

OMEGA PHARMA

1H08

Interim Financial Report

covering the period ended 30 June 2008



Regulated information

By
Pharmacists

For
Pharmacists

28 August 2008

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Introductory statements

The undersigned hereby declare that, to the best of their knowledge, the interim financial statements for the six-months period ended June 30, 2008, which have been prepared in accordance with the IAS 34 'Interim Financial Reporting' as adopted by the European Union, give a true and fair view of the equity, the financial situation and the results of Omega Pharma NV and the companies that are included in the consolidation scope.

The undersigned also declare that, to the best of their knowledge, the interim financial report provides a true and fair review of the important events that have occurred during the first six months of the financial year and of the other legally required information.

In the name and for the account of the Board of Directors

Marc Coucke, CEO

Barbara De Saedeleer, CFO

28 August 2008

In order to allow optimal comparison of the continuing operations, the figures for the first six months of 2007, as included in the income statement and the cash flow statement in this document, have been restated to reflect the impact of the carve-out of Arseus NV in October 2007.

This document has been prepared in Dutch and has been translated into English. The Company has made all reasonable efforts to assure consistency between both versions. In case of doubt, the Dutch version prevails.

Consolidated income statement (*)

| <i>Figures submitted to a limited review, IFRS in thousand euro</i> | January-June 2008 | January-June 2007 |
|--|------------------------------|------------------------------|
| Operating income | 426 999 | 425 689 |
| Turnover | 423 652 | 422 392 |
| Other operating income | 3 347 | 3 297 |
| Operating expenses | 364 102 | 362 101 |
| Trade goods | 173 087 | 180 643 |
| <i>Trade goods purchased</i> | 171 395 | 178 440 |
| <i>Changes in inventories of raw materials, components, work in progress and finished goods.</i> | 1 692 | 2 203 |
| Services and other goods | 123 202 | 117 788 |
| Employee benefit expenses | 54 490 | 53 047 |
| Depreciations and amortization | 9 296 | 7 735 |
| Changes in provisions for liabilities | -2 668 | -1 947 |
| Other operating expenses | 6 694 | 4 835 |
| <i>Of which restructuring charges</i> | 2 952 | 2 814 |
| <i>Of which other</i> | 3 742 | 2 021 |
| Operating result | 62 897 | 63 588 |
| Financial income | 488 | 236 |
| Financial expense | - 15 908 | - 16 648 |
| Financial result | - 15 420 | -16 412 |
| Net result from continuing operations excluding associates and before income tax | 47 478 | 47 176 |
| Net result of associates (accounted for according to the equity method) | 2 371 | - |
| Result from ordinary activities before income tax | 49 849 | 47 176 |
| Income tax | - 8 207 | - 8 187 |
| Result from continuing operations | 41 642 | 38 989 |
| Result from discontinued operations | - | 7 992 |
| Minority interests | - 64 | - |
| Result of the period | 41 578 | 46 982 |
| <i>Total number of shares outstanding on June 30</i> | 24 207 968 | 26 146 641 |
| <i>Of which treasury shares (June 30)</i> | 934 994 | 272 794 |
| <i>Weighted average after deduction of treasury shares</i> | 24 059 515 | 25 843 264 |
| <i>Earnings per share (in EUR)</i> | 1.73 | 1.82 |
| <i>Earnings per share from continuing operations excluding associates</i> | 1.63 | 1.51 |
| <i>Diluted earnings per share (in EUR) **</i> | 1.73 | 1.80 |

* All figures until and including the 'Net result from continuing operations excluding associates and before income tax' refer to the continuing operations in the OTC sector.

** Taking the dilutive impact of outstanding warrants into account, a weighted average of 24,062,852 has been applied for the first half of 2008 and 26,074,233 for the first half of 2007.

Consolidated balance sheet

| <i>Figures submitted to a limited review, IFRS in thousand euro</i> | 30 June 2008 | 31 December 2007 |
|---|---------------------|-------------------------|
| Non-current assets | 992 181 | 968 250 |
| Intangible assets | 864 074 | 845 318 |
| Property, plant and equipment | 52 337 | 50 199 |
| Financial assets | 47 136 | 45 509 |
| <i>Of which: Associates</i> | 44 401 | 42 774 |
| Deferred income tax assets | 27 872 | 26 384 |
| Other non-current assets | 762 | 841 |
| Current assets | 413 290 | 358 449 |
| Inventories | 122 791 | 100 686 |
| Trade receivables | 210 586 | 176 651 |
| Other current assets | 50 606 | 45 683 |
| <i>Of which deferred income tax assets</i> | 19 259 | 13 812 |
| Cash and cash equivalents | 29 308 | 35 429 |
| TOTAL ASSETS | 1 405 472 | 1 326 699 |
| EQUITY | 593 373 | 612 166 |
| Share capital and share premium | 366 375 | 366 294 |
| Retained earnings | 250 713 | 306 664 |
| Treasury shares | -25 592 | -63 242 |
| Fair value and other reserves | 5 160 | 4 212 |
| Cumulative translation adjustments | -3 488 | -1 763 |
| Minority interests | 204 | |
| LIABILITIES | 812 099 | 714 533 |
| Non-current liabilities | 457 187 | 450 774 |
| Provisions | 3 851 | 6 267 |
| Pension obligations | 6 839 | 8 369 |
| Deferred income tax liabilities | 69 433 | 68 059 |
| Borrowings (non-current financial liabilities) | 332 151 | 334 440 |
| Other non-current liabilities | 64 | 64 |
| Derivative financial instruments | 44 850 | 33 576 |
| Current liabilities | 354 912 | 263 759 |
| Borrowings (current financial liabilities) | 58 846 | 22 526 |
| Trade payables | 209 390 | 180 422 |
| Income tax liabilities | 31 492 | 26 115 |
| Taxes, remuneration and social security | 12 992 | 14 005 |
| Other current payables | 42 191 | 20 692 |
| TOTAL EQUITY AND LIABILITIES | 1 405 472 | 1 326 699 |

Condensed statement of changes in equity

| <i>Figures submitted to a limited review, IFRS in thousand euro</i> | Number of shares | Share capital and share premium | Treasury shares | Fair value & other reserves | Cumulative translation adjustments | Retained earnings | Total equity |
|---|-------------------------|--|------------------------|--|---|--------------------------|---------------------|
| Amount 31 December 2006 | 25 711 887 | 358 274 | -58 746 | -1 780 | 1 241 | 206 746 | 505 735 |
| Fair value gains/(losses) on cash flow hedges | | | | 2 334 | | | 2 334 |
| Fair value gains/(losses) on cash flow hedges – tax effect | | | | -793 | | | -793 |
| Currency translation adjustments | | | | | -1 180 | | -1 180 |
| Profit for the period | | | | | | 46 982 | 46 982 |
| Total recognized income for the period | | 0 | 0 | 1 541 | -1 180 | 46 982 | 47 343 |
| Capital increases | 161 960 | 6 326 | | | | | 6 326 |
| Employee share options scheme | | | | 95 | | | 95 |
| Treasury shares cancelled | | | 44 044 | | | -44 044 | 0 |
| Treasury shares purchased | | | | | | | 0 |
| Dividend on treasury shares | | | | | | | 0 |
| Dividend | | | | | | -10 794 | -10 794 |
| Amount 30 June 2007 | 25 873 847 | 364 600 | -14 702 | -144 | 61 | 198 890 | 548 705 |
| Fair value gains/(losses) on cash flow hedges | | | | 6 335 | | | 6 335 |
| Fair value gains/(losses) on cash flow hedges – tax effect | | | | -2 154 | | | -2 154 |
| Currency translation adjustments | 0 | | | | -1 823 | | -1 823 |
| Profit for the period | 0 | | | | | 107 805 | 107 805 |
| Total recognized income for the period | | 0 | 0 | 4 181 | -1 823 | 107 805 | 110 163 |
| Capital increases | 59 207 | 1 694 | | | | | 1 694 |
| Employee share options scheme | 0 | | | 175 | | -127 | 48 |
| Treasury shares cancelled | 0 | | 0 | | | 0 | 0 |
| Treasury shares purchased | -1 065 744 | | -48 540 | | | | -48 540 |
| Dividend on treasury shares | | | | | | 96 | 96 |
| Dividend | | | | | | 0 | 0 |
| Amount 31 December 2007 | 24 867 310 | 366 294 | -63 242 | 4 212 | -1 762 | 306 664 | 612 166 |
| Fair value gains/(losses) on cash flow hedges | | | | 1 356 | | | 1 356 |
| Fair value gains/(losses) on cash flow hedges – tax effect | | | | -461 | | | -461 |
| Currency translation adjustments | | | | | -1 726 | | -1 726 |
| Profit for the period | | | | | | 41 578 | 41 578 |
| Total recognized income for the period | | 0 | 0 | 895 | -1 726 | 41 578 | 40 747 |
| Capital increases | 2 120 | 81 | | | | | 81 |
| Employee share options scheme | | | | 53 | | | 53 |
| Treasury shares cancelled | | | 85 346 | | | -85 346 | 0 |
| Treasury shares purchased | -1 596 456 | | -47 696 | | | | -47 696 |
| Dividend on treasury shares | | | | | | 1 217 | 1 217 |
| Dividend | | | | | | -13 104 | -13 104 |
| Share of movement in reserves of investments accounted for according to the equity method | | | | | | -295 | -295 |
| Minority interests | | | | | | 204 | 204 |
| Amount 30 June 2008 | 23 272 974 | 366 375 | -25 592 | 5 160 | -3 488 | 250 918 | 593 373 |

Condensed consolidated cash flow statement (*)

| <i>Figures submitted to a limited review, IFRS in thousand euro</i> | January- June 2008 | January- June 2007 |
|---|-------------------------------|-------------------------------|
| Profit before income tax (from continuing operations excluding associates) | 47 478 | 47 176 |
| Taxes paid | -5 091 | -10 485 |
| Adjustments for non-cash items and interests paid | 18 792 | 24 399 |
| <i>Adjustments for operational non-cash items</i> | 4 347 | 7 963 |
| <i>Interests paid and financial non-cash items</i> | 14 444 | 16 436 |
| Gross cash flow from operating activities | 61 179 | 61 090 |
| Changes in working capital | -15 508 | 1 238 |
| Total cash flow from operating activities | 45 671 | 62 327 |
| Capital expenditure | -13 960 | -12 382 |
| Disposals of investment goods | 1 524 | 361 |
| Investments in existing shareholdings (post payments) and in new holdings | -9 248 | -194 471 |
| Total cash flow from investing activities | -21 684 | -206 492 |
| Proceeds from the issue of share capital | 81 | 6 326 |
| Purchases of own shares | -47 696 | -12 487 |
| Dividend distribution | -11 456 | -313 |
| Change in debts | 43 106 | 167 405 |
| Interests received (paid) | -13 992 | -15 896 |
| Total cash flow from financing activities | -29 958 | 145 035 |
| Net increase/decrease of cash flows for the period | -5 970 | 870 ** |
| Cash and cash equivalents – start of the period | 35 429 | 26 073 |
| Gains or losses on currency exchange on liquid assets | -151 | -31 |
| Cash and cash equivalents – end of the period | 29 308 | 27 227 |
| Total net cash flow of the period | -5 970 | 1 185 |
| Cash flow from operating activities of discontinued operations | - | 9 891 |
| Cash flow from investing activities of discontinued operations | - | -8 443 |
| Cash flow from financing activities of discontinued operations | - | -670 |
| Total net cash flow from discontinued operations | - | 463 |

* All figures refer to the continuing operations, except when explicitly mentioned otherwise.

** Excluding corporate expenses for an amount of 315 thousand euro which have been charged to Arseus NV.

Interim report

Major events of the first half year of 2008

- As a result of a less strong first quarter and the positive swing in the second quarter 2008, the consolidated turnover remained stable versus the strong first half of 2007. More information on the operations in the various regions is included in the Trading Updates of April 17 and July 17, 2008 as well as in the accompanying Press Release of today, August 28, 2008. These documents are available on www.omega-pharma.be under the section “Press Releases”.
- The Extraordinary General Meeting of Shareholders of June 9, 2008 has approved the cancellation of 2 million treasury shares.
- The composition of the Executive Committee of Omega Pharma has been modified in the first half of 2008, with the appointment of Couckinvest NV (Marc Coucke) as CEO and of Sam Sabbe BVBA as Chief Strategy Officer.

Main risks and uncertainties

At closing of the interim period ended on June 30, 2008 Omega Pharma cannot distinguish any other risks than those included in the pages 75 to and including 83 of the 2007 annual report. (http://www.omega-pharma.be/ktmlpro/files/uploads/2007_EN.pdf)

Prognosis ⁽¹⁾

Based on the developments in the first six months and the numerous initiatives scheduled for the second half of 2008 in a growing number of countries, Omega Pharma confirms its prognosis to achieve a growth in turnover of 3% to 7% for 2008.

Other elements

The other elements of the Interim Report are included further in this document under the header “Selected notes” (page 9).

- (1) Disclaimer: This press release contains forward-looking information which is based on current internal estimates and expectations as well as market expectations. Forward-looking statements contain inherent risks and apply exclusively on the date they are made. The actual results may differ substantially from those included in the forward-looking statements.

Selected notes

General information

Since its creation in 1987, Omega Pharma NV (the ‘Company’) has grown into a multinational group with numerous subsidiaries (together the “Group”), approximately 2,000 staff and operations in 30 countries mainly spread over Western, Central, and Eastern Europe. Omega Pharma is one of the few global companies dealing solely in OTC products and is poised to enter the worldwide Top Ten ranking in the market for over-the-counter medicines and personal care products.

The Company’s shares are listed on the regulated market Euronext Brussels.

The condensed consolidated interim financial statements for the six months’ period ended 30 June 2008 have been prepared in accordance with IAS 34 “Interim Financial Reporting” as adopted by the European Union. They do not contain all information that is required for a full annual report and should therefore be read together with the consolidated annual accounts for the period 2007 (including the significant accounting policies) as published in the 2007 annual report, which is available on www.omega-pharma.be (Investor Center).

These condensed consolidated interim financial statements have been approved for publication by the Board of Directors of August 27, 2008. They have been submitted to a limited review by the Statutory Auditor (cf. page 14).

Summary of significant accounting policies

The principal accounting policies applied in preparation of these consolidated interim financial report are identical to those applied in preparation of the consolidated financial statements for the year ended on December 31, 2007 except for the IFRIC 11 standard ‘Group and Treasury share transactions’ which entered into force on January 1, 2008 but which did not had an effect on this consolidated interim financial report.

A summary of the principal accounting policies can be found on the pages 64 to and including 74 of the 2007 annual report, which can be consulted and downloaded via the following web link: http://www.omega-pharma.be/ktmlpro/files/uploads/2007_EN.pdf.

On January 10, 2008 the IASB has issued a revised version of IFRS 3, Business Combinations and related revisions to IAS 27 'Consolidated and Separate Financial Statements'. This amendment is applicable as from the financial year 2010 (with earlier application permitted). Omega Pharma is investigating the impact of the modifications.

On January 17, 2008 the IASB has issued an amendment to IFRS2, 'Share-based payments'. This amendment will become applicable as of the accounting period 2009 (early adoption allowed). Omega Pharma is investigating the impact of the modifications.

On February 14, 2008 the IASB issued amendments to improve the accounting for particular types of financial instruments with characteristics similar to ordinary shares but currently presented as financial liabilities. The amendments have an impact on IAS 32, Financial instruments: presentation and IAS 1, Presentation of Financial Statements. This amendment will become applicable as of the accounting period 2009 (early adoption allowed) and will most probably have no material impact on Omega Pharma.

On May 22, 2008 the IASB has published 'Improvements to the IFRSs', a collection of minor amendments to a number of IFRSs. These amendments have different application dates and have probably no material impact on Omega Pharma.

On the same date the IASB has published an amendment to IFRS 1, 'First-time Adoption of International Financial Reporting Standards', which is related to the cost of an investment in a subsidiary in the separate financial statements of the parent company. This amendment will become applicable as of the accounting period 2009 and will probably have no material impact on Omega Pharma.

Segment reporting

The Group applied the identical segmentation as for the consolidated financial report for the period ended on December 31, 2007 when these segments were restated because of the carve-out and IPO of Arseus on October 5, 2007.

For reasons of comparability the segment results for the interim period ended on June 30, 2007 and included in the chart hereunder have also been restated. The operating result for the segment 'Discontinued operations' amounted to 7.922 million euro. We like to note that this result does not take into account the corporate expenses for an amount of 315 thousand euro which have been charged to Arseus.

The segment results for the period ending June 30, 2007 are as follows:

| <i>Figures submitted to a limited review, IFRS in thousand euro</i> | Total turnover | Inter-segment turnover | Net turnover | EBITDA* | Operating result of the segment |
|---|-----------------------|-------------------------------|---------------------|----------------|--|
| Belgium | 117 396 | -3 485 | 113 911 | 15 107 | 12 626 |
| France | 104 786 | -6 398 | 98 388 | 10 805 | 7 786 |
| Northern Europe | 55 375 | -1 321 | 54 054 | 14 319 | 13 079 |
| Southern Europe | 84 120 | 0 | 84 120 | 17 429 | 17 219 |
| Rest Of World | 84 872 | -12 952 | 71 920 | 21 087 | 18 233 |
| Not allocated | 0 | 0 | 0 | -4 610 | -5 355 |
| Total Omega Pharma | 446 549 | -24 156 | 422 393 | 74 137 | 63 588 |

(*) Operating result before non-recurring items, increased with depreciations and amortization.

The segment results for the period ending June 30, 2008 are as follows:

| <i>Figures submitted to a limited review, IFRS in thousand euro</i> | Total turnover | Inter-segment turnover | Net turnover | EBITDA* | Operating result of the segment |
|---|-----------------------|-------------------------------|---------------------|----------------|--|
| Belgium | 107 134 | -4 216 | 102 918 | 15 499 | 12 549 |
| France | 101 980 | -1 680 | 100 300 | 12 312 | 8 957 |
| Northern Europe | 56 147 | -537 | 55 610 | 15 015 | 13 438 |
| Southern Europe | 88 653 | -6 | 88 647 | 15 210 | 14 735 |
| Rest Of World | 96 051 | -19 875 | 76 176 | 22 087 | 19 737 |
| Not allocated | - | - | - | -4 977 | -6 519 |
| Total Omega Pharma | 449 965 | -26 314 | 423 651 | 75 146 | 62 897 |

(*) Operating result before non-recurring items, increased with depreciations and amortization.

Other notes

1. Income tax

The amount of the income taxes is a management estimate and is based on an expected average effective tax rate of 17.3% for the entire accounting period 2008.

2. Associates

| <i>in thousand euro</i> | January-June 2007 |
|--|--------------------------|
| Income | 145 870 |
| Expenses | - 136 308 |
| Profit from associates before income tax | 9 562 |
| Income tax | - 1 570 |
| Profit after tax from associates | 7 992 |

In October 2007, Omega Pharma sold 70% of the then existing outstanding shares of Arseus while Arseus also created new shares. In the period January-September 2007 Arseus was recognized in the income statement of Omega Pharma as 'Discontinued operations'. After the Arseus IPO, Omega Pharma holds 24% of the share capital of Arseus and this participation is recognized on the balance sheet according to the equity method.

3. Equity - treasury shares

In accordance with article 620 of the Belgian Company Code, the Extraordinary General Meetings of Shareholders of July 7, 2006 and July 6, 2007 and June 9, 2007 granted authorization to the Board of Directors to buy back Company shares.

During the first six months of 2008 the Company purchased 1,596,456 treasury shares at an average price of 29.88 euro. After the approval of the Extraordinary General Meeting of June 9, 2008 to cancel 2,000,000 treasury shares, Omega Pharma still held 934,994 treasury shares on June 30, 2008, at which time it represented a total amount of 25.6 million euro.

4. Contingencies

During the first six months of 2008 no material changes occurred to the situation as described in Note 26 on page 114 of the 2007 annual report.

5. Business combinations

In the course of the period from January to June 2008 two acquisitions of former distributors/importers have been completed. The combined 2007 annual turnover of these acquired companies represented less than 1 per cent of the consolidated 2007 turnover of the Group. Consequently these acquisitions are deemed not sufficiently material for providing further details. The purchase price allocation has been temporary defined on June 30, 2008.

6. Significant events after balance sheet date

The Company decided - following an advice from the Appointment and Remuneration Committee - to terminate the cooperation with Mike Van Ganse, member of the Executive Committee, as of 9 July 2008. Also following advice from the Appointment and Remuneration Committee, it has been decided to appoint M.D.S. BVBA with Mario Debel as its permanent representative to the function of Head of Marketing & Innovation and member of the Executive Committee, entering into effect on August 7, 2008. The Executive Committee is now composed of: Marc Coucke*, Ton Scheepens, Sam Sabbe*, Barbara De Saedeleer*, Jan Cassiman* and Mario Debel*.

(* = permanent representatives of the legal persons who hold the mandates).

7. Related parties

Related parties refer to the members of the Executive Committee, the non-executive members of the Board of Directors and Arseus NV, in which the Company holds a 24 percent participation.

The remuneration of the members of the Executive Committee and the non-executive members of the Board of Directors is determined on an annual basis, for which reason no further details are included in this interim financial report.

The chart hereunder provides an overview of the transactions between the Company and Arseus NV in the period from January 1 to and including June 30, 2008.

| <i>in thousand euro</i> | January-June 2008 |
|--|--------------------------|
| Sale of goods and services | 110 |
| Sale of goods to Arseus companies | 53 |
| Sale of services to Arseus companies | 57 |
| Purchase of goods and services | 78 |
| Purchase of goods from Arseus companies | 78 |
| Purchase of services from Arseus companies | 0 |

Review report of the statutory auditor

Statutory auditor's report on review of consolidated condensed financial information for the period ended 30 June 2008

Introduction

We have reviewed the accompanying consolidated condensed balance sheet of Omega Pharma NV and its subsidiaries as of 30 June 2008 and the related consolidated condensed statements of income, changes in equity and cash flows for the six-month period then ended, as well as the explanatory notes. The board of directors is responsible for the preparation and presentation of this consolidated condensed financial information in accordance with IAS 34, as adopted by the European Union. Our responsibility is to express a conclusion on this consolidated condensed financial information based on our review.

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated condensed financial information is not prepared, in all material respects, in accordance with IAS 34, as adopted by the European Union.

Ghent, 28 August 2008

PricewaterhouseCoopers Bedrijfsrevisoren bcvba
Represented by

Peter Van den Eynde
Bedrijfsrevisor

Financial calendar

| | |
|---------------------------------------|--|
| 11 September 2008 (10:30 - 15.00 CET) | Investors Day, Beursgebouw Brussel |
| 16 October 2008 (17:45 CET) | Trading Update (turnover figures) 3 rd quarter 2008 |
| 22 January 2009 (17:45 CET) | Trading Update (turnover figures) 4 th quarter and full year 2008 |

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