
Founding shareholders	59	37
Miniblu SRL	-	2
Group 3 Contracting	-	159
Gemisa Servicii SRL	-	12
Oxigen Plus	-	9
	85	**316**

Purchases of goods and services	ADP NV 2007	ADP SRL 2006
Ozone Laboratories SRL	28,098	24,409
Avia Travel&Tour SRL	2,138	-
Consumer Product Network SRL	1,702	2,131
Fleet Management Services SRL	841	548
Loyalty Insurance Broker	271	-
Optical Network SRL	109	127
Cristal Diagnostic SRL	78	121
Adkit Serv SRL	71	42
Sensiblu Optica SRL	12	13
Oxigen Plus	-	168
Miniblu SRL	3	120
Ozone Laboratories Ltd	-	37
Global Business Software SRL	-	5
Others	117	27
	33,440	**27,748**

Segment information

Statement of income ADP NV Year ended 31 December 2007	Wholesale	Retail	Other	Eliminations	Group
Sales	363,580	121,633	-	(59,694)	425,519
Operating income and expenses	(339,691)	(128,183)	(8,400)	59,694	(416,580)
Segment result	23,889	(6,550)	(8,400)	-	8,939
Operating profit/(loss)	**23,889**	**(6,550)**	**(8,400)**	**-**	**8,939**
Finance costs, net	(10,744)	(2,269)	(1,577)	-	(14,590)
Profit/(loss) before taxation	**13,145**	**(8,819)**	**(9,977)**	**-**	**(5,651)**
Income tax expense	(2,576)	882	(1,098)	-	(2,792)
Net profit/(loss) for the period	**10,569**	**(7,937)**	**(11,075)**	**-**	**(8,443)**

Statement of income ADP SRL Year ended 31 December 2006	Wholesale	Retail	Other	Eliminations	Group
Sales	287,582	89,780	-	(45,769)	331,593
Operating income and expenses	(260,327)	(94,331)	(1,036)	46,421	(309,273)
Segment result	27,255	(4,551)	(1,036)	652	22,320
Operating profit/(loss)	**27,255**	**(4,551)**	**(1,036)**	**652**	**22,320**
Finance costs, net	(1,679)	(210)	(16)	-	(1,905)
Profit/(loss) before taxation	**25,576**	**(4,761)**	**(1,052)**	**652**	**20,415**
Income tax expense	(4,058)	506	-	-	(3,552)
Net profit/(loss) for the year	**21,518**	**(4,255)**	**(1,052)**	**652**	**16,863**

ADP NV Year ended 31 December 2007	Wholesale	Retail	Other	Eliminations	Group
Capital expenditure	10,845	4,375	807	-	16,027
Depreciation and amortisation	(3,229)	(3,775)	(75)	-	(7,079)

ADP SRL Year ended 31 December 2006	Wholesale	Retail	Other	Eliminations	Group
Capital expenditure	18,053	4,688	-	-	22,741
Depreciation and amortisation	(2,101)	(2,693)	-	-	(4,794)

A&D PHARMA HOLDINGS NV

STATUTORY CONSOLIDATED FINANCIAL STATEMENTS

PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2007

CONTENTS **PAGE**

GENERAL INFORMATION

Description of the business

A&D Pharma Holdings NV and its subsidiaries' (together "the Group") principal activities include the import, wholesale, sales and marketing and retail distribution of pharmaceutical products. The Group's operational facilities are based in Romania. The parent company, A&D Pharma Holdings NV (ADP NV or "the Company") was incorporated as a limited liability company in Delft, the Netherlands, on 24 May 2006 by means of an in-kind contribution to its share capital made by Sograno BV, consisting of the shares held in A&D Pharma Holdings SRL, Mediplus Exim SRL, Sensiblu SRL.
By means of amendment of the articles of association dated 19 June 2006, the legal form of the incorporated limited liability company was changed into a public company. The principal subsidiaries are disclosed in Note 20.

As at 31 December 2007 the Group have 3,558 employees (3,173 employees as at 31 December 2006). ADP NV has its registered office at 2 Martinus Nijhofflaan, 2624 ES Delft, Netherlands.

Shareholder structure

The shareholders of the Company as at 31 December 2007 and 2006 were:

	Number of shares	Shareholding %
Sograno BV, Netherlands	117,000,000	58.5000
Defrin Investment Ltd	4,454,600	2.2273
Nezik Trading Ltd	3,818,200	1.9091
Wartfield Investments Ltd	1,272,600	0.6363
Mantin Ltd	4,454,600	2.2273
Citibank N.A. (Depositary)	69,000,000	34.5000
	200,000,000	**100**

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

Board of Directors:

Eric ter Hark and William Wells were appointed as Non-Executive Directors on 21 June 2007.

On 31 October 2007 Florin Buligoanea concluded his mandate as Chief Financial Officer and ceased to be employed by the Group both as a director and an executive.

Beginning 1 November 2007 the Chief Financial Officer is Roger de Bazelaire.

The Board of Directors as at 31 December 2007 comprised:

David Raymond Ebsworth	Chairman of the Board, and of the Nomination Committee
Urs Kamber	Vice Chairman, Non-Executive Director, and Chairman of Audit Committee
Dragos Dinu	Chief Executive Officer
Roger de Bazelaire	Chief Financial Officer
Vivian Diaconescu	Chief Operating Officer Wholesale
Claudiu Opran	Chief Operating Officer Retail
Charles Michel Eid	Non-Executive Director
Eric ter Hark	Non-Executive Director, and Chairman of Corporate Governance Committee
John Michael Wemms	Non-Executive Director, and Chairman of Remuneration Committee
Ludovic Charles Simon Robert	Non-Executive Director
Roger Akoury	Non-Executive Director
Walid Abboud	Non-Executive Director
William Wells	Non-Executive Director

STATUTORY COMPANY FINANCIAL STATEMENTS

BALANCE SHEET

	Note	31 December 2007	31 December 2006
		EUR'000	EUR'000
ASSETS			
Non-current assets			
Property , plant and equipment		165	-
Deferred tax asset		1,446	-
Financial assets	3	259,367	281,926
		260,978	281,926
Current receivables			
Trade and other receivables	2	200	16
Cash and cash equivalents		70	
		270	16
Current liabilities			
Short term borrowings		3,600	-
Group loan		950	-
Accounts payable, accruals and other liabilities	6	5,886	956
		10,436	956
Current assets minus current liabilities		(10,166)	(940)
Long term liabilities	5	1,128	950
Shareholders' equity			
Issued capital	4	200,000	200,000
Share premium	4	59,075	59,075
Translation reserve		(6,165)	12,178
Retained earnings		5,217	-
Profit for the year		(8,443)	8,783
Total shareholders' equity		249,684	280,036

PROFIT AND LOSS ACCOUNT

	31 December 2007	24 May – 31 December 2006
	EUR' 000	EUR' 000
Profit of participation interests after taxation	(4,219)	9,748
Other income and expenses after taxation	(4,224)	(965)
Profit for the year	(8,443)	8,783

NOTES TO THE STATUTORY COMPANY FINANCIAL STATEMENTS

1. GENERAL

The company financial statements are prepared in accordance with Title 9 of Book 2 of the Netherlands Civil Code. The Company uses the option provided in section 2:362 (8) of the Netherlands Civil Code in that the principles for the recognition and measurement of assets and liabilities and determination of result (hereinafter referred to as principles for recognition and measurement) as applied in the consolidated financial statements are also applied in the company financial statements. Reference is made to the notes to the statutory consolidated financial statements for a description of the principles for recognition and measurement.

The Company's parent-only income statement has been prepared in accordance with section 2:402 of the Dutch Civil Code.

For the information on group companies of A&D Pharma Holdings N.V. please refer to note 21 of the consolidated financial statements.

2. TRADE AND OTHER RECEIVABLES

As of 31 December 2007, the balance comprises a debt from an undergoing M&A project.
As of 31 December 2006, the amount in balance was a payment made in error to Mr. Florin Buligoanea, the former CFO. On 15 May 2007 the entire amount has been repaid to the company.

3. FINANCIAL ASSETS

Investments in group companies are carried at net asset value, calculated according to the group accounting policies. Non-consolidated participating interests where the company has got no significant influence are carried at cost less any impairment losses.
The financial assets consist solely of participating interests in group companies.
Movement in the net asset value was as follows:

	2007	2006
	EUR' 000	EUR' 000
Opening balance as at beginning of period	281,926	260,000
Additions	-	-
Shares of profit of participating interests	(4,219)	9,748
Translation differences	(14,775)	12,178
Dividend paid	(3,566)	-
Closing balance as at closing of period	259,367	281,926

4. ISSUED CAPITAL

The authorized share capital amounts to Euro 220,000,000 divided into 220,000,000 ordinary shares of Euro 1.00 nominal value each. The issue and fully paid up capital is Euro 200,000,000.

For the movement schedule of issued capital, share premium, other reserves and profit for the year please refer to the specification of the consolidate statements of changes in equity for the period ended 31 December 2007 included in the consolidated financial statements.

5. LONG TERM LIABILITIES

The long term liabilities as at 31 December 2007 represents Total Shareholder Return Bonus to be paid to David Raymond Ebsworth in the amount of EUR 1,128 thousand which represents the discounted value as at 31 December 2007 of the full amount of EUR 1,269 thousand payable on 9 October 2010 as follows:

- EUR 635 thousand in cash,
- and a voluntary conversion by Dr David Raymond Ebsworth of Euro 635 thousand in the form of GDRs, namely 37,104 GDRs at a notional price of EUR 17.1 per 1 GDR.

The long term liabilities as at 31 December 2006 represent a group loan and which as at 31 December 2007 has been reclassified under current liabilities.

6. CURRENT LIABILITIES

The current liabilities can be broken down as follows:

	31 December 2007	31 December 2006
	EUR' 000	EUR' 000
Payables to Group Companies	4,636	-
Accounts payable	1,173	852
Current account shareholder	-	73
Taxation	27	19
Other liabilities	50	12
	5,886	956

As of 31 December 2007 and 31 December 2006, accounts payable include audit fees, fees for assistance to management in cascading objectives to organization, insurance premiums, and other professional fees.

Current account shareholder comprises an intra group loan and share premium distribution due to Sograno BV, which is not interest bearing.

7. EMPLOYEES

During 2007 the company has employed five employees (2006: three employees).

8. BORROWINGS

The short term borrowings are presented as follows:

Lender	Maturity	Interest	31 December 2007	31 December 2006
CITIBANK Romania – EUR A&D Pharma Holdings NV	20 June 2008	EURIBOR 3m + 1.45% p.a.	3,600	-

The above short term borrowing has been contracted on 24 December 2007.

The Board of Directors as at 31 December 2007 comprised:

David Raymond Ebsworth	Chairman of the Board, and of the Nomination Committee
Urs Kamber	Vice Chairman, Non-Executive Director, and Chairman of Audit Committee
Dragos Dinu	Chief Executive Officer
Roger de Bazelaire	Chief Financial Officer
Vivian Diaconescu	Chief Operating Officer Wholesale
Claudiu Opran	Chief Operating Officer Retail
Charles Michel Eid	Non-Executive Director
Eric ter Hark	Non-Executive Director, and Chairman of Corporate Governance Committee
John Michael Wemms	Non-Executive Director, and Chairman of Remuneration Committee
Ludovic Charles Simon Robert	Non-Executive Director
Roger Akoury	Non-Executive Director
Walid Abboud	Non-Executive Director
William Wells	Non-Executive Director

A&D Pharma

A&D PHARMA HOLDINGS N.V.

Statutory Consolidated Balance Sheet as at 31 December 2007

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

	Note	31 December 2007	31 December 2006
Assets			
Non-current assets			
Intangible assets	5	266,011	282,960
Property, plant and equipment	4	39,375	35,592
Financial fixed assets	6	5,437	6,288
Total non-current assets		**310,823**	**324,840**
Current assets			
Inventories	7	51,366	63,455
Accounts receivable	8	131,282	119,787
Other current assets	9	15,559	11,849
Cash and cash equivalents	10	16,365	23,057
Total current assets		**214,572**	**218,148**
Current liabilities			
Short term borrowings	14	3,600	-
Accounts payable, accruals and other liabilities	16	176,506	165,651
Finance lease	13	2,426	2,451
Total current liabilities		**182,532**	**168,102**
Current assets minus current liabilities		**32,040**	**50,046**
Provisions			
Deferred tax	12	4,097	6,704
Provisions	15	16,770	14 ,966
Total provisions		**20,867**	**21,670**
Non-current liabilities			
Long term payables		1,128	1,562
Long term borrowings	14	69,113	69,793
Finance lease	13	2,071	1,825
Total non-current liabilities		**72,312**	**73,180**
Shareholders' equity			
Share capital	11	200,000	200,000
Share Premium		59,075	59,075
Translation reserve		(6,165)	12,178
Retained earnings		(3,226)	8,783
Total shareholders' equity		**249,684**	**280,036**

Authorised for issue by the Board of Directors on 2 June 2008 and authorised for signature on their behalf by:

Dragos Dinu
Chief Executive Officer

Roger de Bazelaire
Chief Financial Officer

Statutory Consolidated Balance Sheet as at 31 December 2007

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

	Note	2007	24 May - 31 December 2006
Sales		425,519	212,039
Cost of goods sold		(313,509)	(155,121)
Gross margin		**112,010**	**56,918**
General and administrative expenses	17	(103,071)	(45,846)
Operating profit		**8,939**	**11,072**
Financial income		422	3,074
Financial expense		(15,012)	(2,292)
Financial result	**18**	**(14,590)**	**782**
Profit before taxation		**(5,651)**	**11,854**
Taxation	12	(2,792)	(3,071)
Profit for the year		**(8,443)**	**8,783**
Basic earnings per share	**22**	**€(0.04)**	**€0.04**
Diluted earnings per share	**22**	**€(0.04)**	**€0.04**

Authorised for issue by the Board of Directors on 2 June 2008 and authorised for signature on their behalf by:

Dragos Dinu
Chief Executive Officer

Roger de Bazelaire
Chief Financial Officer

A&D Pharma

A&D PHARMA HOLDINGS N.V.

Statutory Consolidated Statement of Cash Flows for the period ended 31 December 2007

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

	2007	7 months ended 31 December 2006
Cash flows from operating activities		
(Loss)/profit before taxation	(5,651)	11,854
Adjustments for:		
Depreciation and amortization	7,079	3,074
Loss/(gain) on disposal of tangible and intangible assets	68	(74)
Property, plant and equipment impairment	222	(443)
Goodwill impairment	379	-
Reversal of tax provision	(732)	-
Interest income	(422)	(1,153)
Interest expense	7,354	2,698
Operating profit before working capital changes	**8,297**	**15,956**
Increase in receivables and prepayments	(10,936)	(34,626)
Decrease/(increase) in inventories	12,089	(28,052)
Increase in trade and other payables	10,952	49,083
Changes in working capital	**12,105**	**(13,595)**
Tax paid	(2,881)	(1,177)
Net cash from (used by) operating activities	**17,521**	**1,184**
Cash flows from investing activities		
Purchases of property, plant and equipment	(10,271)	(13,141)
Purchases of intangibles	(2,292)	(1,006)
Acquisition of other subsidiaries	-	(273)
Proceeds from sale of tangible assets	1,595	803
Interest received	422	233
Net cash used in investing activities	**(10,546)**	**(13,384)**
Cash flow from financing activities		
(Decrease)/increase in long term loans	(680)	69,793
(Decrease)/increase in short term borrowings	3,600	(5,614)
Lease payments	(3,243)	(2,263)
Dividends paid	(3,566)	(925)
Interest paid	(6,554)	(2,291)
Net cash (used by) provided by financing activities	**(10,443)**	**58,700**
Translation effect	198	(178)
Net (decrease)/ increase in cash and cash equivalents	**(3,270)**	**46,322**
Cash and cash equivalents at beginning of the period	**17,194**	**(29,128)**
Cash and cash equivalents at end of period (Note 10)	**13,924**	**17,194**

Statutory Consolidated Statement of Changes in Shareholders' Equity for the period ended 31 December 2007(All amounts are expressed in EUR '000, unless otherwise stated)

	Share capital	Share premium	Translation reserve	Retained Earnings/ (Accumulated losses)	Total
Balance as at incorporation date (24 May 2006)	**2,500**	**257,500**	-	-	**260,000**
Conversion of share premium into the issued capital on 28 June 2006	197,500	(197,500)	-	-	-
Share premium distribution on 9 October 2006	-	(925)	-	-	(925)
Profit for the period	-	-	-	8,783	8,783
Translation reserve	-	-	12,178	-	12,178
Balance as at 31 December 2006	**200,000**	**59,075**	**12,178**	**8,783**	**280,036**
Dividend distribution	-	-	-	(3,566)	(3,566)
Loss for the period	-	-	-	(8,443)	(8,443)
Translation reserve	-	-	(18,343)	-	(18,343)
Balance as at 31 December 2007	**200,000**	**59,075**	**(6,165)**	**(3,226)**	**249,684**

The Group is not allowed to declare and pay dividends without prior consent of Citibank . (see Note 14)

1 REPORTING ENTITY

These consolidated financial statements (alternatively referred to hereinafter as the "Financial Statements") are presented by A&D Pharma Holdings NV ("ADP NV" or the "Company") and they incorporate the results of the Company and its subsidiaries (together the "Group" or separately the "Entity" or "Entities"), as detailed in Note 20.

2 BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS

2.1 Basis of preparation

These consolidated Financial Statements have been prepared in accordance with, and comply with, International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") as endorsed by the European Union ("EU").

The consolidated Financial Statements are prepared based on the statutory records of the Entities, which are maintained on a going concern basis under the historical cost convention except for the items disclosed in Note 3.19.

The preparation of consolidated Financial Statements in conformity with IFRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the Financial Statements and the reported amounts of revenues and expenses during the reporting period. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. Although these estimates are based on Management's best knowledge of current events and actions, actual results may differ from these estimates. (Note 23)

2.2 Functional currency

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

- ADP NV – EUR
- ADP SRL –Romanian Leu ("RON")
- Mediplus – Romanian Leu ("RON")
- Sensiblu – Romanian Leu ("RON")
- Lauren – Romanian Leu ("RON")

The RON is not convertible outside Romania. The Management of the Company has decided to adopt EUR as presentation currency for the purpose of consolidated Financial Statements.

Notes to the Statutory Consolidated Financial Statements as at and for the year ended 31 December 2007 (All amounts are expressed in EUR '000, unless otherwise stated)

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

	31 December 2007	**31 December 2006**
RON / 1 EUR	3.6102	3.3817

The statement of income items for the period ended 31 December 2007 were translated using the RON/EUR monthly average exchange rates. The translation of the balance sheet and statement of income items into the presentation currency gave rise to a translation reserve as defined in Note 3.9. Cash flows are translated using appropriate average exchange rates. Components of equity are not retranslated.
Such computations and presentation of amounts in EUR should not be construed as a representation that the RON amounts have been or could be converted into EUR at these rates or any other rates.

2.3 Going concern

Management is satisfied that it is appropriate to prepare these Financial Statements on a going concern basis. The Management position is based on the fact that the underlying business performance has recorded a positive net result in an amount of EUR 5,900 thousand, while the actual net loss for the period, in an amount of EUR 8,443 thousand, has been the result of the negative impact of one-off and non recurring events amounting to EUR 14,343 thousand, as follows:

Net of tax, where applicable	**31 December 2007**
Unhedged unrealized financial foreign exchange loss (Note 18)	5,727
VAT tax control expense (Note 15)	3,679
Chairman of the Board bonus	1,578
Bacau warehouse fire loss and other provisions	3,359
	14,343

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Group accounting

a) Subsidiaries

Subsidiaries, which are those Entities in which the Group has an interest of more than one half of the voting rights or otherwise has power to govern the financial and operating policies, are consolidated. The existence and effect of potential voting rights that are presently exercisable or presently convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are consolidated from the date on which control is transferred to the Group and are no longer consolidated from the date when control ceases. The purchase method of accounting is used to account for the acquisition of subsidiaries.

The cost of an acquisition is measured by the fair value of the assets given up, shares issued or liabilities undertaken at the date of acquisition plus costs directly attributable to the acquisition. The excess of the cost of acquisition over the fair value of the net assets and contingent liabilities of the subsidiary acquired is recorded as goodwill.

b) Associates and joint ventures

Associates are entities over which the Group generally has between 20% and 50% of the voting rights, or over which the Group has significant influence, but which it does not control.

Joint ventures are those entities over whose activities the Group has joint control, established by contractual agreement and requiring unanimous consent for strategic financial and operating decisions. Associates and joint ventures are accounted for using the equity method (equity accounted investees). The consolidated Financial Statements include the Group's share of the income and expenses of equity accounted investees, after adjustments to align the accounting policies with those of the Group, from the date that significant influence or joint control commences until the date that significant influence or joint control ceases.

c) Transactions eliminated on consolidation

Intra-group balances, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated Financial Statements. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

3.2 Segment reporting

Segment information is presented in respect of the Group's business segments, based on the Group's Management and internal structure. Inter-segment pricing is determined on an arm's length basis.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Segment capital expenditure is the total cost incurred during the period to acquire segment assets that are expected to be used for more than one period.

Primary reporting format – business segments

The Group comprises the following main business segments:

- Wholesale
- Retail

Secondary reporting format – geographical segments

The operational activities of the Group are in Romania and accordingly no geographical segment is presented.

3.3 Property, plant and equipment

Property, plant and equipment is recorded at purchase or construction cost.

Depreciation is calculated on the amounts of property, plant and equipment on a straight-line basis down to the assets' estimated residual values.

The depreciation periods, which approximate the estimated useful economic lives of the respective assets, are as follows:

Type	Useful life (years)
Buildings	30-50
Leasehold improvements	3-10
Computers and electronic equipment	3-5
Motor vehicles and trucks	3-5
Fixtures and fittings	3-10

Land is not depreciated.

Repairs and maintenance are charged to the statement of income during the financial period in which they incur. The cost of major renovations is included in the carrying amount of the asset when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the Group. Major renovations are depreciated over the remaining useful life of the related asset. Gains and losses arising from the retirement of property, plant and equipment are included in the statement of income as incurred.

All borrowing costs are expensed as incurred.

Impairment

At each reporting date the Management assess as to whether there is any indication of impairment of property, plant end equipment. If any such indication exists, the Management estimates the recoverable amount which is determined as the higher of an asset's net selling price and its value in use. In assessing value in use, the estimated cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. The carrying amount is reduced to the recoverable amount and the difference is recognised as expense (impairment loss) in the statement of income. An impairment loss recognised for an asset in prior years is reversed if there has been a change in the circumstances leading to the impairment.

3.4 Intangible assets

a) Goodwill

Goodwill represents amounts arising on acquisition of subsidiaries, associates and joint ventures. Goodwill represents the difference between the cost of the acquisition and the fair value of the net identifiable assets and contingent liabilities acquired.

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash generating units and is tested for impairment at each reporting date.

Impairment

At each reporting date the Management assess whether there is any indication of impairment of goodwill. If any such indication exists, the Management estimates the recoverable amount which is determined as the higher of net selling price and its value in use of cash generating units it is allocated to. In assessing value in use, the estimated cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. The carrying amount is reduced to the recoverable amount and the difference is recognised as expense (impairment loss) in the statement of income. An impairment loss in respect of goodwill is not reversed.

b) Brands

Acquired brands are capitalized on the balance sheet. These brands are valued on acquisition by an independent valuer, using a discounted cash flow methodology based on Management assumptions and estimates regarding future revenue growth, prices, costs and economic factors in valuing a brand. These assumptions reflect

Management's best estimates but these estimates involve inherent uncertainties, which may not be controlled by Management.

No amortisation is charged on brand intangibles as the Group believes that the value of these brands is maintained indefinitely. The factors that result in the durability of brands capitalised are that there are no material legal, regulatory, contractual, competitive, economic or other factors that limit the useful life of these intangibles.
Furthermore:

- The Group expects to acquire, hold and support brands for an indefinite period. The Group supports these brands through spending on consumer marketing across the business and through significant investment in promotional support. The brands capitalised are expected to be in longstanding and profitable market sectors.

- The likelihood that market based factors could truncate a brand's life is relatively remote because the size and market share of the brands in question.

The brands are tested for impairment at each reporting date, irrespective of whether there is an indication that the related assets may be impaired, as well as whenever there is any indication that they may be impaired. Management estimates the recoverable amount which is determined as the higher of net selling price and the value in use of the cash generating units it is allocated to. The carrying amount is reduced to the recoverable amount and the difference is recognised as expense (impairment loss) in the statement of income.

c) *Pharmacies licenses*

Expenditure to acquire operating licenses for pharmacies are capitalised at cost.
Licenses are tested for impairment at each reporting date. Impairment testing is performed in a similar way to that of brands and goodwill (see paragraph above). Licenses are stated at cost less any accumulated impairment losses.

d) *Computer licences and software*

Expenditure to acquire licences and computer software is capitalised and amortised using the straight-line method over their useful lives, normally 1 to 5 years.

e) *Impairment of intangible assets*

Where an indication of impairment exists, the carrying amount of any intangible asset is assessed and, when impaired, the asset is written down immediately to its recoverable amount.

3.5 Investments

The Group classified its investments in debt and equity securities into the following categories: trading, held-to-maturity and available-for-sale. The classification is dependent on the purpose for which the investments were acquired. Management determines the classification of its investments at the time of the purchase and re-evaluates such designation on a regular basis. Investments that are acquired principally for the purpose of generating a profit from short-term fluctuations in price are classified as trading investments and included in current assets; for the purpose of these Financial Statements short term is defined as 3 months. Investments with a fixed maturity that Management has the intent and ability to hold to maturity are classified as held-to-maturity and are included in non-current assets, except for maturities within 12 months from the balance sheet date which are classified as current assets. Investments intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, are classified as available-for-sale and are included in non-current assets unless Management has the express intention of holding the investment for less than 12 months from the balance sheet date or unless they will need to be sold to raise operating capital, in which case they are included in current assets.
Purchases and sales of investments are recognized on the trade date, which is the date that the Group commits to purchase or sell the asset. Cost of purchase includes transaction costs. Trading and available-for-sale investments are subsequently carried at fair value. Held-to-maturity investments are carried at amortized cost using the effective yield method. Realized and unrealized gains and losses arising from changes in the fair value of trading and available-for-sale investments are included in the statement of income in the period in which they arise. The fair value of investments is based on quoted bid prices or amounts derived from cash flow models. Fair values for unlisted equity securities are estimated using applicable price/earnings or price/cash flow ratios refined to reflect the specific circumstances of the issuer. Equity securities for which fair values cannot be measured reliably are recognized at cost less impairment. When securities classified as available-for-sale are sold or impaired the accumulated fair value adjustments are included in the statement of income as gains and losses from investment securities.

3.6 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined by the first-in, first-out (FIFO) method. Net realisable value is the estimated selling price in the ordinary course of business, less any selling expenses. When necessary, provision is made for obsolete, slow moving and defective inventories.

3.7 Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the collection terms of receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the provision is determined based on Management risk assessment of the trade receivables collectability.

3.8 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purposes of the statement of cash flows, cash and cash equivalents comprise cash on hand, cash held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. In the balance sheet, bank overdrafts are included with borrowings in current liabilities.

3.9 Shareholders' equity

Share capital and Share Premium

Ordinary and preferred shares are classified as equity. Any excess of the fair value of consideration received over the par value of shares issued is recognised as a share premium and any deficit is deducted from share premium and retained earnings, if available.

Translation reserve

In translating the Financial Statements into EUR, all resulting exchange differences are classified as equity. The main differences arise on the translation of income and expense items at the monthly average exchange rates and assets and liabilities at the date of each balance sheet closing rate. Components of equity are not retranslated.

Dividends

The Company can only pay dividends from its entities' statutory retained earnings and share premium, based upon Financial Statements prepared in accordance with local accounting regulations.
Dividends are recognised as a liability and deducted from equity at the balance sheet date only if they are declared before or on the balance sheet date. Dividends are disclosed when they are proposed before the balance sheet date or proposed or declared after the balance sheet date, but before the Financial Statements are authorised for issue.

3.10 Deferred income taxes

Deferred tax assets and liabilities are calculated in respect of temporary differences using the balance sheet liability method. Deferred income taxes are provided for all temporary differences arising between the tax basis of assets and liabilities and their carrying values for financial reporting purposes. A deferred tax asset is recorded only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised.

Deferred tax assets and liabilities are measured at tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not be reversed in the foreseeable future.

3.11 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Where the Group expects a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

3.12 Leases

Leases of property, plant and equipment, where the Group has substantially all the risks and rewards of ownership, are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased property or the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance costs is charged to the income statement over the lease period. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset or the lease term.

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

3.13 Borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs. The transaction costs incurred in issuing the liability are amortized over the life of the loan.

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method; any difference between fair value of the proceeds (net of transaction costs) and the redemption amount is recognised as interest expense over the period of the borrowings.

3.14 Accounts payable

Liabilities for trade payables are carried at cost, which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Group. After initial recognition, the Group measures trade payable at amortised cost using effective interest method.

3.15 Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at balance sheet date exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of income.

3.16 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown net of value added tax, returns, rebates and discounts.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods are transferred to the buyer and when collection is reasonably assured.

Sales of services are recognised in the accounting period in which the services are rendered, by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided.

Interest income is recognised on a time-proportion basis using the effective interest method. When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans is recognised using the original effective interest rate.

3.17 Employee benefits

The Group, in the normal course of business, makes payments to the Romanian State on behalf of its employees. All employees of the Group, except ADP NV Board members, are associated to the Romanian State pension plan. Expatriates and executives have included in their individual contracts pension plan schemes. All such contributions to the mandatory government pension scheme are expensed when incurred. The Group does not operate any other pension scheme or post retirement benefit plan and, consequently, has no obligation in respect of pensions. In addition, the Group is not obliged to provide further benefits to current and former employees.

3.18 Financial instruments

Non-derivative financial instruments comprise investments in equity and debt securities, trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables.

Non-derivative financial instruments are initially recognised at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction cost, except as described below. Subsequent to initial recognition non-derivative financial instruments are measured as described in the notes.

Fair value is the amount for which a financial instrument could be exchanged between knowledgeable and willing parties in an arm's length transaction. The amounts disclosed in the Financial Statements approximate their fair value.

The Group uses financial instruments that are subject to fluctuations in foreign currency exchanges (Note 25(ii)) for the financial risks faced by the Group.

Changes in the fair value of a derivative hedging instrument designated as a fair value hedge are recognised in profit or loss. The hedged item also is stated at fair value in respect of the risk being hedged, with any gain or loss being recognised in profit or loss.

3.19 Determination of fair values

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and / or disclosure purposes based on the following methods. Where applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

Intangible assets

The fair value of other intangible assets is based on the discounted cash flows expected to be derived from the use and eventual sale of the assets as detailed in Note 5.

Trade and other receivables

The fair value of trade and other receivables is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date.

Derivatives

The fair value of forward exchange contracts is based on their listed market price, if available. If a listed market price is not available, then fair value is estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract using a risk-free interest rate (based on government bonds).

Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date. For finance leases the market rate of interest is determined by reference to similar lease agreements.

3.20 Earnings per share

Pursuant to IAS 33, earnings per share ("EPS") are calculated by dividing the profit or loss allocated to the shareholders of the Group by the weighted average number of shares outstanding during the fiscal period.

The weighted average number of ordinary shares outstanding during the period is the number of ordinary shares outstanding at the beginning of the period, adjusted by the number of ordinary shares issued during the period multiplied by a time – weighting factor.

Dilution is a reduction in earnings per share or an increase in loss per share resulting from the assumption that convertible instruments are converted, that options or warrants are exercised, or that ordinary shares are issued upon the satisfaction of specified conditions. The objective of diluted earnings per share is consistent with that of basic earnings per share, namely to provide a measure of the interest of each ordinary share in the performance of an entity.

3.21 Recent accounting pronouncements

(a) Adoption of standards and interpretations effective from 1 January 2007

As at 1 January 2007, the Group adopted the IFRSs below. The financial statements have been amended in accordance with the relevant requirements.

- IFRS 7 Financial Instruments: Disclosures. The Standard requires increased disclosure about the significance of financial instruments for an entity's financial position and performance, and qualitative and quantitative disclosures on the nature and extent of risks.

- Amendment to IAS 1 Presentation of Financial Statements – Capital Disclosures. As a complementary amendment arising from IFRS 7 (see above), the Standard requires increased disclosure in respect of the Group's capital.

- IFRIC 11 - IFRS 2 Group and Treasury Share Transactions (effective from 1 March 2007). The Interpretation requires a share-based payment arrangement in which an entity receives goods or services as consideration for its own equity-instruments to be accounted for as an equity-settled share-based payment transaction, regardless of how the equity instruments needed are obtained. It also provides guidance on whether share-based payment arrangements, in which suppliers of goods or services of an entity are provided with equity instruments of the entity's Parent, should be accounted for as cash-settled or equity-settled in the entity's Financial Statements. The interpretation is not relevant for the Group's operations.

(b) Standards issued before, but effective after 1 January 2008

Certain new standards, amendments and interpretations to existing standards that have been published are mandatory for the Group's accounting periods beginning on or after 1 January 2008 or later periods but have not been early adopted, as follows:

- IFRS 8 Operating Segments (effective from 1 January 2009). The Standard requires segment disclosure based on the components of the entity that Management monitors in making decisions about operating matters. Operating segments are components of an entity about which separate financial information is available that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance. This standard which becomes mandatory for the Group's 2009 Financial Statements is not expected to have any impact on the Financial Statements.

- Revised IAS 23 Borrowing Costs (effective from 1 January 2009). IAS 23 was revised to require the previously allowed alternative treatment of capitalisation. Capitalisation of borrowing costs for a qualifying asset becomes the only accounting treatment.

- IFRIC 12 Service Concession Arrangements (effective from 1 January 2008). The Interpretation provides guidance to private sector entities on certain recognition and measurement issues that arise in accounting for public-to-private service concession arrangements. IFRIC 12 is not relevant for the Group's operations.

- IFRIC 13 Customer Loyalty Programmes (effective from 1 July 2008) addresses accounting by entities that grant loyalty award credits to customers who buy other goods or services. It explains how an entity should account for their obligations to provide free or discounted goods or services ('awards') to customers who redeem award credits.

- IFRIC 14 IAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction (effective from 1 January 2008). In many countries, laws or contractual terms require employers to make minimum funding payments for their pension or other employee benefit plans. This enhances the security of the retirement benefit promise made to members of an employee benefit plan.

Unless otherwise described above, these new standards and interpretations are not expected to significantly affect the Group's Financial Statements.

the year ended 31 December 2007 (All amounts are expressed in EUR '000, unless otherwise stated)

4 PROPERTY, PLANT AND EQUIPMENT

	Land & buildings	Leasehold improvements	Computers & electronic equipment	Motor vehicles	Fixtures & fittings	Assets in course of construction	Total
24 May 2006	5,734	4,557	1,634	4,782	1,334	4,329	22,370
Additions	512	47	746	1,848	565	11,649	15,367
Transfers	824	1,195	29	192	338	(2,578)	-
Disposals	(140)	-	(3)	(545)	(18)	(16)	(722)
Depreciation charge	(58)	(960)	(514)	(958)	(295)	-	(2,785)
Impairment charge	-	369	13	-	61	-	443
Translation differences	258	189	55	165	53	199	919
Closing net book amount	**7,130**	**5,397**	**1,960**	**5,484**	**2,038**	**13,583**	**35,592**
At 31 December 2006							
Cost	7,320	8,712	4,043	8,146	3,007	13,583	44,811
Accumulated depreciation	(190)	(3,315)	(2,083)	(2,662)	(969)	-	(9,219)
Closing net book amount as of 31 December 2006	**7,130**	**5,397**	**1,960**	**5,484**	**2,038**	**13,583**	**35,592**

the year ended 31 December 2007 (All amounts are expressed in EUR '000, unless otherwise stated)

	Land & buildings	Leasehold improvements	Computers & electronic equipment	Motor vehicles	Fixtures & fittings	Assets in course of construction	Total
Net book amount as of 1 January 2007	7,130	5,397	1,960	5,484	2,038	13,583	35,592
Additions	1,490	1	1,267	4,170	620	6,187	13,735
Transfers	14,278	2,014	50	1,088	577	(18,007)	-
Disposals	(200)	(426)	(126)	(521)	(169)	(161)	(1,603)
Depreciation charge	(410)	(1,858)	(1,102)	(2,166)	(666)	-	(6,202)
Impairment charge	-	(55)	(72)	-	(95)	-	(222)
Translation differences	(403)	(317)	(75)	(202)	(93)	(835)	(1,925)
Closing net book amount	**21,885**	**4,756**	**1,902**	**7,853**	**2,212**	**767**	**39,375**
At 31 December 2007							
Cost	22,442	9,232	4,633	11,441	3,690	767	52,205
Accumulated depreciation	(557)	(4,476)	(2,731)	(3,588)	(1,478)	-	(12,830)
Closing net book amount as of 31 December 2007	**21,885**	**4,756**	**1,902**	**7,853**	**2,212**	**767**	**39,375**

the year ended 31 December 2007 (All amounts are expressed in EUR '000, unless otherwise stated)

The additions of land and buildings represent mostly the building of the new office and warehouse in Mogosoaia (operational from February 2007) in amount of EUR 12,750 thousand, the building of new warehouses in Craiova (EUR 864 thousand) and Iasi (EUR 612 thousand), and acquisition of land in Sibiu (EUR 707 thousand), Brasov (EUR 370 thousand) and Bacau (EUR 323 thousand).

Assets under construction represent mostly works for the installation of the automatic warehousing system from Targu Mures and Bucharest (EUR 313 thousand) and improvements made at the 14 new leased pharmacies which had not been opened until after the period end.

Leasehold improvements include refurbishments from related parties capitalised in amount of EUR 306 thousand (2006: EUR 1,950 thousand). Total property plant and equipment acquired from related party during 2007 is EUR 4,434 thousand (2006: EUR 9,594 thousand) (see Note 19).

Bank borrowings (Note 14) are secured over buildings and land with a net book value of EUR 19,723 thousand (2006: EUR 5,367 thousand).

The impairment on leasehold improvements relates to the assets existing in some pharmacies which are intended to be relocated.

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

	31 December 2007	31 December 2006
Cost – capitalised finance leases	11,185	10,431
Accumulated depreciation	(4,048)	(3,235)
Net book value	**7,137**	**7,196**

Notes to the Statutory Consolidated Financial Statements as at and for the year ended 31 December 2007 (All amounts are expressed in EUR '000, unless otherwise stated)

5 GOODWILL AND OTHER INTANGIBLE ASSETS

	Goodwill	Brand Sensiblu	Licences	Software and other	Total
24 May 2006	**220,036**	**46,761**	**1,654**	**922**	**269,373**
Translation reserve	10,210	2,170	65	26	12,471
Additions	405	-	-	1,006	1,411
Disposals	-	-	-	(6)	(6)
Amortisation charge	-	-	-	(289)	(289)
Closing net book amount	**230,651**	**48,931**	**1,719**	**1,659**	**282,960**
At 31 December 2006					
Cost	230,651	48,931	2,168	2,419	284,169
Accumulated amortisation	-	-	(449)	(760)	(1,209)
Closing net book amount as of 31 December 2006	**230,651**	**48,931**	**1,719**	**1,659**	**282,960**

	Goodwill	Brand Sensiblu	Licences	Software and other	Total
1 January 2007	**230,651**	**48,931**	**1,719**	**1,659**	**282,960**
Translation reserve	(14,595)	(3,097)	(110)	(123)	**(17,925)**
Additions	-	-	-	2,292	**2,292**
Transfers	-	-	9	(9)	**-**
Disposals	-	-	-	(60)	**(60)**
Amortisation charge	-	-	-	(877)	**(877)**
Impairment	(379)	-	-	-	**(379)**
Closing net book amount	**215,677**	**45,834**	**1,618**	**2,882**	**266,011**
At 31 December 2007					
Cost	215,677	45,834	2,039	4,428	267,978
Accumulated amortisation	-	-	(421)	(1,546)	(1,967)
Closing net book amount as of 31 December 2007	**215,677**	**45,834**	**1,618**	**2,882**	**266,011**

As at 31 December 2007, for impairment purposes, Management has allocated goodwill to the Group's two main cash generating units, Mediplus Exim SRL EUR 182,611 thousand as at 31 December 2007 and Sensiblu SRL EUR 33,066 thousand.

As at 31 December 2006, for impairment purposes, Management has allocated goodwill to the Group's two main cash generating units, Mediplus Exim SRL EUR 216,465 thousand as at 31 December 2006 and Sensiblu SRL EUR 33,235 thousand as at 31 December 2006. Goodwill was allocated taking into account the enterprise value assessed by the independent valuer for each entity and its net assets upon being acquired.

The acquired goodwill represents a sum of non quantifiable intangible assets such as:

- Leading position in Romanian pharmaceutical wholesale and retail, a market of EUR 1,563 million and with a compound annual growth rate of 31% pa. This high growth rate is driven by the strong economic growth further supported also by the recent EU membership.

- Management track record

  ADP's Management has a track record of delivering growth and consistently increasing market share. ADP's Management team has been involved with the Group since 1996 and has managed the business independently of the founding shareholders since July 2002. Under the supervision of the Management team, ADP has (i) become the leading pharmaceutical wholesaler, sales and marketing and retailer in Romania, (ii) achieved national coverage in both the wholesale and retail markets, (iii) introduced various innovative services for both suppliers and clients in wholesale, (iv) introduced the loyalty card scheme for Sensiblu customers and (v) undertaken the first major private pharmacy chain acquisition in the pharmacy retail market in Romania through the acquisition of Ideapharm.

- Mediplus' consumer healthcare divisions and value added service

  Mediplus differentiates itself from other wholesalers through its consumer healthcare sales divisions which provide contract marketing services and promote OTC brands of international producers generating higher gross margins than the traditional wholesale business. Mediplus also provides a wide range of value added services to both producers and its pharmacy clients such as free pharmacy software, pharmacy refurbishment services and pharmacist training.

- Vertical integration: strong synergies on both revenues and costs

  There are significant strong synergies between the wholesale and retail businesses. Revenue synergies arise from the improved insight gained by Mediplus via Sensiblu into consumer behaviour and segmentation which enables Mediplus to offer greater value added services to its key suppliers. Cost synergies are generated by higher operations efficiency due to vertical integration. For example, fewer field sales force visits are required for Sensiblu which means that sales and marketing costs are reduced.

Invoice processing costs and time are also reduced. Mediplus provides for Sensiblu with warehousing facilities, logistics infrastructure, the head office building and other central costs.

As at 31 December 2007 Management tested goodwill, brands and licenses, as well as non-current fixed assets for impairment (see Note 23 (iv)).

Pharmacy licence

Licences represent mainly the cost of the legal entities acquired by Sensiblu SRL during the years, in order to obtain their existing operating licences to open new pharmacies.

The life of and the conditions for obtaining a pharmacy license are regulated under article 15 of the Norms approved by the Order no. 626/ 2001, issued by the Romanian Minister of Health, modified and completed by the Order no. 1196/ 2004. Article 15 stipulates that the pharmacy licenses obtained after the enforcement of the Order no. 1199 are to be permanent, under the amendment of preserving the initial conditions that have originated the authorization of such a license.

In respect to the licenses previously obtained, having a limited life of 5 years according to the Order no. 626, the new regulation states they will be re-authorized, under the provisions of the Order no. 1199.

Considering the changes in legislation mentioned above, and based on the fact that no license was cancelled since the Sensiblu's foundation, the Management has decided to cease the amortisation of the current pharmacy licenses.

Acquisition of Lauren Finance IFN SA

On 18 July 2006, the Group acquired 99.67% of Lauren Finance IFN SA ("Lauren") as follows: 94.97% from Gemisa Investments Ltd (related party) and 4.69% from others, for the amount of EUR 450 thousand plus 2.3% of Lauren's monthly sales for at least 5 years, starting 1 January 2007.

Lauren was incorporated in 2004, and its object of activity is financial intermediation, specifically issuing of credit cards.

At the date of acquisition, Lauren's total statutory turnover was EUR 8 thousand and the net loss was EUR 28 thousand. Net assets at acquisition date were EUR 72 thousand. As at 31 December 2006, Lauren's net sales were in amount of EUR 11 thousand and the net assets were at the level of EUR 42 thousand.

As at 31 August 2007 Lauren Finance IFN SA has been included by the National Bank of Romania ("NBR") in the General Register of Non-Banking Financial Institutions. However, following the negative operating performance experienced during the year 2007, Management considers that Lauren will not produce the expected future returns to the Group and has therefore decided to fully impair the goodwill that resulted from the acquisition of the entity, in amount of EUR 379 thousand.

Notes to the Statutory Consolidated Financial Statements as at and for the year ended 31 December 2007 (All amounts are expressed in EUR '000, unless otherwise stated)

6 LONG TERM RECEIVABLES

	31 December 2007	31 December 2006
Long term trade receivables	5,347	4,365
Health Insurance Houses receivables	-	1,562
Financial investments	53	57
Other	37	304
	5,437	**6,288**

As at 31 December 2007, the fair value of long term receivables is EUR 5,347 thousand (2006: EUR 6,409 thousand). Amortised cost was computed based on an effective weighted average interest rate of 7.73 % (2006: 8.57%).

As at 31 December 2007 bank borrowings (Note 14) are secured over EUR 5,347 thousand from the above long term trade receivables balance (2006: EUR 4,365 thousand).

7 INVENTORIES

	31 December 2007	31 December 2006
Goods held for sale	52,607	64,827
Provision for slow moving and obsolete inventory	(1,241)	(1,372)
	51,366	**63,455**

As at 31 December 2007 bank borrowings (Note 14) are secured over EUR 49,993 thousand from the above inventories (2006: EUR 63,136 thousand).

8 ACCOUNTS RECEIVABLE

	31 December 2007	31 December 2006
Trade receivables	126,771	115,841
Amounts due from related parties (Note 19)	6,543	6,487
Impairment of receivables	(2,032)	(2,541)
	131,282	**119,787**

Trade receivables amortised cost was computed based on an effective weighted average interest rate of 3.73% as at 31 December 2007 (2006: 4.43%).
As at 31 December 2007 bank borrowings (Note 14) are secured over EUR 131,282 thousand from the above trade receivables balance (2006: EUR 119,770 thousand).

the year ended 31 December 2007 (All amounts are expressed in EUR '000, unless otherwise stated)

The fair value of trade receivables (including related parties) as at 31 December 2007 is EUR 132,567 thousand (2006: EUR 120,113 thousand).

9 OTHER CURRENT ASSETS

	31 December 2007	31 December 2006
Prepayments	5,949	4,886
VAT recoverable	4,552	4,889
Hedging receivables	3,523	-
Loans receivable from customers	274	733
Amounts receivable from shareholders (Note 19)	90	587
Advances to suppliers	230	181
Sundry debtors, net	709	351
Amounts due from related parties (Note 19)	232	222
	15,559	**11,849**

In prepayments, the Group has included various forms of discounts granted in advance to clients.

Hedging receivables at fair value through profit or loss

The Group entered into a number of foreign currencies deliverable forward contracts to mitigate its foreign currency exposure with trade payables. All gains and losses on foreign currency contracts are recognised in the income statement.

The unrealised gains as at 31 December 2007 of the deliverable forward contracts are EUR 3,523 thousand.

The table below summarizes, by major currency, the contractual amounts of the Group deliverable forward foreign exchange contracts as at 31 December 2007, with details of the contracted exchange rates versus the RON. Foreign currency amounts are translated at market rates ruling at the balance sheet date.

	Forward exchange rates	Spot exchange rates	Notional amount in EUR thousand
Buy US Dollars	2.4242	2.4564	15,517
Buy US Dollars	2.3866	2.4564	15,385
Buy Euro	3.4360	3.6102	46,479
Buy CHF	2.1058	2.1744	8,581

The "Forward rate" represents the rate at which the Group buys the notional amounts in foreign currency at the forward due date. The spot exchange rates are the official market rates issued by National Bank of Romania ruling at the balance sheet date

10 CASH AND CASH EQUIVALENTS

	31 December 2007	31 December 2006
Cash and bank in RON	13,809	17,127
Cash and bank in foreign currency	115	67
Total cash in bank	**13,924**	**17,194**
Restricted cash	2,441	5,863
	16,365	**23,057**

As at 31 December 2007 the value of short-term deposits included within cash and bank in RON was EUR 2,240 thousand (2006: EUR 14,500 thousand), and the weighted average effective interest rate on short-term bank deposits was 5.37% p.a. (2006: 3.36% p.a.).

As at 31 December 2007 bank borrowings (Note 14) are secured over EUR 9,313 thousand (2006: EUR 589 thousand) from the above cash balance.

Restricted cash in amount of EUR 2,441 thousand consists of guarantees in favour of suppliers (Note 24).

For the purpose of the cash flow statement, the cash and cash equivalents comprise the following:

	31 December 2007	31 December 2006
Cash and bank balances	16,365	23,057
Less restricted cash	(2,441)	(5,863)
	13,924	**17,194**

11 SHARE CAPITAL AND SHARE PREMIUM

The statutory issued share capital and share premium were contributed as set out below:

	Date	Share capital (EUR '000)	Share premium (EUR '000)
In-kind contribution by Sograno BV of shares in ADP SRL	24 May 2006	2,500	257,500
Conversion of the share premium into the issued share capital	28 June 2006	197,500	(197,500)
Share premium distribution	9 October 2006	-	(925)
		200,000	**59,075**

Shares have a nominal value of EUR 1 each and all have equal voting rights. The total statutory value of share capital is EUR 200 million.

In 2007 there were no changes and in the share capital in share premium of the Group.

The issued share capital consists of the following:

	Number of shares (thousand)	Ordinary shares (EUR '000)
At 24 May 2006	2,500	2,500
At 31 December 2006	200,000	200,000
At 31 December 2007	200,000	200,000

12 TAXATION

	2007	7 months ended 31 December 2006
Income tax expense – current	2,515	3,757
Deferred tax income and tax provision	277	(686)
Income tax	**2,792**	**3,071**

The Romanian subsidiaries accrue income tax at the rate of 16% on profits as at 31 December 2007 and 31 December 2006 computed in accordance with the Romanian tax legislation.

the year ended 31 December 2007 (All amounts are expressed in EUR '000, unless otherwise stated)

The profit before taxation for financial reporting purposes is reconciled to the total tax expense as follows:

	2007	7 months ended 31 December 2006
(Loss)/profit before tax charge	(5,651)	11,854
Tax calculated at domestic tax rates applicable to profits in the respective countries	(1,443)	1,897
Tax effect of items which are not deductible or assessable for taxation purposes		
Non-deductible expenses	2,593	962
Other non-temporary adjustments	1,642	212
Income tax	**2,792**	**3,071**

Deferred tax

Deferred tax assets/liabilities arise from the Romanian subsidiaries and from ADP N.V. operations.

The Romanian subsidiaries are subject to the statutory tax rate of 16% on taxable profits. Deferred tax assets/liabilities are measured at the enacted statutory effective tax rate of 16%.

ADP N.V. is subject to the statutory tax rate of 25.5% on taxable profits. Deferred tax assets/liabilities are measured at the enacted statutory effective tax rate of 25.5%.

The net effect of the change on deferred tax balances recognised as at 31 December 2007, respectively 31 December 2006 is reflected in the statement of income for the period then ended.

	31 December 2007		31 December 2006	
	Cumulative temporary differences	Deferred tax asset/(liability)	Cumulative temporary differences	Deferred tax asset/(liability)
Property, plant and equipment	(877)	(156)	(1,118)	(179)
Inventories	8,586	1,374	7,830	1,253
Receivables	1,191	191	5,953	952
Investments	(412)	(66)	(442)	(71)
Borrowings	49	8	-	-
Payables and other accruals	(6,329)	(864)	(13,085)	(2,094)
Deferred tax asset for statutory unused loss relief	14,651	2,750	7,892	1,263
Brand	(45,834)	(7,334)	(48,922)	(7,828)
Deferred tax asset/(liability)	**(28,975)**	**(4,097)**	**(41,892)**	**(6,704)**

Notes to the Statutory Consolidated Financial Statements as at and for the year ended 31 December 2007 (All amounts are expressed in EUR '000, unless otherwise stated)

The movement in deferred tax liability balance is as follows:

	Deferred tax (liability)/asset
24 May 2006	**(7,087)**
Deferred tax income	686
Translation reserve – recognized in equity	(303)
31 December 2006	**(6,704)**
Deferred tax income	2,241
Translation reserve – recognized in equity	366
31 December 2007	**(4,097)**

In the context of the Group's current structure, tax losses and current tax assets of the different companies may not be set off against current tax liabilities and taxable profits of other companies and, accordingly, taxes may accrue even when there is a net consolidated tax loss. Therefore, a deferred tax asset of one of the companies is not offset against the deferred tax liability of another company in the Group.

13 FINANCE LEASE

Finance lease liabilities – minimum lease payments:

	31 December 2007	31 December 2006
Gross obligations under finance leases		
Less than 1 year	2,654	2,694
Between 1 year and 5 years	2,183	1,924
	4,837	**4,618**
Future finance charges	(340)	(342)
Present value of finance lease liabilities	**4,497**	**4,276**

The present value of finance lease liabilities is as follows:

	31 December 2007	31 December 2006
Less than 1 year	2,426	2,451
Between 1 year and 5 years	2,071	1,825
Present value of finance lease liabilities	**4,497**	**4,276**

The carrying amounts of lease obligations approximate their fair value.

Notes to the Statutory Consolidated Financial Statements as at and for the year ended 31 December 2007 (All amounts are expressed in EUR '000, unless otherwise stated)

14 BORROWINGS

The short term borrowings are presented as follows:

Lender	Maturity	Interest	31 December 2007	31 December 2006
CITIBANK Romania – EUR A&D Pharma Holdings NV	20 June 2008	EURIBOR 3m + 1.45% p.a.	3,600	-

The above short term borrowing has been contracted on 24 December 2007.

As at 13 July 2006, the Company has contracted a syndicated loan with Citibank. The balances for the long term loans as at 31 December 2007 and 31 December 2006 respectively are as follows:

	31 December 2007	31 December 2006
CITIBANK - EUR (Syndicated Loan)	70,218	71,718
Prepaid fees – less than 1 year	(698)	(745)
Prepaid fees – between 1 year and 5 years	(407)	(1,180)
	69,113	**69,793**

Long term borrowings are presented as follows:

Lender	Maturity	Interest	31 December 2007	31 December 2006
CITIBANK – Facility A – Mediplus Exim SRL	31 July 2011	EURIBOR 6m + 1.7% p.a. (2006: EURIBOR 6m + 1.95% p.a.)	4,000	4,000
CITIBANK – Facility B1 – Mediplus Exim SRL	31 July 2009	EURIBOR 1m + 1.45% p.a. (2006: EURIBOR 3m + 1.7% p.a.)	52,480	50,580
CITIBANK – Facility B1 – Sensiblu SRL	31 July 2009	EURIBOR 1m + 1.45% p.a. (2006: EURIBOR 3m + 1.7% p.a.)	13,738	17,138
			70,218	**71,718**

the year ended 31 December 2007 (All amounts are expressed in EUR '000, unless otherwise stated)

As at 31 December 2007, the Group has issued letters of guarantee to third parties, as presented below:

Lender	Maturity	Bank Commission	31 December 2007	31 December 2006
CITIBANK – Facility B3 – Mediplus Exim SRL	19 March 2008	1.7% p.a.	256	-
CITIBANK – Facility B3 – Mediplus Exim SRL	19 May 2008	1.7% p.a.	280	-
			536	**-**

The bank has agreed to split the total facility as follows:

- Facility A - capital expenditure requirements and/or repayment of existing indebtedness of any member of the Group, over a period of 5 years;
- Facility B1 - working capital requirements and/or repayment of existing indebtedness of any member of the Group (revolving), over a period of 3 years;
- Facility B2 - capital expenditure requirements and/or repayment of existing indebtedness of any member of the Group, over a period of 3 years;
- Facility B3 - issuance of letters of guarantee to the extent required in the ordinary course of the business of any member of the Group, over a period of 3 years;

Limitations and utilisations:

- The maximum amount that can be utilised for facility A is EUR 10 million at the date of the agreement;
- The maximum amount that can be utilised for facility B1 is EUR 80 million;
- The maximum amount of all letters of guarantee issued under facility B3 shall not exceed EUR 10 million;
- The maximum total amount that can be utilised for all B facilities is EUR 90 million at the date of the agreement.

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

As at December 31, 2007 the Company was not complying with the Interest Cover ratio as defined under the Facility Agreement dated July 13, 2006. On behalf of the syndicate, Citibank has agreed on an adjusted ratio, bringing the Company in compliance with the financial conditions of the Facility Agreement.

15 PROVISIONS FOR TAX AND OTHER REGULATORY MATTERS

The movement in provision for the period ended 31 December 2007 is detailed below:

	31 December 2006	Translation difference	Increase	Decrease	**31 December 2007**
Provision	14,966	(947)	15,689	(12,938)	16,770

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

During the year 2007, the Management has reassessed the Group tax, legal and regulatory risk exposure with a net charge in the income statement of EUR 2,751 thousand. This reassessment followed a control inspection by the Romanian Fiscal Authorities over VAT reporting and an investigation made by the Romanian Competition Council (see below). The inspection over VAT reporting resulted in a claim representing VAT and related interest and penalties for late payment, of EUR 3,679 thousand, which has been included separately in the 2007 income statement, and which does not form part of the net charge to the income statement of EUR 2,751 thousand referred to above.

Mediplus Exim SRL was one of the companies acting on the Romanian insulin products market, investigated by the Competition Council ("CC") during its inquiry opened in July 2005. The report of the investigation ("Report"), released on 7 December 2007, concluded that Mediplus was part of an anti-competitive market sharing agreement with a producer and two other distributors of insulin products participating in a tender issued in 2003 by the Ministry of Health in relation to the distribution of insulin and oral antidiabetic products for the National Program for Diabetes. The CC hearings took place on 19 February 2008 and following the debates, Mediplus submitted additional observations to the Report on 25 February 2008. On 12 March 2008, the CC has issued an official decision whereby Mediplus was found to have infringed Competition Law and imposed a fine of RON 49,231 thousand (EUR 13.6 million). The fine is payable within 30 days of the official communication of the Competition Council's decision.

Decisions of the Bucharest Court of Appeal

On 8 April 2008, Mediplus management filed in court simultaneously the official suspension of payment and challenge of the Competition Council's decision. On 30 April 2008, the Bucharest Court of Appeal has ruled against the first claim for suspension of the Romanian Competition Council's decision.

Subsequently, on 6 May 2008 Mediplus appealed the first ruling of the Bucharest Court of Appeal and also submitted a new application for the suspension of the decision passed by the Competition Council. The Bucharest Court of Appeal rejected as inadmissible the second application for suspension, on 27 May 2008. Mediplus management has started additional civil court procedures to challenge both the validity and the execution of the Competition Council's decision. In the unlikely event that Mediplus does not manage to obtain the payment deferral during the year 2008, this will entail a cash outflow of RON 49,231 thousand (EUR 13.6 million).

Based on the risk assessment made by the external lawyers engaged to represent Mediplus, Management has concluded that the low level of provision included in these financial statements is adequate and represents the Group's best estimate of the amounts more likely than not to be paid. Further information regarding the detail of the provision required to be disclosed by IAS 37 "Provisions, Contingent Liabilities and Contingent Assets" is not presented on the grounds that it could prejudice the outcome of the litigation.

16 ACCOUNTS PAYABLE, ACCRUALS AND OTHER LIABILITIES

	31 December 2007	31 December 2006
Trade payables	156,273	147,779
Amounts owing to related parties (Note 19)	8,636	9,369
VAT and other tax payables	5,733	2,548
Hedging payables	-	1,590
Accrued labour costs	2,675	1,140
Interest payable	163	432
Other payables	812	213
	174,292	**163,071**
Tax on profit	2,214	2,580
	176,506	**165,651**

Short term trade payables amortised cost was computed based on an effective weighted average interest rate of 4.38% as at 31 December 2007 (2006: 4.96%).

The fair value of trade payables (including related parties) as at 31 December 2007 is EUR 167,383 thousand (2006 is EUR 156,960 thousand).

Hedging payables at fair value through profit or loss

The unrealised losses as at 31 December 2006 on the non deliverable forward contracts are EUR 1,590 thousand (see Note 17).

The table below summarizes, by major currency, the contractual amounts of the Group non-deliverable forward foreign exchange contracts as at 31 December 2006, with details of the contracted exchange rates versus the RON. Foreign currency amounts are translated at market rates ruling at the balance sheet date.

	Enhanced forward exchange rates	Participation exchange rates	Notional amount in EUR thousand
Buy US Dollars	2.72	2.92	15,185
Buy US Dollars	2.60	2.70	5,315
Buy Euro	3.47	3.60	18,000
Buy Euro	3.40	3.50	8,000

The "Enhanced forward rate" represents the rate at which the Group buys the notional amounts in foreign currency as long as the spot rate is below the "Participation rate". In case the spot rate reaches or goes above the Participation rate, the Group exits the hedge.

Notes to the Statutory Consolidated Financial Statements as at and for the year ended 31 December 2007 (All amounts are expressed in EUR '000, unless otherwise stated)

17 GENERAL AND ADMINISTRATIVE EXPENSES

	2007	7 month ended 31 December 2006
Labour costs	43,089	18,684
Rent and administrative expenses	16,841	8,542
Advertising and promotion	12,134	8,723
Other third party services	20,074	7,606
Depreciation and amortization	7,079	3,074
Impairment for fixed assets/ (reversal)	601	(443)
Provision for inventories/ (reversal)	(48)	648
Inventory write off	2,437	485
Penalties and fines	4,565	1,064
Receivables write off, (gain)/loss	(243)	520
Operational foreign exchange (income)/ expense	1,232	(5,366)
Hedging (gain)/loss	(5,585)	1,590
Net movement in general tax provisions, (gain)/loss	(732)	-
Other expenses	1,627	719
	103,071	**45,846**

18 FINANCIAL RESULT

	2007	7 month ended 31 December 2006
Foreign exchange (expense)/ income, net	(6,643)	2,830
Interest income	422	244
Interest expense	(7,250)	(2,698)
Interest (expense)/income financial instruments	(104)	909
Other financial expense	(1,015)	(503)
	(14,590)	**782**

19 RELATED PARTY TRANSACTIONS

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

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

The nature of the related party relationships for those related parties with whom the Group entered into significant transactions during the period ended 31 December 2007 or had significant balances outstanding at 31 December 2007 are detailed below. Transactions were entered into with related parties during the ordinary course of business on both normal and preferential commercial terms.

Controlled by the same ultimate shareholders	Activity	Country of incorporation
Consumer Product Network SRL (formerly Farmactiv SRL)	Importer and distributor of parapharmaceutical products	Romania
Loyalty Insurance Broker SRL	Insurance broker	Romania
Ozone Laboratories Ltd	Holding company of Ozone Laboratories SRL	United Kingdom
Ozone Laboratories SRL	Pharmaceutical manufacturer	Romania
Fleet Management Services SRL	Car fleet maintenance	Romania
Puls Media Network SRL (formerly Press Pro International SRL)	Media promotion	Romania
Arishop Pharma AD	Importer and distributor of pharmaceutical products	Bulgaria
Oxigen Plus SRL	Oxigen products distributor	Romania
Sensident SRL	Dental equipments	Romania
Sensiblu Optica SRL	Optical products	Romania
Miniblu SRL	Baby clothing and toys	Romania
Optical Network SRL	Optical products	Romania
Gemisa Investments Ltd	Investment fund	Cyprus
Gemisa Servicii SRL	Services	Romania

Controlled by the same ultimate shareholders	Activity	Country of incorporation
Elantis Farm SRL	Importer and distributor of pharmaceutical products	Moldova
Adkit Serv SRL	Management services	Romania

the year ended 31 December 2007 (All amounts are expressed in EUR '000, unless otherwise stated)

Controlled by the same ultimate shareholders	Activity	Country of incorporation
Grup 3 Contracting SRL	Construction	Romania
Cristal Diagnostic SRL	Laboratory tests	Romania
Sograno BV		The Netherlands

Other related parties	Activity	Country of incorporation
Avia Travel&Tour SRL	Tourism agency	Romania

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

Sales of goods and services	2007	7 months ended 31 December 2006
Ozone Laboratories SRL	4,353	2,660
Employees	-	789
Elantis Farm SRL	356	-
Miniblu SRL	150	132
Optical Network SRL	164	141
Consumer Product Network SRL	148	98
Gemisa Servicii SRL	-	1
	5,171	**3,821**

Mediplus Exim SRL and Ozone Laboratories SRL have entered into an agreement dated 1 January 2006, based on which the former undertook to provide the latter storage and distribution services, as well as logistic services related to the transport and Management of Ozone Laboratories SRL products, up to a yearly limit set out by the parties in the agreement. The agreement remains in force until 31 December 2007. The fees that Ozone Laboratories SRL must pay to Mediplus Exim SRL are calculated by applying certain percentages to the value of the Ozone Laboratories SRL finished products acquired by Mediplus Exim SRL from Ozone Laboratories SRL.

On 2 August 2006 Sensiblu SRL and Ozone Laboratories SRL entered into a service agreement according to which the former undertook to provide to the latter certain services for the merchandising of Ozone Laboratories SRL products in 159 of Sensiblu SRL's pharmacies. The number of the pharmacies where these services are provided has increased to 214 by the end of 2007 (end of 2006: 190 pharmacies). The agreement was entered into for a 12 month period, namely from 1 July 2006 to 1 July 2007, and was subsequently extended until 1 July 2008. The tariffs to be paid by Ozone Laboratories SRL are set out for each type of services provided.

Notes to the Statutory Consolidated Financial Statements as at and for the year ended 31 December 2007 (All amounts are expressed in EUR '000, unless otherwise stated)

Purchases of goods and services	2007	7 months ended 31 December 2006
Ozone Laboratories SRL	28,098	16,265
Avia Travel&Tour SRL	2,138	-
Consumer Product Network SRL	1,702	1,299
Fleet Management Services SRL	841	340
Loyalty Insurance Broker SRL	271	-
Optical Network SRL	109	66
Cristal Diagnostic SRL	78	109
Adkit Serv SRL	71	27
Sensiblu Optica SRL	12	8
Others	120	28
	33,440	**18,142**

The goods and services purchased are presented net of discounts received from Ozone Laboratories SRL during the period ended 31 December 2007. The value of discounts received by the Group in the period is of EUR 5,717 thousand.

Sales of property plant and equipment	2007	7 months ended 31 December 2006
Consumer Product Network SRL	-	52
Ozone Laboratories SRL	11	41
Optical Network SRL	15	-
Founding shareholders	59	-
Others	-	24
	85	**117**

Purchases of property plant and equipment	2007	7 months ended 31 December 2006
Grup 3 Contracting SRL	4,434	9,594

Interest related to loan granted by related parties	2007	7 months ended 31 December 2006
Interest paid to Sograno BV	-	188

Notes to the Statutory Consolidated Financial Statements as at and for the year ended 31 December 2007 (All amounts are expressed in EUR '000, unless otherwise stated)

The following balances were outstanding with related parties:

Trade receivables from related parties	31 December 2007	31 December 2006
Ozone Laboratories SRL	4,961	4,286
Employees	657	1,516
Ozone Laboratories Ltd	374	453
Optical Network SRL	195	109
Miniblu SRL	204	100
Elantis Farm SRL	115	-
Consumer Product Network SRL	37	23
	6,543	**6,487**

The trade receivables from employees in amount of EUR 657 thousand have been entirely provided for at 31 December 2007.

Other receivables from related parties	31 December 2007	31 December 2006
Ozone Laboratories SRL	70	64
Receivable from shareholders	90	587
Miniblu SRL	34	36
Oxigen Plus SRL	56	60
Optical Network SRL	51	40
Gemisa Servicii SRL	12	12
Others	9	10
	322	**809**

Trade payables to related parties	31 December 2007	31 December 2006
Ozone Laboratories SRL	6,985	7,323
Grup 3 Contracting SRL	530	1,286
Consumer Product Network SRL	542	579
Avia Travel&Tour SRL	372	-
Optical Network SRL	116	74
Fleet Management Services SRL	60	60
Cristal Diagnostic SRL	-	23
Miniblu SRL	27	18
Others	4	6
	8,636	**9,369**

the year ended 31 December 2007 (All amounts are expressed in EUR '000, unless otherwise stated)

As at 1 January 2006 a contract was signed between Mediplus Exim SRL and Ozone Laboratories SRL, related party of the Group, related to the transfer of the Mediplus's outstanding receivables balances older than 210 days on Ozone products.
The contract concerns the compensation of third parties receivables balances towards the Group against the Ozone Laboratories SRL payable balance.

Transactions with shareholders

Balances from/(due) to shareholders	**31 December 2007**	**31 December 2006**
To recover from founding shareholders	90	39
Other amounts receivable/(payable)	-	548
Net amount recoverable from shareholder (Note 9)	**90**	**587**

As at 31 December 2006, other amounts receivable comprise the withholding tax due to the state in relation with past transactions involving the founding shareholders. Based on administrator's decision of Mediplus Exim SRL and Sensiblu SRL dated 7 March 2007, the shareholders repaid the amount of EUR 548 thousand to the Group.

Other transactions with key Management personnel

Executive Directors of the Company control 4.8% of the voting shares of the Group's parent company, while the 4 founding shareholders acting as Non-Executive Directors control 58.5% of the voting shares of the Group's parent company through Sograno BV.
The salary costs incurred with the Board members are presented below:

	2007	**2006**
David Raymond Ebsworth	2,286	72
Urs Kamber	96	20
Dragos Dinu	315	123
Roger de Bazelaire	174	-
Florin Buligoanea	237	103
Vivian Diaconescu	235	111
Claudiu Opran	190	61
Charles Michel Eid	-	-
Eric ter Hark	30	-
John Michael Wemms	70	17
Ludovic Charles Simon Robert	-	-
Roger Akoury	-	-
Walid Abboud	-	-
William Wells	30	-
Board of Directors Salaries	**3,663**	**507**

Notes to the Statutory Consolidated Financial Statements as at and for the year ended 31 December 2007 (All amounts are expressed in EUR '000, unless otherwise stated)

The salary of David Raymond Ebsworth includes:

(1) Sign-on bonus in gross amount of EUR 788 thousand to be used exclusively for buying GDRs in the Company by end of March 2008, or as soon as an open purchase period exists, according to the rules on share dealings;

(2) Total Shareholder Return Bonus in the amount of EUR 1,128 thousand which represents the discounted value as at 31 December 2007 of the full amount of EUR 1,269 thousand payable on 9 October 2010 as follows:

- EUR 635 thousand in cash,
- and a voluntary conversion by Dr David Raymond Ebsworth of Euro 635 thousand in the form of GDRs, namely 37,104 GDRs at a notional price of EUR 17.1 per 1 GDR.

The 4 founding shareholders which are Non-Executive Directors are not remunerated for their services rendered to the Company.

20 MAIN SUBSIDIARIES

The consolidated subsidiaries included within the Group and the degree of control exercised by A&D Pharma Holdings N.V. are as follows:

Entity	Country of incorporation	Activity	% share 31 December 2007	% share 31 December 2006
A&D Pharma Holdings SRL	Romania	Romanian holding company of Mediplus and Sensiblu	100	100
Mediplus Exim SRL	Romania	Import and wholesale distribution of pharmaceutical products in Romania	100	100
Sensiblu SRL	Romania	Retail distribution of pharmaceutical products in Romania	100	100
Lauren Finance SRL	Romania	Financial activities	100	100

Notes to the Statutory Consolidated Financial Statements as at and for the year ended 31 December 2007 (All amounts are expressed in EUR '000, unless otherwise stated)

21 SEGMENT INFORMATION

Statement of income

Year ended 31 December 2007	**Wholesale**	**Retail**	**Other**	**Eliminations**	**Group**
Sales	363,580	121,633	-	(59,694)	425,519
Operating income and expenses	(339,691)	(128,183)	(8,400)	59,694	(416,580)
Segment result	23,889	(6,550)	(8,400)	-	8,939
Operating profit/(loss)	**23,889**	**(6,550)**	**(8,400)**	-	**8,939**
Finance costs, net	(10,744)	(2,269)	(1,577)	-	(14,590)
Profit/(loss) before taxation	**13,145**	**(8,819)**	**(9,977)**	-	**(5,651)**
Income tax expense	(2,576)	882	(1,098)	-	(2,792)
Net profit/(loss) for the period	**10,569**	**(7,937)**	**(11,075)**	-	**(8,443)**

Balance sheet

As at 31 December 2007	**Wholesale**	**Retail**	**Other**	**Eliminations**	**Group**
Segment assets	255,855	44,702	253,972	(29,234)	525,395
Unallocated assets	-	-	-	-	-
Total assets	**255,855**	**44,702**	**253,972**	**(29,234)**	**525,395**
Segment liabilities	217,552	60,910	13,169	(15,920)	275,711
Unallocated liabilities	-	-	-	-	-
Total liabilities	**217,552**	**60,910**	**13,169**	**(15,920)**	**275,711**
Capital expenditure	10,845	4,375	807	-	16,027
Depreciation and amortisation	(3,229)	(3,775)	(75)	-	(7,079)

Notes to the Statutory Consolidated Financial Statements as at and for the year ended 31 December 2007 (All amounts are expressed in EUR '000, unless otherwise stated)

Balance sheet **As at 31 December 2007**	**Wholesale**	**Retail**	**Other**	**Eliminations**	**Group**
Segment assets	255,855	44,702	253,972	(29,234)	525,395
Unallocated assets	-	-	-	-	-
Total assets	**255,855**	**44,702**	**253,972**	**(29,234)**	**525,395**
Segment liabilities	217,552	60,910	13,169	(15,920)	275,711
Unallocated liabilities	-	-	-	-	-
Total liabilities	**217,552**	**60,910**	**13,169**	**(15,920)**	**275,711**
Capital expenditure	10,845	4,375	807	-	16,027
Depreciation and amortisation	(3,229)	(3,775)	(75)	-	(7,079)

Statement of income **Period from 24 May 2006 (date of incorporation) to 31 December 2006**	**Wholesale**	**Retail**	**Other**	**Eliminations**	**Group**
Sales	183,597	56,236	-	(27,794)	212,039
Operating income and expenses	(170,115)	(57,636)	(1,033)	27,817	(200,967)
Segment result	13,482	(1,400)	(1,033)	23	11,072
Operating profit/(loss)	**13,482**	**(1,400)**	**(1,033)**	**23**	**11,072**
Finance costs, net	647	223	(88)	-	782
Profit/(loss) before taxation	**14,129**	**(1,177)**	**(1,121)**	**23**	**11,854**
Income tax expense	(3,120)	49	-	-	(3,071)
Net profit/(loss) for the period	**11,009**	**(1,128)**	**(1,121)**	**23**	**8,783**

the year ended 31 December 2007 (All amounts are expressed in EUR '000, unless otherwise stated)

The secondary segmental information based on geographical area is not material to be disclosed as almost all the activity is carried out in Romania.

22 EARNINGS PER SHARE

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

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

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

For 2007, basic loss per share values are as follows:

	2007
Net loss	(8,443)
Number of shares	200,000,000
Basic loss per share (€)	(0.04)

Also, in accordance with group's accounting policies, as at period end, diluted loss per share value are as follows:

	2007
Net loss	(8,443)
Number of shares	200,000,000
Diluted loss per share (€)	(0.04)

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

For 7 months period ended 31 December 2006, basic earnings per share value were as follows:

	7 months ended 31 December 2006
Net Profit	8,783
Number of shares	200,000,000
Basic earnings per share (€)	0.04

Also, in accordance with Group's accounting policies, as at period end, diluted earnings per share value were as follows:

	7 months ended 31 December 2006
Net Profit	8,783
Number of shares	200,000,000
Diluted earnings per share (€)	0.04

23 USE OF ESTIMATES

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(i) Interest income and expenses

Interest income and expenses for financial instruments is recognised in the income statement following the computation of amortised cost using the effective interest rate method for financial assets and liabilities.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period.

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to the net carrying amount of the financial asset or financial liability.

The linear amortisation method used to determine the amortised cost for both receivable and payables represents the Management's best estimate for the value of the corresponding amortisation.

(ii) Impairment losses on receivable

In accordance with the internal impairment assessment methodology, the Group reviews its receivable portfolios to assess impairment on a yearly basis. In determining whether an impairment loss should be recorded in the income statement, the Group makes judgments as to whether there is any observable data indicating that there is objective evidence of impairment that has an impact on the estimated future cash flows from an individual or from entire portfolio of receivables. Management uses estimates based on historical loss experience; in the same time the calculation of the present value of future cash flows requires judgement by the Management. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

Notes to the Statutory Consolidated Financial Statements as at and for the year ended 31 December 2007 (All amounts are expressed in EUR '000, unless otherwise stated)

(iii) Carrying value of inventories

The Group assesses at each balance-sheet date the requirement for a provision against its inventories. The Group uses its judgement, based on the expiry date of goods in order to estimate the level of the provision required.

(iv) Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

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

Goodwill is allocated at the acquisition date before the end of the first annual reporting period. As at 31 December 2007 Management tested goodwill, brands and licenses for impairment. Goodwill acquired through business combination, indefinite lived intangibles and net book value of fixed assets have been allocated to cash generating units as follows:

Cash-generating unit	Carrying amount of goodwill	Carrying amount of indefinite lived brand	Carrying amount of pharmacy licences	Carrying amount of tangible assets	**Total Carrying value**	**Value in Use**	**Excess of recoverable amount over carrying amount**
Wholesale	182,611	-	-	31,441	**214,052**	**235,156**	**21,104**
Retail	33,066	45,834	1,618	7,552	**88,070**	**139,195**	**51,125**
	215,677	**45,834**	**1,618**	**38,993**	**302,122**	**374,351**	**72,229**

In determining the values in use, the Management uses four-year detailed free cash flow forecasts (for period 2008-2011) and then simplified free cash flow forecasts in perpetuity with a discount rate of 9.5%, using data for 2011. The value in use of the cash generating units was based on a growth factor of 2% for all cash flows beyond the detailed projections.

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

Wholesale segment

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

Retail segment

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

As at 31 December 2007, Management tested goodwill and brands for impairment by reference to the Entities business plans drawn up for the period 2008-2011. The assumptions and estimates used in the preparation of these business plans are detailed above. Following these tests, Management has reached the conclusion thatthe above-mentioned assets are not impaired as at 31 December 2007

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

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

24 CONTINGENCIES, COMMITMENTS AND OPERATING RISKS

(i) Contingencies

a) Taxation

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

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

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

Even if the current Romanian Fiscal Code is intended to create a stable tax framework, tax legislation can be subject to significant changes and contradictory interpretations, which may apply retroactively.

Moreover, in practice, the tax authorities can take a strong approach and assess additional tax liabilities and related late payment penalties (2007: 0.1% per day) based on their individual interpretations of the tax legislation. As a result, penalties and delay payment interest could result in a significant amount payable to the Romanian State.

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

b) Legal proceedings

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

c) Competition laws

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

d) Insurance policies

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

e) Operating environment

On 1 January 2007 Romania became a member of the European Union and therefore national laws have been adapted to comply with the detailed and complex rules on the basis of the EU Treaties, Regulations and Directives.

the year ended 31 December 2007 (All amounts are expressed in EUR '000, unless otherwise stated)

Although a member of the European Union, the economy of Romania continues to display certain macroeconomic imbalances, such as a high current account deficit, a relatively uncomplex financial market and fluctuations in the foreign currency exchange rates.

From mid 2007 onwards recent months, the international financial markets have experienced a number of effects that can be traced back to the concerns over the US sub-prime mortgage market. These range from specific concerns over the underlying value of certain asset classes to the broader impact of widening credit spreads and market illiquidity on asset values, and the ability of organizations to meet their financing requirements in an orderly and low cost manner.

The effects of these on the Romanian financial markets have been seen in the form of fall in the capital markets and a forecasted increase in financing interest rates on the medium term due to worldwide liquidity conditions. Nevertheless, given the market conditions and uncertainties that are likely to exist throughout the first periods of 2008, other effects may be felt beyond the date of these financial statements.

Management has assessed and recorded in the attached financial statements an overarching provision for a total amount of EUR 16,770 thousand. (Note 15)

(ii) Contractual commitments

a) Operating lease contracts for pharmacies

The Group has operating lease contracts for pharmacies location, and warehouses in total amount of EUR 29.4 million, for a period from 1 to 14 years, with future minimum lease payments as follows:

i) less than 1 year EUR 8.3 million;
ii) between 1 and 5 years EUR 12.6 million;
iii) more than 5 years EUR 8.5 million.

(iii) Guarantees

- As at 31 December 2007, the Group has given guarantees amounting to EUR 5.1 million to third parties.

Bank	Off Balance Sheet	Recorded in Balance Sheet (Note 10)
Unicredit Tiriac Bank	59	2,441
Citibank (Note 14)	536	-
ABN AMRO Bank	2,108	-
Total	**2,703**	**2,441**

the year ended 31 December 2007 (All amounts are expressed in EUR '000, unless otherwise stated)

- As at 31 December 2007 the Group has the following agreements with Unicredit Bank Romania:
    - Credit line for the purpose of issuing of letters of guarantee in amount of EUR 325 thousand. The unused facility available to the Group as at 31 December 2007 was EUR 266 thousand.
    - Letters of guarantee issued in amount of EUR 2,441 thousand, with restricted cash.

- As at 31 December 2007 the Group has an agreement with Citibank for a credit line (Facility B3 – Note 14). The Group used EUR 536 thousand from this facility for the purpose of issuing of letters of guarantee. The unused facility available to the Group as at 31 December 2007 is EUR 9,464 thousand.

- As at 31 December 2007 the Group has an agreement with ABN AMRO Bank Romania for the purpose of issuing of letters of guarantee in amount of CHF 3,500 thousand (EUR 2,108 thousand). There is no unused facility available to the Group as at 31 December 2007.

- As at 31 December 2007 the Group is a guarantor for a loan granted by GarantiBank International N.V. in favour of SC Farma Com Iulia SRL in amount of EUR 200 thousand.

25 FINANCIAL RISKS

(i) Credit risk

Financial assets, which potentially subject this Group to credit risk, consist principally of trade receivables. The Group has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history. The carrying amount of accounts receivable, net of impairment adjustment, represents the maximum amount exposed to credit risk.

The Group has no significant concentrations of credit risk, other than the case of Sensiblu SRL with the amounts due from the Health Insurance Houses. Credit risk with respect to these receivables is limited, since these amounts are primarily due from the Romanian State and hence are considered to be ultimately recoverable. Accordingly, Management believe that the Group has no significant net credit risk with regards to such balances. Cash is placed in financial institutions, which are considered at the time of deposit to have minimal risk of default.

The maximum exposure to credit risk at the reporting date was:

	Carrying amount	
	31 December 2007	**31 December 2006**
Financial assets		
Trade receivables	136,629	125,714

Notes to the Statutory Consolidated Financial Statements as at and for the year ended 31 December 2007 (All amounts are expressed in EUR '000, unless otherwise stated)

The maximum exposure to credit risk for trade receivables at the reporting date by type of customer was:

	Carrying amount	
	31 December 2007	31 December 2006
Wholesale trade receivables	130,818	117,014
Retail trade receivables	5,811	8,700
Total	**136,629**	**125,714**

The ageing of trade receivables at the reporting date was:

	Gross 2007	Impairment 2007	Gross 2006	Impairment 2006
Between 0 – 30 days	29,714		28,963	
Between 30 – 120 days	74,359		64,615	
Between 120 -180 days	18,479		15,580	
Between 180 -210 days	4,899		4,830	
Between 210 – up to one year	6,128		7,248	
More than one year	5,081	2,031	7,019	2,541
Total	**138,660**	**2,031**	**128,255**	**2,541**

The movement in the allowance for impairment in respect of trade receivables during the year was as follows:

	2007
Balance as at 1 January	**(2,541)**
Impairment loss recognised	377
Translation effect	133
Balance as at 31 December	**(2,031)**

The impairment provision at the end of 2007 is in line with the specific provision policy (see Note 3.7). The provision calculation takes into consideration only the customers against which the Group took legal action.

The EUR 377 thousand recorded in 2007 is based on 140 legal files where the Group had a suspicion of bankruptcy, insolvability or bad payment behaviour. Based on past experience, about 50% of these receivables are collected in maximum one year from the opening of a legal case and management expects to collect up to 30% more in 2008.

The Group believes that no impairment is necessary in respect of trade receivables from hospitals (even if 26% of these receivables are older than one year) and from a related party – Ozone Laboratories SRL. The trade relation with hospitals is considered as being effectively risk free due to state ownership.

the year ended 31 December 2007 (All amounts are expressed in EUR '000, unless otherwise stated)

(ii) Foreign currency risk

The Group imports supplies from other European countries through its Romanian subsidiaries, which also attract significant foreign currency denominated borrowings. This exposes the Group to foreign exchange risk.
The Group is exposed to foreign currency risk on purchases and borrowings that are denominated in a currency other than the respective functional currencies of Group entities. The currencies giving rise to this risk are primarily EUR, U.S. Dollars (USD), Swiss Franc (CHF).
The Group hedges 100 percent of all monthly payments to suppliers denominated in EUR and USD. The Group uses forward exchange contracts to hedge its foreign currency risk. The forward exchange contracts have maturities of less than one year after the reporting date. Where necessary, the forward exchange contracts are rolled over at maturity.

The Group's exposure to foreign currency risk was as follows based on notional amounts:

	RON	EURO	USD	GBP	CHF	DKK
31 December 2007						
Monetary assets						
Receivables	136,552	77	-	-	-	-
Other receivables	15,396	200	-	-	-	-
Monetary liabilities						
Payables	(98,695)	(42,482)	(26,620)	(393)	(7,201)	(2,243)
Borrowings		(72,713)	-	-	-	-
Leases	-	(4,488)	(9)	-	-	-
Gross balance sheet exposure	**53,253**	**(119,406)**	**(26,629)**	**(393)**	**(7,201)**	**(2,243)**
Forward exchange contracts	-	46,479	30,902	-	8,581	-
Net balance sheet exposure	**53,253**	**(72,927)**	**4,273**	**(393)**	**1,380**	**(2,243)**
31 December 2006						
Monetary assets						
Receivables	125,702	12	-	-	-	-
Other receivables	12,153	-	-	-	-	-
Monetary liabilities						
Payables	(96,130)	(32,876)	(30,365)	(216)	(7,626)	-
Borrowings	-	(69,793)	-	-	-	-
Leases	-	(4,205)	(71)	-	-	-
Gross balance sheet exposure	**41,725**	**(106,862)**	**(30,436)**	**(216)**	**(7,626)**	-
Forward exchange contracts	-	26,000	15,565	-	-	-
Net balance sheet exposure	**41,725**	**(80,862)**	**(14,871)**	**(216)**	**(7,626)**	-

the year ended 31 December 2007 (All amounts are expressed in EUR '000, unless otherwise stated)

The following significant exchange rates applied during the year:

	Average rate		Reporting date spot rate	
	2007	2006	31 December 2007	31 December 2006
RON/ EURO	3.3337	3.5245	3.6102	3.3817
RON/ USD	2.4361	2.8090	2.4564	2.5676
RON/ GBP	4.8736	5.1683	4.9095	5.039
RON/ CHF	2.0297	2.2409	2.1744	2.1044
RON/ DKK	0.4479	0.4725	0.4841	0.4536

Sensitivity analysis

A 10 percent strengthening of the RON against the following currencies at 31 December 2007 and 2006 would have increased (decreased) profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and includes the hedging effect.

	Profit / (loss) 2007	Profit / (loss) 2006
EUR	7,075	8,002
USD	(427)	1,487
CHF	(233)	763
GBP	39	22
DKK	224	-

A 10 percent weakening of the RON against the above currencies at 31 December 2007 and 2006 would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant and includes the hedging effect.

	Profit / (loss) 2007	Profit / (loss) 2006
EUR	(7,075)	(8,002)
USD	427	(1,487)
CHF	233	(763)
GBP	(39)	(22)
DKK	(224)	-

Notes to the Statutory Consolidated Financial Statements as at and for the year ended 31 December 2007 (All amounts are expressed in EUR '000, unless otherwise stated)

(iii) Interest rate risk

The Group's income and operating cash flows are impacted by changes in market interest rates since the majority of interest rates on financial instruments are variable.

At the reporting date the interest rate profile of the Group's interest-bearing financial instruments was:

	Carrying amount	
	31 December 2007	31 December 2006
Financial assets		
Trade receivables	136,629	125,713
Financial liabilities		
Trade payables	(164,909)	(158,710)
Borrowings	(72,713)	(69,793)
Leases	(4,497)	(4,276)
Total	**(105,490)**	**(107,064)**

Sensitivity analysis for variable rate instruments

A change of 10% in interest rates at the reporting date would have increased (decreased) profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2006.

	Profit / (loss)	
Profit / (loss)	10% increase	10%decrease
31 December 2007		
Trade receivables	(603)	607
Financial assets interest sensitivity, net	**(603)**	**607**
Trade payables	781	(786)
Borrowings	421	(421)
Leases	34	(34)
Financial liabilities interest sensitivity, net	**1,236**	**(1,241)**
31 December 2006		
Trade receivables	(591)	595
Financial assets interest sensitivity, net	**(591)**	**595**
Trade payables	795	(800)
Borrowings	128	(128)
Leases	34	(34)
Financial liabilities interest sensitivity, net	**957**	**(962)**

Notes to the Statutory Consolidated Financial Statements as at and for the year ended 31 December 2007 (All amounts are expressed in EUR '000, unless otherwise stated)

Interest rates used for determining fair value

The interest rates used to discount estimated cash flows were as follows:

	2007	2006
Trade receivables and trade payables	6% - 7.8%	5.4% - 7.5%
Borrowings	5% - 6.8%	4.6% - 5.6%
Leases	9% - 12.7%	9% - 13%

(iv) Liquidity risk

	31 December 2007	31 December 2006
Assets		
Monetary assets in RON	164,913	160,346
Monetary assets in foreign currency	3,677	578
	168,590	**160,924**
Liabilities		
Monetary liabilities in RON	(115,883)	(111,225)
Monetary liabilities in foreign currency	(155,731)	(145,023)
	(271,614)	**(256,248)**
Net monetary position in RON	**49,030**	**49,121**
Net monetary position in foreign currency	**(152,054)**	**(144,445)**

The Group's policy on liquidity is to maintain sufficient liquid resources to meet the obligations as they fall due.

The following are the contractual maturities of financial liabilities, including interest payments and excluding the impact of netting agreements:

	Carrying amount	Contractual amount	12 months or less	1 - 2 years	2 - 5 years
31 December 2007					
Financial liabilities					
Trade payables	(164,909)	(168,823)	(168,823)	-	-
Borrowings	(72,713)	(73,818)	(3,600)	(66,218)	(4,000)
Leases	(4,497)	(4,837)	(2,654)	(1,519)	(664)
Total	**(242,119)**	**(247,478)**	**(175,077)**	**(67,737)**	**(4,664)**

Notes to the Statutory Consolidated Financial Statements as at and for the year ended 31 December 2007 (All amounts are expressed in EUR '000, unless otherwise stated)

	Carrying amount	Contractual amount	12 months or less	1 - 2 years	2 - 5 years
31 December 2006					
Financial liabilities					
Trade payables	(158,710)	(162,705)	(160,852)	(1,853)	-
Borrowings	(69,793)	(71,718)	-	(67,718)	(4,000)
Leases	(4,276)	(4,618)	(2,694)	(1,428)	(496)
Total	**(232,779)**	**(239,041)**	**(163,546)**	**(70,999)**	**(4,496)**

26 POST BALANCE SHEET EVENTS

Acquisition of pharmacy

In January 2008 the Group acquired a pharmacy in Bucharest for the total amount of EUR 1,904 thousand.

Land acquisition

In January 2008 the Group acquired a land in Galati County for the amount of EUR 353 thousand.

Competition Council fine

On 12 March 2008, the Competition Council ("CC") issued an official decision whereby it found Mediplus Exim SRL to have infringed Competition Law and imposed a fine of RON 49,231 thousand (EUR 13.6 million). The fine is payable within 30 days of the official communication of the CC decision.

Decisions of the Bucharest Court of Appeal

On 8 April 2008, Mediplus management filed in court simultaneously the official suspension of payment and challenge of the Competition Council's decision. On 30 April 2008, the Bucharest Court of Appeal has ruled against the first claim for suspension of the Romanian Competition Council's decision.

Subsequently, on 6 May 2008 Mediplus appealed the first ruling of the Bucharest Court of Appeal and also submitted a new application for the suspension of the decision passed by the Competition Council. The Bucharest Court of Appeal rejected as inadmissible the second application for suspension, on 27 May 2008. Mediplus management has started additional civil court procedures to challenge both the validity and the execution of the Competition Council's decision. In the unlikely event that Mediplus does not manage to obtain the payment deferral during the year 2008, this will entail a cash outflow of RON 49,231 thousand (EUR 13.6 million).

Based on the risk assessment made by the external lawyers engaged to represent Mediplus, Management has concluded that the low level of provision included in these financial statements is adequate and represents the Group's best estimate of the amounts more likely than not to be paid. Further information regarding the detail of the provision required to be disclosed by IAS 37 "Provisions, Contingent Liabilities and Contingent Assets" is not presented on the grounds that it could prejudice the outcome of the litigation. (Note 15).

Notes to the Statutory Consolidated Financial Statements as at and for the year ended 31 December 2007 (All amounts are expressed in EUR '000, unless otherwise stated)

27 PROFORMA FINANCIAL INFORMATION

The Group has preserved the same operational structure as that of A&D Pharma SRL before 1 January 2007. Therefore, for comparative purposes, proforma income statement and cash flow figures for the year ended 31 December 2006 are extracted from the consolidated Financial Statements of A&D Pharma SRL, adjusted with the standalone results of ADP NV for the period between 24 May (date of incorporation) and 31 December 2006, as detailed below.

Statements of income

	ADP NV 2007	ADP SRL 2006
Sales	425,519	331,593
Operating costs	(416,580)	(309,273)
Operating profit	**8,939**	**22,320**
Financial income	422	4,354
Financial expense	(15,012)	(6,259)
Financial result	**(14,590)**	**(1,905)**
(Loss)) /Profit before taxation	**(5,651)**	**20,415**
Taxation	(2,792)	(3,552)
(Loss)/Profit for the period	**(8,443)**	**16,863**

Notes to the Statutory Consolidated Financial Statements as at and for the year ended 31 December 2007 (All amounts are expressed in EUR '000, unless otherwise stated)

Statements of cash flows

	ADP NV 2007	ADP SRL 2006
Cash flows from operating activities		
(Loss)/profit before taxation	(5,651)	20,415
Adjustments for:		
Depreciation and amortization	7,079	4,794
Loss on disposal of investments	68	-
Loss on disposal of tangible and intangible assets	-	(1,735)
Property, plant and equipment impairment	222	(360)
Goodwill impairment	379	-
Reversal of tax provision	(732)	-
Interest income	(422)	(365)
Interest expense	7,354	5,359
Operating profit before working capital changes	**8,297**	**28,108**
Increase in receivables and prepayments	(10,936)	(50,404)
Decrease/(increase) in inventories	12,089	(26,833)
Increase in trade and other payables	10,952	43,993
Changes in working capital	**12,105**	**(33,244)**
Tax paid	(2,881)	(2,703)
Net cash from (used by) operating activities	**17,521**	**(7,839)**
Cash flows from investing activities		
Purchases of property, plant and equipment	(10,271)	(17,430)
Purchases of intangibles	(2,292)	(1,481)
Acquisition of other subsidiaries	-	(273)
Proceeds from sale of tangible and intangible assets	1,595	5,116
Interest received	422	370
Net cash used in investing activities	**(10,546)**	**(13,698)**
Cash flow from financing activities		
(Decrease)/increase in long term loans	(680)	69,793
(Decrease)/increase in short term borrowings	3,600	(11,713)
Lease payments	(3,243)	(3,147)
Dividends paid	(3,566)	(925)
Interest paid	(6,554)	(3,271)
Net cash (used by) provided by financing activities	**(10,443)**	**50,737**
Translation effect	198	(733)
Net (decrease)/increase in cash and cash equivalents	**(3,270)**	**28,467**
Cash and cash equivalents at beginning of the year	**17,194**	**(11,273)**
Cash and cash equivalents at end of year	**13,924**	**17,194**

Notes to the Statutory Consolidated Financial Statements as at and for the year ended 31 December 2007 (All amounts are expressed in EUR '000, unless otherwise stated)

Operating costs

	ADP NV 2007	ADP SRL 2006
Cost of sales	313,509	243,431
Labour costs	43,089	28,782
Rent and administrative expenses	16,841	11,913
Advertising and promotion	12,134	13,419
Other third party services	20,074	12,019
Depreciation and amortization	7,079	4,794
Impairment for fixed assets/ (reversal)	601	(360)
Provision for inventories/ (reversal)	(48)	487
Inventory write off	2,437	1,453
Penalties and fines	4,565	1,337
Receivables write off, (gain)/loss	(243)	(515)
Operational foreign exchange (income)/ expense	1,232	(9,900)
Hedging (gain)/loss	(5,585)	1,590
Net movement in general tax provisions, (gain)/loss	(732)	-
Other expenses	1,627	823
	416,580	**309,273**

Financial result

	ADP NV 2007	ADP SRL 2006
Foreign exchange (expense)/ income, net	(6,643)	3,989
Interest income	422	365
Interest expense	(7,250)	(3,810)
Interest expense financial instruments	(104)	(1,549)
Other financial expense	(1,015)	(900)
	(14,590)	**(1,905)**

Notes to the Statutory Consolidated Financial Statements as at and for the year ended 31 December 2007 (All amounts are expressed in EUR '000, unless otherwise stated)

Related parties

Sales of goods and services	ADP NV 2007	ADP SRL 2006
Ozone Laboratories SRL	4,353	3,054
Employees	-	1,195
Elantis Farm SRL	356	-
Miniblu SRL	150	196
Optical Network SRL	164	191
Consumer Product Network SRL	148	149
Gemisa Servicii SRL	-	1
	5,171	**4,786**

Sales of property, plant and equipment	ADP NV 2007	ADP SRL 2006
Consumer Product Network SRL	-	52
Ozone Laboratories SRL	11	41
Optical Network SRL	15	4
Founding shareholders	59	37
Miniblu SRL	-	2
Group 3 Contracting	-	159
Gemisa Servicii SRL	-	12
Oxigen Plus	-	9
	85	**316**

Purchases of goods and services	ADP NV 2007	ADP SRL 2006
Ozone Laboratories SRL	28,098	24,409
Avia Travel&Tour SRL	2,138	-
Consumer Product Network SRL	1,702	2,131
Fleet Management Services SRL	841	548
Loyalty Insurance Broker	271	-
Optical Network SRL	109	127
Cristal Diagnostic SRL	78	121
Adkit Serv SRL	71	42
Sensiblu Optica SRL	12	13
Oxigen Plus	-	168
Miniblu SRL	3	120
Ozone Laboratories Ltd	-	37
Global Business Software SRL	-	5
Others	117	27
	33,440	**27,748**

Notes to the Statutory Consolidated Financial Statements as at and for the year ended 31 December 2007 (All amounts are expressed in EUR '000, unless otherwise stated)

Segment information

Statement of income ADP NV Year ended 31 December 2007	**Wholesale**	**Retail**	**Other**	**Eliminations**	**Group**
Sales	363,580	121,633	-	(59,694)	425,519
Operating income and expenses	(339,691)	(128,183)	(8,400)	59,694	(416,580)
Segment result	23,889	(6,550)	(8,400)	-	8,939
Operating profit/(loss)	**23,889**	**(6,550)**	**(8,400)**	**-**	**8,939**
Finance costs, net	(10,744)	(2,269)	(1,577)	-	(14,590)
Profit/(loss) before taxation	**13,145**	**(8,819)**	**(9,977)**	**-**	**(5,651)**
Income tax expense	(2,576)	882	(1,098)	-	(2,792)
Net profit/(loss) for the period	**10,569**	**(7,937)**	**(11,075)**	**-**	**(8,443)**

Statement of income ADP SRL Year ended 31 December 2006	**Wholesale**	**Retail**	**Other**	**Eliminations**	**Group**
Sales	287,582	89,780	-	(45,769)	331,593
Operating income and expenses	(260,327)	(94,331)	(1,036)	46,421	(309,273)
Segment result	27,255	(4,551)	(1,036)	652	22,320
Operating profit/(loss)	**27,255**	**(4,551)**	**(1,036)**	**652**	**22,320**
Finance costs, net	(1,679)	(210)	(16)	-	(1,905)
Profit/(loss) before taxation	**25,576**	**(4,761)**	**(1,052)**	**652**	**20,415**
Income tax expense	(4,058)	506	-	-	(3,552)
Net profit/(loss) for the year	**21,518**	**(4,255)**	**(1,052)**	**652**	**16,863**

ADP NV Year ended 31 December 2007	**Wholesale**	**Retail**	**Other**	**Eliminations**	**Group**
Capital expenditure	10,845	4,375	807	-	16,027
Depreciation and amortisation	(3,229)	(3,775)	(75)	-	(7,079)

ADP SRL Year ended 31 December 2006	**Wholesale**	**Retail**	**Other**	**Eliminations**	**Group**
Capital expenditure	18,053	4,688	-	-	22,741
Depreciation and amortisation	(2,101)	(2,693)	-	-	(4,794)

OTHER INFORMATION

1. AUDITOR'S REPORT

To: A&D Pharma Holdings N.V.

Report on the financial statements

We have audited the accompanying statutory financial statements 2007 of A&D Pharma Holdings N.V., Delft, included in Section C (page C1 to C45) of this annual report and accounts 2007. The statutory financial statements consist of the consolidated financial statements and the company financial statements. The consolidated financial statements comprise the consolidated balance sheet as at 31 December 2007, the statement of income, statement of changes in equity and cash flow statement for the year ended 31 December 2007, and a summary of significant accounting policies and other explanatory notes. The company financial statements comprise the company balance sheet as at 31 December 2007, the company statement of income for the year ended 31 December 2007 and the notes.

Management's responsibility
Management is responsible for the preparation and fair presentation of the statutory financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Netherlands Civil Code, and for the preparation of the management board report in accordance with Part 9 of Book 2 of the Netherlands Civil Code. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility
Our responsibility is to express an opinion on the statutory financial statements based on our audit. We conducted our audit in accordance with Dutch law. This law requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the statutory financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the statutory financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion with respect to the statutory consolidated financial statements
In our opinion, the statutory consolidated financial statements give a true and fair view of the financial position of A&D Pharma Holdings N.V. as at 31 December 2007, and of its result and its cash flows for the year ended 31 December 2007 in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Netherlands Civil Code.

Opinion with respect to the statutory company financial statements
In our opinion, the company statutory financial statements give a true and fair view of the financial position of A&D Pharma Holdings N.V. as at 31 December 2007, and of its result for the year ended 31 December 2007 in accordance with Part 9 of Book 2 of the Netherlands Civil Code.

Report on other legal and regulatory requirements

Pursuant to the legal requirement under 2:393 sub 5 part e of the Netherlands Civil Code, we report, to the extent of our competence, that the management board report from page 1 to 72 is consistent with the financial statements as required by 2:391 sub 4 of the Netherlands Civil Code.

Utrecht, June 2, 2008

(for and on behalf of)
BDO CampsObers Audit & Assurance B.V.

w.g. H. Kroeze RA

2. ARTICLES OF ASSOCIATION PROVISIONS GOVERNING THE APPROPRIATION OF PROFIT

The salient points of Article 22 of the Articles of Association governing the appropriation of profit are:

The General Meeting shall determine which part of the profits earned in a financial year shall be added to the reserves and the allocation of the remaining profits.

Distributions can only take place up to the amount of the distributable part of the net assets.

Distribution of profits shall take place after the adoption of the Annual Accounts from which it appears it is approved.

3. PROPOSAL FOR DISTRIBUTION OF PROFIT

At the Company's Annual General Meeting ("AGM") of 21 June 2007, the shareholders have adopted a resolution regarding the reservation and dividend policy of the Group. According to the adopted resolution, the Board of Directors was mandated to submit a reservation proposal to the AGM each year and to determine that in principle and barring unforeseen circumstances the net profit of the Group decreased with the amount of such reservation will be available for distribution of a dividend to the shareholders in order to make a meaningful part of the annual net operating results of the activities of the Group available to the shareholders each year.

At the AGM of 21 June 2007 the shareholders have adopted a resolution declaring an interim dividend distribution at the charge of the 2006 period profit reserves in the aggregate amount of EUR 3,565,600, equaling EUR 0.017828 per share in accordance with the proposal of the Board of Directors. The interim dividend was paid on July and August 2007.

In the light of the loss of EUR 8,443,000 resulting to an accumulated deficit of EUR 3,226,000 and in conjunction and conformity with the reservation and dividend policy of the Group, the Board of Directors proposes that the accumulated deficit be charged to the general reserves ("overige reserves") and that no dividend be declared and allocated for the current reporting period ended 31 December 2007.

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