ANNUAL REPORT
OMEGA PHARMA

2007

By
Pharmacists
For
Pharmacists

Table of contents

Shareholder calendar

- Thursday 17 April 2008 — Trading Update first quarter 2008
- Monday 05 May 2008 — Annual General Shareholder Meeting, Nazareth (Belgium) 7:00 PM CET
- Thursday 17 July 2008 — Trading update second quarter 2008 (and first half year 2008)
- Thursday 28 August 2008 — Results first half year 2008
- Thursday 16 October 2008 — Trading update third quarter 2008
- Thursday 22 January 2009 — Trading update fourth quarter (and full-year) 2008

Results and Trading Updates are published after stock trading hours (5:45 PM CET).

Information for shareholders

Financial services

Omega Pharma uses the following financial institutions (in alphabetical order) to provide financial services to its shareholders: Bank Degroof, Dexia Bank, Fortis Bank, ING Bank België, KBC Bank, and Petercam.

Dividend 2007

The Board of Directors will propose to the Annual Shareholders' Meeting of 5 May 2008 to pay out a gross dividend of 0.50 euro per share over the period 2007, corresponding to a net dividend of 0.375 euro per share.

Number of shares

- Number of shares with effective voting rights as at 1 January 2007: 26,984,681
- Number of bought-back own shares that were cancelled in 2007: 1,000,000
- Number of newly created shares resulting from the exercise of warrants: 221,167
- Number of shares with effective voting rights as at 31 December 2007 : 26,205,848
- Number of outstanding warrants as at 31 December 2007: 228,004
- Situation as at 25 March 2008: 26,207,968 shares and 198,479 outstanding warrants

Treasury shares

- Held by the Company as at 1 January 2007: 1,143,692
- Cancelled in the course of 2007: 1,000,000
- Bought-back in the course of 2007: 1,065,744
- Bought-back in the course of 2008 (until 13 March 2008): 596,456
- Held by the Company as at 13 March 2008: 1,934,994

Shareholder structure

As at 31 January 2008, and based on the latest available information:

- Couckinvest NV, Marc Coucke (31 January 2008): 7,474,796 (28.52%)
- Goldman Sachs Group (declaration 26 July 2007): 1,307,780 (4.99%)
- Treasury Shares (13 March 2008): 1,934,994 (7.38%)
- Free float (calculation as at 13 March 2008): 15,490,398 (59.11%)

Listing

All shares of Omega Pharma are listed on the regulated market Euronext Brussels.

- ISIN code: BE0003785020
- Reuters: OMEP.BR
- Bloomberg: OME BB

Stock indexes

The main indexes, in which the company's share is included, are:

- Bel20 close (0.54%)
- Belgian All Shares Price (0.28%)
- Next150 (0.39%)

The share in 2007

- Closing rate on the first trading day: 57.80 euro (2 January)
- Highest closing rate: 68.12 euro (19 July)
- Highest intraday rate: 68.54 euro (19 July)
- Lowest closing rate: 39.49 euro (21 November)
- Lowest intraday rate: 38.49 euro (21 November)
- Closing rate on the last trading day: 47.70 euro (31 December)
- Average closing rate: 57.90 euro (255 trading days)
- Average daily turnover based on closing rate: 5,596,010 euro
- Market capitalization as at 31 December based on closing rate: 1,250,018,950 euro
- Average daily traded volume: 121,248 shares
- Total traded volume: 30,918,342 shares
- Rotation (based on the number of shares as at 31 December): 117.98%

10 years stock-listed

- IPO on 26 July 1998: public listing of 1,678,500 existing and 200.000 newly created shares at an IPO price of 1,250 Belgian francs (30.99 euro). Anticipating the share split that would follow at a later stage, this corresponds with an introductory price of 3.10 euro.
- Share split on 25 April 2000. Each existing share was transformed into 10 new shares.
- Inclusion in the Bel20 index since 1 March 2002.
- Closing rates in euro as at 31 December: 4.83 (1999) - 43.40 (2000) - 50.85 (2001) - 27.32 (2002) - 25.20 (2003) - 35.25 (2004) - 44.01 (2005) - 57.15 (2006) - 47.70 (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 over the English version.

Key figures

Consolidated IFRS figures per 31 December (1) (in thousand euro)	2007	2006	evolution
Income statement *			
Net turnover	789 303	730 696	+ 8 %
Operating cash flow (EBITDA) (2)	125 554	120 107	+ 5 %
Depreciations and amortizations (DA)	(16 427)	(15 059)	+ 9 %
Non-recurring items	(23 133)	(10 911)	+ 112 %
Operating result (EBIT)	85 994	94 137	- 9 %
Financial result	(34 437)	(23 236)	+ 48 %
Profit from ordinary activities before taxes (EBT)	51 557	70 901	- 27 %
Taxes	(7 869)	(11 645)	- 32 %
Net profit from continuing operations	45 794	59 256	- 23 %
of which net profit from companies included according to the equity method	*2 106*		
Recurring net profit from continuing operations	65 396	68 375	- 4 %
of which net profit from companies included according to the equity method	*2 106*		
Net profit of the period from discontinued operations	108 993	12 883	
Total net profit of the period	154 787	72 139	+ 115 %
Average number of shares (3)	25 799 638	25 831 353	
Market capitalization as of 31 December	1 250 019	1 542 175	
Data per share, in EUR			
Recurring net profit from continuing operations/share	2,53	2,65	- 5 %
Net profit from continuing operations/share	1,78	2,29	- 23 %
Net profit from discontinued operations/share	4,22	0,50	
Net profit per share (4)	6,00	2,79	+ 115 %
Gross dividend	0,50	0,40	+ 25 %
Net dividend	0,375	0,30	+ 25 %
Balance sheet data			
Balance sheet total	1 326 699	1 302 512	
Total equity before dividend	612 166	505 735	
Net financial debt (5)	355 176	408 331	
Working capital (6)	96 916	152 057	
Key rates			
Gross margin (7)	57 %	54 %	
REBITDA margin (2)	16 %	16 %	
Gearing (8)	58 %	81 %	

* *A complete, detailed terminology list can be found on the inner back cover of this document.*
(1) *All figures refer to the continuing operations, except when explicitly mentioned otherwise.*
(2) *Operating cash flow (EBIT+DA) before non-recurring items but after corporate charges.*
(3) *Calculated on the basis of the weighted average number of shares, after deduction of treasury shares.*
(4) *As of 31 December 2007 there was a total of 221,660 additional dilutive shares from the future conversion of warrants, thus bringing the net profit and the recurring net profit per diluted share to 5.95 euro and 1.76 euro respectively.*
(5) *Sum of current and non-current financial liabilities, including Derivative financial instruments, reduced with cash and cash equivalents and with current investments available for sale.*
(6) *Sum of inventories and trade receivables, reduced with trade payables.*
(7) *Turnover reduced with trade goods and changes in inventories of finished goods and work in progress, as a percentage of turnover.*
(8) *Net financial debt as a percentage of total equity.*

Omega Pharma

Omega Pharma has followed a path of continuous evolution towards a multinational group since its creation in 1987. Today it has approximately 1,900 employees and operates in 30 countries throughout Western, Central, and Eastern Europe.

Omega Pharma is one of the few major players in its sector that deals exclusively in Over the Counter products (OTC). Given its current geographic spread, the Group is well on the way to entering the worldwide Top Ten ranking in the market for OTC medicines and personal care products.

This position has been based on a well-defined acquisition strategy over the period of 2000-2007 as well as a continued strategic focus on selected market segments. Thanks to our commitment to a programme of continuous product innovation, the Company has further strengthened its market share within these segments.

Omega Pharma intends to be the most dynamic pan-European OTC company by continuously surprising the market and consumers with innovations and customer service.

1987 - 2007

In the summer of 2007 it was twenty years since the company Omega Pharma was created. Roger Raveel painted a piece of art especially for this 20th anniversary.

Roger Raveel is generally considered as one of the most important Belgian artists after 1950. His work is contemporary and yet timeless. The inspiration of Raveel's art can be found in his direct environment, which does not imply that Raveel would be a local painter. In his work, the things surrounding him are lifted to a universal significance. From the very start of his career as an artist he had the feeling that he needed to take a new look at things, and that he had to consider things from an entirely new perspective. Raveel's style is characterized by a mixture of abstract and figurative painting. The abstract dimensions of Piet Mondriaan and the expressionism of Vincent van Gogh inspired him for creating a style which is now also known as the 'new vision'.

The artist was present to reveal the piece of art at the gala night that the Company had organized for its key staff on 23 August 2007 in the Casino of Ostend (Belgium). That same summer season Roger Raveel celebrated his own 85th anniversary with an exposition in the Venetian Galleries in Ostend and with the erection of a permanent work in the adjacent Royal Park. Although both anniversary celebrations took place at the Belgian seaside, both Roger Raveel and Omega Pharma operate from the region of the Leie river, near Ghent. The headquarters of Omega Pharma are located in Nazareth, while the artist is living and working in his village of birth Machelen-aan-de-Leie, where there is since 1999 an entire museum dedicated to his work.

Omega Pharma wishes to thank Mr Luc Levrau, manager of the Roger Raveel archive, for this enthusiastic cooperation for selecting the works of art that are included in this annual brochure.

Letter from the Chairman

In 2007, twenty years had passed since Marc Coucke and his business partner at that time created Omega Pharma. The Company quite literally started its operations in a garage. Its dream was to grow by bringing products to the market according to the motto 'By pharmacists, for pharmacists'. A sharp eye for business, an untameable enthusiasm and the contribution of helpful financiers enabled the Company to grow into a solid SME over the next ten years. But for Marc Coucke, this was not enough. Following a successful IPO on the Brussels stock exchange in 1998, he developed the Company even further into a renowned European player in the OTC products market. Coucke has inspired his Board of Directors, his investors, his employees, and his customers with his entrepreneurial spirit and his drive. Moreover, he has succeeded in transferring his enthusiasm to the many companies that have been acquired. After eight more years of an extremely intense and aggressive acquisition policy, Omega Pharma has become a profitable and financially healthy company with a dimension that few could have imagined at the time of the IPO.

In 2006, the Board of Directors thought it desirable – in accordance with the guidelines for corporate governance as well as in the interest of the Company – that the functions of Chairman of the Board of Directors and CEO should no longer be combined. In consultation with the Board of Directors, Marc Coucke stepped back as CEO in order to concentrate entirely on his task as Chairman. Jan Cassiman, already a member of the Executive Committee, assumed the responsibilities of CEO.

As a consequence of its acquisition policy, Omega Pharma had evolved into a company that was operational in both the business-to-consumer and the business-to-business environments. The conviction grew within the Board of Directors that the Company should concentrate on its consumer activities and carve-out the business-to-business operations. This enabled the new CEO and his team to achieve ambitious new objectives in the pure OTC area. Structuring all business-to-business activities under the newly created Arseus NV and successfully pursuing a public listing was an immense mission. The successful conclusion of this operation provides ample evidence of the competence and the willingness among the Company's employees to pursue major challenges.

The new management team of Omega Pharma certainly did not lack the ambition to stand out as winners and pioneers – both in existing markets and in new markets. This was evidenced by the acquisition of Bittner Pharma, which opened the door to Eastern and Central Europe. In addition, far-reaching internal restructuring within the organization was created with the specific aim of increasing the professionalism, performance, and efficiency of all departments within the Group.

Yet 2007 has, in the end, not become the completely jubilant year that we had envisioned. In early October, Arseus was successfully brought to the stock market, but within the OTC organization not all expectations could be met. It is undeniable that external factors have played a major role in this respect. Nevertheless, the Appointment and Remuneration Committee concluded that a number of measures impacting how the business is organized were still needed. In first place was the desirability of returning the inspirational and enthusiastic Marc Coucke to his former role as CEO. Linked to that was the decision that the current CEO would resume his task and concentrate entirely on the operations in his new capacity as COO. Finally, strategy, particularly that related to finance and Mergers & Acquisitions, would operate as a separate function. I need to stress that this decision-making process also involved intense consultation with the Executive Committee and all of the individuals concerned.

As a consequence of Marc Coucke's return, the Board of Directors needed to appoint a new Chairman. I consider it an exceptional honour that my colleagues on the Board of Directors have asked me to assume this function. It is a huge challenge and I have every intention of executing this task fully aware of all duties involved and always in the interest of the Company, its shareholders, and stakeholders.

In the coming year, Omega Pharma should strive to achieve a substantial organic growth and an increasing market share in markets where it is already operating. This should not, however, keep the Group from paying close attention to any and all interesting opportunities for external growth.

Moreover, a strong Executive Committee, under the impulse of the Board of Directors, should develop high-performance internal structures and managing bodies.

Thanks to the passion manifested over the past twenty years, Omega Pharma has evolved into a company with a particular potential for the future. I am convinced that all employees will fully commit themselves with enthusiasm and competence in order to make this potential into reality.

Lucas Laureys
Chairman of the Board of Directors

OMEGA PHARMA

With the slogan "By pharmacists, for pharmacists" the founders of the company began to build a Consumer Health organization in which the relationship with the pharmacists plays a major role.

Start of acquisition processes on the Belgian home market.

1987 1988 1989 1990 1991 1992 1993 1994 1995 1996 1997 1998

Omega Pharma is **founded** by two pharmacists, including Marc Coucke, the current CEO.

Management buy-out by Marc Coucke.

Initial Public Offering (IPO).

1987 1988 1989 1990 1991 1992 1993 1994 1995 1996 1997 1998

The Company starts selling chemical raw materials for in-pharmacy preparations.

Creation of **OmegaSoft.**

2000

Start of the **internation-alization** process.

Acquisition of **Chefaro**, the OTC division of Akzo Nobel, with operations in the UK, Spain, Germany and the Netherlands.

Expansion into France through the acquisition of **Pharmygiène**.

2002

Expansion into Portugal.

2003

Expansion into Greece.

2004

Acquisition of **Wartner** Europe.

Acquisition of 60 OTC brands from **Pfizer**.

Expansion into Italy and Scandinavia via acquisitions.

2006

Expansion into the CEE and CIS through the acquisition of **Bittner Pharma**.

2007

Inclusion of **Silence** in the brand portfolio through the acquisi-tion of Persee Médica.

2008

Continuation of the growth strategy.

1999 2000 2001 2002 2003 2004 2005 2006 2007 2008

2000

One-for-ten **share split.**

2002

Inclusion in the **Bel20** index.

2007

Arseus carve-out and IPO.

1999 2000 2001 2002 2003 2004 2005 2006 2007 2008

1999

Creation of **Omega Dental.**

2000

Creation of **Fagron.**

2002

Creation of **Omega Medical.**

2006

Creation of **Arseus** as an independent division.

2007

Initial Public Offering (IPO) of Arseus.

Significant events in 2007 and after balance sheet date

Expansion in Central and Eastern Europe

In January 2007, the acquisition of Bittner Pharma was formally completed. The activities of Bittner Pharma have been included in the consolidation scope of the Group since January 2007. This acquisition provided the Company with a foothold in Central and Eastern Europe.

Acquisition of Persee Médica

In April 2007, Omega Pharma acquired the French company Persee Médica. The top product of Persee Médica is Silence, a safe and effective product for alleviating snoring. It will be introduced in stages into all countries where Omega Pharma is operating.

Celebrating 20 years Omega Pharma

In August 2007, the Company celebrated its 20th anniversary. Apart from a gala evening for key staff from all countries where Omega Pharma is operating, the program also included a more playful event. Omega Pharma mobilized 1,221 participants – staff, business partners, friends, and client-pharmacists – for a water gun fight and thus secured its inclusion in the Guinness Book of Records.

Strengthening of the Executive Committee

In April 2007, the Executive Committee was strengthened with the addition of Mike Van Ganse (Head of Marketing and Innovation) and Barbara De Saedeleer (Chief Financial Officer).

Cancellation of treasury shares

In the course of 2006, Omega Pharma bought back a significant number of own shares. The Extraordinary General Shareholder Meeting of 9 March 2007 approved the cancellation of one million treasury shares.

IPO Arseus

On 5 October 2007, the Arseus share was listed for the first time on Euronext Brussels and the Amsterdam Exchange. This enabled Omega Pharma to offer 20,468,144 existing Arseus shares to the market, along with the creation of an additional six million new Arseus shares – all placed at 10.25 euro per share. After the transaction, Omega Pharma retained 7,500,000 Arseus shares (24 per cent of total).

75 years Chefaro

In January 2008, Chefaro celebrated its 75th anniversary. Chefaro – the name is a contraction of Chemical Factories Rotterdam – was the OTC division of Akzo Nobel until December 2000. With the acquisition of this company, Omega Pharma gained instant access to the OTC markets in the Netherlands, Germany, Ireland, Spain, and the United Kingdom. Chefaro also expanded Omega Pharma's portfolio with brands such as Davitamon and Predictor.

Share buy-back

On 13 March 2008, the Board of Directors announced that it will convene an Extraordinary Shareholder Meeting in the first half of 2008 to decide on the proposal to cancel 2 million bought-back shares without a capital decrease. The Board of Directors intends to continue the share buy-back program thereafter.

Organizational changes and outsourcing

The previous Norway Country Manager was promoted to head the Germany organization as of the end of 2007 and a new Country Manager for Belgium was appointed in the beginning of 2008 to strengthen the organization.

After the success of the Irish organization in outsourcing a major portion of their manufacturing in 2007, UK operations also opted for outsourcing. Since the beginning of 2008 sales and marketing activities in the United Kingdom have been carried out by Ceuta Healthcare on behalf of the company.

Top management structure

On 13 March 2008, Omega Pharma announced that Marc Coucke* had been invited by the Board of Directors to resume the function of Chief Executive Officer. Marc Coucke has accepted this mission and has stepped down as Chairman of the Board of Directors. Lucas Laureys* has been proposed as the new Chairman of the Board of Directors and has accepted this mandate. Jan Cassiman* continues to be a member of the Executive Committee in the capacity of Chief Operating Officer. Following the same procedure, the Executive Committee is been further strengthened with the addition of Sam Sabbe* in the capacity of Chief Strategy Officer.

** permanent representative of the legal person who fulfils the mandate.*

Recent developments and prognoses [1]

For 2008, Omega Pharma anticipates an internal growth between 3 and 7 per cent. It is expected that this growth will be achieved mainly during the second half of 2008.

(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.

Corporate Governance

Board of Directors

● Member ■ Chairman

Name	Inde-pendent director	Audit Committee	Appointment & Remuneration Committee (**)	Duration of the current director's mandate
■ Lucas Laureys *(a)*	■		●	Until 3 May 2010
● Mercuur Consult NV (*) (permanent representative: Jan Boone)	●	■	●	Until 3 May 2010
● Benoit Graulich	●	●	■	Until 3 May 2010
● Jean-Louis Duplat *(b)*	●		●	Until 5 May 2008
● Marc Coucke		●	●	Until 2 May 2011
● Couckinvest NV (permanent representative: Marc Coucke)				Until 2 May 2011
● Sam Sabbe BVBA (permanent representative: Sam Sabbe)				Until 2 May 2011
● Jan Cassiman BVBA (permanent representative: Jan Cassiman)				Until 12 January 2011

(*) In conformity with the independency criteria from the Company Code, and as of 13 May 2008 also in conformity with the independency criteria from the Belgian Corporate Governance Code (Code Lippens). On 13 May 2008, three years will have lapsed since Mr Jan Boone, permanent representative of Mercuur Consult NV, has terminated his executive function at Omega Pharma NV.
(**) Effective 11 March 2008.

Following the carve-out and the IPO of Arseus NV, the Board of Directors took the decision with the mutual consent of Mr. Ger van Jeveren that it would be logical for him to step down from his mandate as Director of Omega Pharma NV. The Board of Directors will submit a proposal to that effect at the 5 May 2008 Annual Meeting.

(a) A proposal to transfer the mandate of Lucas Laureys to Lucas Laureys NV will be submitted to the Annual Shareholders Meeting of 5 May 2008.
(b) A proposal to prolong the mandate of Jean-Louis Duplat until the Annual Shareholders Meeting to be held in 2010 will be submitted to the Annual Shareholders Meeting of 5 May 2008.

Executive Committee

Name	Permanent representative	Function	
Couckinvest NV	Marc Coucke	Chief Executive Officer	Since 11 March 2008
Sam Sabbe BVBA	Sam Sabbe	Chief Strategy Officer	Since 11 March 2008(*)
BDS Management BVBA	Barbara De Saedeleer	Chief Financial Officer	Since 16 April 2007
Jan Cassiman BVBA	Jan Cassiman	Chief Operating Officer	Since 11 March 2008(**)
Mike Van Ganse BVBA	Mike Van Ganse	Head of Marketing & Innovation	Since 1 April 2007
Ton Scheepens		Head of Operations	Since 2000

(*) Member of the Executive Committee since 1999, first in the capacity of Chief Financial Officer, later as Executive Vice President until 15 October 2007. No member from 15 October 2007 until and including 10 March 2008.
(**) CEO from 1 October 2006 until 11 March 2008. Managing Director since 12 March 2007 and on 11 March 2008 applying for discharge as Managing Director.

Brief biographies

Here follow the brief biographies of the members of the main directing and managing bodies or their permanent representatives.

Mr Lucas Laureys. °1945. Graduate in Economic Sciences (Ghent), Postgraduate Business Management (Vlerick Management School), MBA Sales & Marketing (Leuven). From 1971 to 2006 Managing Director (responsible for Sales & Marketing) of Van de Velde NV, listed company, lingerie manufacturer based in Schellebelle (Belgium). From 1997 to present, also Chairman of the Board of Directors of this publicly listed company. Director of Topform International, listed lingerie manufacturing company in Hongkong.

Mr Jan Boone. °1971. Degree in Applied Economic Sciences (KUL, Leuven University) and 'Licentiat Spéciale en Révisorat' (UMH, Mons). He started his career in the audit department of a Big Five auditors office. Between 2000 and 2005 he was working at Omega Pharma as department head Corporate Controlling. Since 2005 General Manager Corporate Services and executive director at Lotus Bakeries NV, Belgium.

Mr Benoit Graulich. °1965. Degree in Law, Business Management and Finance (KUL, Leuven University) and Fiscal Sciences. Partner of Bencis Capital Partners, and director at Arseus NV (Belgium), Carrières du Hainaut SA (Belgium) and Wereldhave NV (Belgium). Formerly fulfilled various functions at Ernst & Young (Belgium), Artesia Bank (Belgium) and Price Waterhouse (Belgium).

Mr Jean-Louis Duplat. °1937. Degree in Law. Senior Advisor at Ernst & Young Special Business Services (Belgium), Professor at the faculty of Economic Sciences of the Namur University (Belgium), Honorary Chairman of the CBFA/BFIC (Belgium), Chairman of Aedifica NV (Belgium) and independent director at Brantano NV (Belgium).

Mr Marc Coucke. °1965. Pharmacist (Ghent University, RUG) and postgraduate in Management (Vlerick Management School). Founder and driving force of the Company. Until 30 September 2006 also CEO. From 1 October 2006 to 11 March 2008, he was Chairman. Since 11 March 2008, he is again CEO. He is still the inspirer of the Company, determines to a large degree the strategy of the Company and is also actively involved in main acquisition projects. Director of Arseus NV (Belgium).

Mr Sam Sabbe. °1965. Graduate in Law (Ghent University, RUG). Prior to his career at Omega Pharma, he was active as a banker at Artesia Bank (formerly Paribas Bank Belgium), where he gained wide experience in the field of Mergers & Acquisitions. Active at Omega Pharma in the capacity of Chief Financial Officer between September 1999 and April 2007, and as Executive Vice President between April 2007 and October 2007. CSO since 11 March 2008. Actively involved in all major acquisitions of Omega Pharma in this period. Director of Ecuphar NV (Belgium).

Mr Jan Cassiman. °1962. Industry pharmacist (Ghent University, RUG) and degree in Marketing Management (EHSAL). Started his career with Pfizer and later fulfilled various management functions with Qualiphar, Novartis and Sanofi. As of 2000 he fulfilled European and international OTC management functions at Sanofi, based in Paris. Since July 2003 active with Omega Pharma. Since February 2005 member of the Executive Committee in the function of Business Development & Marketing Services Director. CEO from 1 October 2006 to 11 March 2008, since then COO.

Mrs Barbara De Saedeleer. °1970. Degree in Marketing and in Trade and Financial Sciences, specialisation in Quantitative Business Economics (Vlekho). Started her career in 1994 at Paribas Bank Belgium (later Artesia Bank and Dexia Bank Belgium) in the Corporate Banking department. Later became Regional Director Corporate Banking for East-Flanders. Joined Omega Pharma in June 2004 as Group Treasury Manager. Later promoted Head of Finance. Since 16 April 2007 appointed Chief Financial Officer.

Mr Ton Scheepens. °1948. Former Business Unit Manager of Chefaro. Wide experience in managing international OTC organizations.

Mr Mike Van Ganse. °1970. Trade Engineer (Solvay Business School). Started his career at the Belgian OTC division of Nutricia (Galenco) and later fulfilled various management functions at Novartis Consumer Health (UK, US, Switzerland). Then became marketing responsible at Bayer for the French OTC market. Joined Omega Pharma in April 2007 as Head of Marketing & Innovation, also member of the Executive Committee.

Board of Directors

The Board of Directors comprises minimum three and maximum ten members, who must not necessarily be shareholders. The Board of Directors is made up of executive, non-executive and independent directors.

Appointment of the members of the Board of Directors

The members of the Board of Directors are appointed by the General Meeting. When a director's position becomes vacant the remaining directors have the possibility of provisionally filling the vacancy. The Appointment and Remuneration Committee nominates one or more candidates for the position, with due consideration for the needs of the Company and in accordance with the articles of association. The articles of association of the Company provide a nomination right to Couckinvest NV for the appointment of the members of the Board of Directors, by which half of the Directors plus one must be chosen from among the candidates exclusively nominated by Couckinvest NV. Mr Marc Coucke and Couckinvest NV collectively represent the reference shareholder. In reality, no use has been made of this nomination right. The Board of Directors holds the opinion that no individual or group of directors dominate the Board of Directors' decision-making and that no one individual has unfettered powers of decision-making.

The term of office for newly appointed directors and for directors whose mandate is renewed, is set at maximum four years. There is no age limit set for the members of the Board of Directors.

Functioning and role of the Board of Directors

The Board of Directors has passed its internal terms of reference in the context of establishing the Corporate Governance Charter. Beside compliance with the legal provisions, the Board of Directors has a.o. the following tasks: establishing the strategy, the risk profile, the values and the main policy lines, ensuring that the necessary financial and human resources are available for the realisation of the objectives, checking the adequacy of the internal and external audits, structuring the Executive Committee, establishing and evaluating the powers of the Executive Committee, supervising the press releases and annual accounts drawn up by the Executive Committee, establishing the principles of Corporate Governance and supervising compliance with the Corporate Governance Code, setting up specialised committees, and establishing their terms of reference.

The minimum number of meetings per year is set at six.

2007 activity report of the Board of Directors

In 2007 there were twelve meetings of the Board of Directors. Mercuur Consult NV, Couckinvest NV and MM. Coucke and van Jeveren were each excused for one meeting. MM. Laureys and Duplat were each excused for two meetings, while Sam Sabbe BVBA and MM. Laureys and Graulich were each excused for three meetings. Otherwise, all members attended all meetings. This results in a participation rate of 86 per cent.

In addition to the twelve meetings in 2007, a number of decisions related to the IPO of Arseus have been taken in writing by the Board of Directors.

Beside discussing the financial reporting of the Company, the Board of Directors has in 2007 dedicated particular attention to the preparatory activities for the carve-out and the Initial Public Offering of Arseus, the former Professional Health division of the Group. The strategic acquisition of Persee Médica has also been the subject of discussions and deliberations of the Board of Directors.

Remuneration of the Board of Directors

The remuneration of executive directors is entirely related to their executive functions as members of the Executive Committee. The remuneration for the Executive Committee members is mentioned on page 115 of this document.

As part of the Company's warrant plans and with the approval of the Extraordinary General Shareholder Meeting of 7 July 2004, warrants may be allocated to members of the Board of Directors. The Board of Directors holds the opinion that this system results in an optimum commitment between the independent Directors and the Company. This principle was approved prior to the

implementation of the Belgian Corporate Governance Code, at a time in which non-executive directors were not remunerated for their terms of office. In the mean time, the Board of Directors has decided not to allocate additional warrants anymore to independent Directors.
The Directors were not allocated any warrants during 2007. Only warrants that were already allocated can be exercised. In this context, the Board of Directors has decided, with the consent of the General Shareholder Meeting of 4 June 2007, to provide remuneration for the non-executive directors.
Non-executive Directors are remunerated for their terms of office as Director for an amount of 10,000 euro per annum. They are entitled to an additional remuneration of 5,000 euro per annum for each membership of an advisory committee of the Board of Directors. Specifically for 2007, this results in the following remunerations: Mercuur Consult 25,000 euro, Lucas Laureys 15,000 euro, Benoit Graulich 15,000 euro and Jean-Louis Duplat 15,000 euro. Marc Coucke and Couckinvest NV together received a gross remuneration of 400,000 euro for their mandates and performances in 2007.
On 31 December 2007, the members of the Board of Directors (both non-executive and executive Directors, and including the permanent representatives of the members of the Board of Directors) collectively held 57,245 warrants, of which 16,750 held by non-executive Directors.

Policy for transactions and other contractual relationships between the Company and its board members or executive managers who are not covered by the conflict of interest regulation

The Board of Directors has drawn up a number of guidelines with respect to transactions and other contractual relationships between the Company and its Directors or members of the Executive Committee who are not covered by the conflict of interests regulation.
All members of the Board of Directors and the Executive Committee are expected to avoid actions, positions or interests that are contrary to, or appear to be contrary to the interests of the Company or of one of the companies of the Omega Pharma group.
Otherwise, all transactions between the Company and members of the Board of Directors or the Executive Committee (or their permanent representatives) require the approval of the Board of Directors.
When the members of the Board of Directors or the Executive Committee (or their permanent representatives) identify a possible conflict of interests with respect to a decision or activity of the Company, they must also notify the Chairman of the Board of Directors at the earliest possible opportunity.

Rules for the prevention of insider trading and market manipulation

The Board of Directors has drawn up rules to prevent privileged information being unlawfully used by Directors, shareholders, members of management, employees and selected third parties (named “Insiders”). These rules are an integral part of the Corporate Governance Charter and are available on the corporate website (www.omega-pharma.be). The Board of Directors has also appointed a Compliance Officer to supervise, among other things, compliance with the rules by Insiders.
Insiders and persons closely related to them may not conduct any transactions with respect to securities of the Company during closed and blocked periods. Closed periods are the periods between the closing of the quarter and the publication of the turnover and the one-month periods prior to the announcement of the annual and six-monthly results of the Company, or and if shorter, the period starting at the closing of the relevant accounting period until and including the day of the announcement. Blocked periods are the periods that are communicated as such by the Compliance Officer. Certain transactions – to be named specifically – remain exceptionally possible during the closed and blocked periods. Insiders that wish to acquire or sell securities of the Company must notify the Compliance Officer of this intention prior to the transaction. In response to this notification, the Compliance Officer may issue a negative recommendation with respect to the transaction. In that case, the Insider must consider this as an explicit rejection of the transaction by the Company. Every request and recommendation of the Compliance Officer is included in a special register.

Specialised Committees of the Board of Directors

These committees have an advisory role. They assist the Board of Directors in specific circumstances that they thoroughly monitor and for which they submit recommendations to the Board of Directors. The ultimate decision lies with the Board of Directors. The composition, powers and functioning of the committees are described in their respective terms of reference. The committees report to the Board of Directors after every meeting.

Audit Committee
As of 13 May 2008 the composition of the Audit Committee complies with all provisions of the Belgian Corporate Governance Code. The main duties of the Audit Committee are: assessing the reliability and quality of the financial reporting, the performance of the internal audit and risk management, discussing with the Statutory Auditor of the consolidated half-year and annual profit and loss account and the audit report concerning the evaluation of the internal audit, assessing the performance and independence of the external auditor, checking the scope and the nature of non-audit work by the Statutory Auditor. The Audit Committee met three times in 2007. All members attended these meetings.

Remuneration Committee
The main duties of the Remuneration Committee are: formulating and assessing the remuneration policy for non-executive Directors, the Chairman of the Board of Directors, the members of the Executive Committee and the CEO, formulating recommendations concerning the performance targets for the CEO and the other members of the Executive Committee and the guidelines for motivation and departure packages for important managers, discussing the functioning and performance of the Executive Committee. In 2007, the Remuneration Committee had two formal meetings and several informal meetings related to the Arseus IPO. All members attended these meetings.

Appointment Committee
The main duties of the Appointment Committee are: drawing up the appointment procedures for the members of the Board of Directors, nominating suitable candidates, formulating proposals for reappointments, evaluating and making recommendations on the composition of the Board of Directors and its Committees, offering advice on proposals concerning the appointment or dismissal of members of the Executive Committee, evaluating potential candidates for a position on the Executive Committee. The Appointment Committee met five times in 2007 and delivered preparatory work and counselling related to appointing Mike Van Ganse BVBA and BDS Management BVBA members of the Executive Committee and to the honourable dismissal of Sam Sabbe BVBA as member of the Executive Committee. All members attended these meetings.

Appointment and Remuneration Committee
On 11 March 2008, the Board of Directors has decided to merge the Remuneration Committee and the Appointment Committee. The Board of Directors holds the opinion that this enables a better functioning. Not only does this stimulate interaction, but it also leads to less heavily charged diaries of the members, thus enabling them to better focus on their tasks. Furthermore, it also limits additional remuneration charges.
As of 13 May 2008 the composition of the Appointment and Remuneration Committee complies with all provisions of the Belgian Corporate Governance Code, except for the fact that Marc Coucke, executive director, is also member of this Committee.
The Board of Directors holds the opinion that his membership of this Committee is essential because he can, as founder and driving force of the Company, provide a significant contribution on this area to the benefit of the Company. Moreover, strict agreements apply so that Marc Coucke does not participate in deliberations concerning his own person or Coukinvest NV.

Executive Committee

Appointment of the members of the Executive Committee
Omega Pharma NV has established an executive committee in the sense as included in the Corporate Governance law of 2 August 2002. The members of the Executive Committee are appointed by the Board of Directors, based on the recommendations of the Appointment and Remuneration Committee. The members are appointed for an indefinite period.

Functioning of the Executive Committee
The Executive Committee is responsible for the Company's management. It exercises the management powers that the Board of Directors has delegated to it (within the limits of the general and strategic policy and where not expressly reserved to the Board of Directors by law or otherwise). This means that the Executive Committee exercises the most extensive powers in: daily management, mergers, acquisitions, investments and divestments, research and product development, distribution, purchasing and production, marketing and sales, logistics and information technology, accounting, administration and financial matters, treasury, supervision of the business unit (managers), legal matters, intellectual property, environment and permits, human resources, insurances, tax and subsidy matters, production of press releases and annual accounts. More detailed information can be found in the 'Internal terms of reference of the Executive Committee' which is annexed to the Corporate Governance Charter and is available on the corporate web site.
The Executive Committee meets in principle once a week. The Executive Committee also organised regular seminars (some in the presence of all members of the Board of Directors) at which the Company's general strategy was discussed, the financial position analysed and the staff structure examined. The Board of Directors receives a copy of the minutes of every meeting of the Executive Committee.

Remuneration of the Executive Committee and the CEO
The overall remuneration package in 2007 for the members of the Executive Committee and for the CEO individually, as well as other aspects in the area of remuneration, can be found in Note 27 to the consolidated financial statement (page 115 of this document).

Statutory Auditor

In 2007, supervision and audit of the annual accounts was performed by PricewaterhouseCoopers, Bedrijfsrevisoren BCVBA, represented by MM Peter Van den Eynde and Peter Opsomer, Auditors.
The Board of Directors has been informed that Mr. Peter Opsomer will no longer act as permanent representative of the Statutory Auditor at Omega Pharma, effective 21 January 2008. Consequently, Mr. Peter Van den Eynde is the sole permanent representative of the Statutory Auditor as of that date. The mandate of the Statutory Auditor runs until the annual General Meeting that takes place in 2008. The Board of Directors will propose the Annual Meeting of 5 May 2008 to renew this mandate for a duration until the annual meeting that will be held in 2011.
Details of the Statutory Auditor's remuneration in 2007 can be found in Note 30 to the financial statement (page 117).

Corporate Governance Charter

Corporate Governance Charter
The Board of Directors approved the first issue Company's Corporate Governance Charter on 23 December 2005. The Charter is based on the provisions of the Belgian Code for Corporate Governance, and the Board of Directors set the goal of full compliance with the principles, and aims to comply as closely as possible with the provisions of this Code.

The Charter also includes the terms of reference of the Board of Directors, the Executive Committee, the Audit Committee, the Appointment Committee and the Remuneration Committee. The Charter also includes the policy established by the Board of Directors for transactions and other contractual relations between the Company and its Directors and members of the Executive Committee. The Board of Directors has furthermore established rules to prevent insider trading.

On 11 March 2008, the Board of Directors has approved a new version of the Corporate Governance Charter of the Company. This version includes the following adjustments to the previous version:

- Merger of the Remuneration Committee and the Appointment Committee.
- Extension of the closed periods previously defined between the closure of the related quarter and the publication of the turnover and the two-weeks periods prior to the announcement of the final annual, six-monthly and quarterly results of the Company. The new provision extends the latter periods until one month prior to the announcement of the results.
- Removal of all non-obligatory mentioning of specific names and dates, thus avoiding unnecessary annual modifications of the Charter. Of course, this information will be included each year in the Corporate Governance chapter of this annual report.

The complete Corporate Governance Charter, including its annexes, is available on the corporate website (www.omega-pharma.be). Future changes to the Charter will also be published on the corporate website.

General Meeting
The Ordinary General Meeting, known as the Annual General Meeting, is held on the first Monday of May at 7 PM each year. If that day is an official public holiday, the meeting is held at the same time on the next working day. The General Meeting is held at the registered office of the Company or at any other venue stated in the letter of notice or letter of invitation.
The holders of registered shares must notify the Board of Directors of their intention to attend the General Meeting no later than three working days before the meeting if they are to be admitted to the General Meeting. The holders of bearer shares must deposit their shares at the place stated in the notice within the same term. They are admitted to the General Meeting upon production of a certificate proving that the shares have been deposited. Holders of dematerialized shares must deposit a certificate, testifying to the unavailability of these shares to the General Meeting, at the institutions stated by the Board of Directors within the same term. The holders of bonds, warrants and certificates may attend the General Meeting provided the shareholder admittance conditions are met. Moreover, the Board of Directors may establish a registration date and may decide that the shareholders can participate at the General Shareholders Meeting and exercise their voting right related to the shares that they hold on the registration date at 12 PM, regardless the number of shares that they hold at the day of the General Shareholder Meeting.
Shareholders who represent, individually or collectively, at least 10 per cent of the capital, are entitled to propose subjects for the agenda of the General Shareholder Meeting, provided that their proposals are submitted at least ninety days in advance to the Board of Directors. The corresponding provision in the Belgian Corporate Governance Code enables this when representing at least 5 per cent of the capital. Taking the annual rotation of shares into account, the Company holds the opinion that its proposal avoids that investors with a short-term view would impact to

strong on the strategy of the Company, which is focused on continuity and sustainable achievements in the mid-term.

Consultation of the Company's documents
The individual and consolidated annual accounts, articles of association, annual reports and other information that is made public for the benefit of the shareholders are available from the registered office of Omega Pharma free of charge. The information is also available on the Company's website (www.omega-pharma.be).

Corporate Governance statement
The Company holds the opinion that it complies as of 13 May 2008 with all principles and provisions of the Belgian Corporate Governance Code, with the exceptions of the composition of the Appointment and Remuneration Committee, the possibility to allocate warrants to non-executive Directors and of the right for shareholders representing at least 10 per cent of the capital to propose subjects for the agenda of the General Shareholder Meeting. The corresponding explanations for these deviations are included in this chapter.

Number of shares and shareholders' equity
The Company's shareholder's equity on 1 January 2007 was 16,315,105.37 euro and was represented by 26,984,681 shares. On 31 December 2007 this was 16,450,190.63 euro represented by 26,205,848 shares. On 31 March 2008 the shareholder's equity amounted to 16,451,521.34 euro represented by 26,207,968 shares.

The changes that have occurred in this period are explained by the following notary acts:

- 5 February 2007: creation of 8,750 new shares due to the exercise of warrants, thus bringing the total number of shares to 26,993,431 and corresponding capital increase within the authorised capital bringing the shareholders' equity to 16,320,395.61 euro and the issue premium to 342,061,285.85 euro.
- 5 February 2007: creation of 153,210 new shares due to the exercise of warrants, thus bringing the total number of shares to 27,146,641 and corresponding capital increase within the authorised capital bringing the shareholders' equity to 16,413,026.28 euro and the issue premium to 348,186,810.08 euro.
- 9 March 2007: cancellation of 1,000,000 treasury shares without capital decrease, thus bringing the total number of shares to 26,146,641. The shareholders' equity remained unchanged.
- 6 July 2007: creation of 49,907 new shares due to the exercise of warrants, thus bringing the total number of shares to 26,196,548, and corresponding capital increase within the authorised capital bringing the shareholders' equity to 16,444,353.00 euro and the issue premium to 349,472,778.15 euro.
- 7 September 2007: creation of 6,250 new shares due to the exercise of warrants, thus bringing the total number of shares to 26,202,798 and corresponding capital increase within the authorised capital bringing the shareholders' equity to 16,448,276.13 euro and the issue premium to 349,767,064.40 euro.
- 7 December 2007: creation of 3,050 new shares due to the exercise of warrants, thus bringing the total number of shares to 26,205,848 and corresponding capital increase within the authorised capital bringing the shareholders' equity to 16,450,190.62 euro and the issue premium to 349,884,137.56 euro.
- 6 February 2008: creation of 2,120 new shares due to the exercise of warrants, thus bringing the total number of shares to 26,207,968 and corresponding capital increase within the authorised capital bringing the shareholders' equity to 16,451,521.34 euro and the issue premium to 349,923,659.73 euro.

The most recent situation can always be found at the corporate website (www.omega-pharma.be), in the Investor Center, under the header Info for shareholders.

Shareholder's structure and declarations of interest
Based on the declarations of interest that the Company has received until 31 March 2008, and taking the nominator as per 31 March 2008 into account, the shareholders' structure of Omega Pharma is as follows:

Basis	effective voting rights		Effective and future voting rights (fully diluted)	
Couckinvest NV and Marc Coucke (declaration of 2 October 2007)	7,471,746	(28,51%)	7,476,746	(28,29%)
Goldman Sachs International Group (declaration of 26 July 2007)	1,307,780	(4,99%)	1,307,780	(4,95%)
Omega Pharma NV - treasury shares (declaration of 26 December 2007)	1,338,538	(5,11%)	1,338,538	(5,07%)
Free float	16,089,904	(61,39%)	16,304,453	(61,69%)
Total	**26,207,968**	**(100%)**	**26,427,517**	**(100%)**

The Company also received a copy of the notifications of Couckinvest NV and Mr Marc Coucke to the BFIC in accordance with article 74, §6 of the Law of 1 April 2007 on the public take-over bids. These notifications indicate that, as at 1 September 2007, Couckinvest NV and Marc Coucke respectively held 7,922,501 and 11,245 shares with effective voting rights of Omega Pharma NV – i.e. 7,933,746 shares in mutual consent. Based on the total number of 26,196,548 shares with voting right as at 1 September 2007, their participation amounts to 30.29%.

These declarations on interest are also available on the corporate website under the chapter Press Releases.

In accordance with article 11 of the articles of association of the Company, the applicable quota for the application of articles 1-4 of the Act of 2 March 1989 on the publication of significant participations in listed companies, is set at 3 per cent, 5 per cent and multiples of 5 per cent.

Conflicts of interest
The procedure of Article 523 of the Company Code was applied twice in 2007. The contents of the minutes of the relevant decisions indicating the reason for the conflict of interest are given below, as are the explanation and pecuniary effects of them for the Company.

At the Board of Directors meeting of 23 May 2007
"Preceding, five directors – i.e. Mr Coucke, Couckinvest NV, Jan Cassiman BVBA, Sam Sabbe BVBA and Mr van Jeveren – state that they have a potential conflict of interest in the sense of Article 523 of the Company Code with respect to the discharge of Couckinvest NV, Jan Cassiman BVBA, Sam Sabbe BVBA and Mr van Jeveren, respectively in their capacity as members of the Company's Executive Committee during the accounting period 2006.
For the Directors Sam Sabbe BVBA, Couckinvest NV, Jan Cassiman BVBA and Ger van Jeveren this conflict of interest arises from the fact that they are Directors of the Company and also members of the Executive Committee or were members of the Executive Committee in the financial year 2006. For Mr Coucke this conflict of interest also arises from the fact that he is Managing Director of Couckinvest NV, which is also a member of the Company's Executive Committee.
MM. Coucke and van Jeveren, as well as Couckinvest NV, Jan Cassiman BVBA and Sam Sabbe BVBA will notify the Statutory Auditor of their conflict of interest.
The Directors further confirm that they have no conflict of interest in the sense of Article 524 of the Company Code when granting discharge to the members of the Executive Committee as this decision falls, according to the judgment of the Board of Directors, under the deminimis specification, provided for in Article 524, 3rd item, 2nd of the Company Code.

Mr Coucke and Couckinvest NV, Jan Cassiman BVBA, Sam Sabbe BVBA and Mr van Jeveren will not further participate at the deliberation, nor at the voting of the discharge Couckinvest NV, Jan Cassiman BVBA, Sam Sabbe BVBA, and Mr van Jeveren respectively. Consequently, Mr Coucke and Couckinvest NV will leave the meeting when the discharge of Director Couckinvest NV is deliberated and decided upon. Jan Cassiman BVBA will leave the meeting when the discharge of Jan Cassiman BVBA is deliberated and decided upon. Sam Sabbe BVBA will leave the meeting when the discharge of Director Sam Sabbe BVBA is deliberated and decided upon. Mr van Jeveren will leave the meeting when the discharge of Director Ger van Jeveren is deliberated and decided upon.

The grounds for justification for granting discharge are as follows:
For the duration of the financial year 2006 the Board of Directors regularly acquired complete insight into minutes and decisions of the Executive Committee and, on the basis of this, the Board of Directors was able to satisfactorily establish that each individual member of the Executive Committee properly carried out their duties in the financial year 2006.

The pecuniary consequences for granting discharge are as follows:
The consequence of discharge is that each member of the Executive Committee cannot be held personally liable by the Board of Directors for errors and omissions made in the exercise of their duties.
In separate voting (per member of the Executive Committee), the Board of Directors unanimously grants discharge to each of the members of the Executive Committee separately for the way that they have exercised their mandate and mission during the fiscal year 2006."

At the Board of Directors meeting of 20 November 2007
"The Board of Directors further deliberates the proposal to provide supportive corporate services to Arseus NV until 31 March 2008 and this in the framework of a swift carve-out and transition to autonomy of the Arseus entities.
Preceding, four Directors – i.e. Mr Coucke, Couckinvest NV, Mr van Jeveren and Mr Graulich state that they may possible have a conflict of interest in the sense of Article 523 of the Company Code when deciding to grant supportive corporate services to Arseus NV.
For Couckinvest NV, Mr van Jeveren and Mr Graulich this conflict of interest arises from the fact that they are Director of the Company on the one hand, while they are Director of Arseus NV on the other hand. For Mr Coucke this conflict of interest stems from the fact that he is the Managing Director of Couckinvest, which is also Director of Arseus NV.
Mr Coucke, Couckinvest NV, Mr van Jeveren and Mr Graulich will notify the Statutory Auditor of their conflict of interest.
The Directors further confirm that they have no conflict of interest in the sense of Article 524 of the Company Code when deciding to provide supportive corporate services to the Arseus entities.
Mr Coucke and Couckinvest NV, Mr van Jeveren and Mr Graulich will not further participate at the deliberation nor at the voting of the decision to provide supportive corporate services to Arseus and, consequently, they leave the meeting.

The grounds for justification for providing supportive corporate services are as follows:
In view of the decision to realize the IPO of Arseus NV in an extremely accelerate time frame, the Board of Directors of the Company takes notice that Arseus NV is in the process of concretizing and finalizing the development of its corporate services. The accelerated timing of the IPO has not enabled Arseus to develop its corporate services in an optimal way. In order to provide Arseus NV with the possibility to optimize these services in the short term and to assure the continuity of its operations, the Board of Directors of the Company proposes that Arseus NV can continue to make an appeal, free of charge, on a number of corporate services of the Company until 31 March 2008.

The pecuniary consequences for providing supportive corporate services are as follows:
The temporary provision of supportive services will not incur any costs and fits in the framework of assuring an optimal and swift carve-out of the Arseus entities.

The Board of Directors deliberates the proposal and approves to provide supportive corporate services to Arseus at no charge, until 31 March 2008."

Purchase of own shares
The Extraordinary General Meeting of 7 July 2006 and of 6 July 2007 granted the Company's Board of Directors additional authorisations to purchase the Company's own shares.

In the interests of the Company and in the light of the market conditions, the Board of Directors has decided to continue the purchase programme.

More information on this subject is included in Note 11 to the consolidated financial statements, which can be found on page 95 of this document.

Warrants
The Board of Directors of Omega Pharma approved three warrant plans on 20 April 1998, 13 December 2000 and 1 April 2003 for the benefit of its employees, important third parties and consultants of Omega Pharma and/or its subsidiaries. The Board of Directors is of the opinion that the possibility for employees, important third parties and consultants to participate is an important stimulus in the development and growth of the Company.

The Extraordinary General Meeting of 7 July 2004 also approved a warrant issue for the benefit of the Company's independent Directors.

Further details on the movements of the number of warrants in the financial years 2006 and 2007 can be found in Note 11 to the consolidated financial statement on page 96 of this document.

The corporate website is a rich source of information about the Group.

Annual information

In conformity with Title 10 of the Belgian Act of 16 June 2006 pertaining to the public offer of investment instruments and the admission of investment instruments to be traded on the regulated market (the 'Prospectus Law'), a summary of the 'annual information' is included hereunder. For the sake of completeness, the information concerning the Arseus IPO is also included in this overview. The date mentioned for each document refers to the moment that this information was published. The full documents referred to in this summary are available on the corporate web site www.omega-pharma.be under the chapter "Investor Center".

Prospectuses

Omega Pharma has not issued a prospectus in 2007, but stipulates that the Board of Directors of Arseus, its previous Professional Health division, has issued a prospectus on 11 September 2007 related to the IPO of Arseus as an independent company.

Information to the shareholders

- Convocations to the (annual and extraordinary) General Shareholder Meetings of 12 February 2007 (ESM) 4 June 2007 (ASM and ESM) and 6 July 2007 (ESM).
- Proxy forms for the above-mentioned General Shareholder Meetings of 12 February 2007 (ESM) 4 June 2007 (ASM), 4 June 2007 (ESM) and 6 July 2007 (ESM).
- Modification of the denominator as a consequence of the cancellation of treasury shares on 9 March 2007, and as a consequence of the creation of new shares resulting from the exercise of warrants on 5 February 2007, 6 July 2007, 7 September 2007, 7 December 2007 and 6 February 2008. Each time the coordinated Articles of Associated were adjusted correspondingly.

Periodical press releases and information

- 19 January 2007 (2006 Turnover)
- 15 April 2007 (2006 Consolidated results + abbreviated Statutory financial statement)
- 19 April 2007 (Trading Update first quarter 2007)
- 19 July 2007 (Trading Update second quarter 2007)
- 29 August 2007 (Results first half year 2007)
- 18 October 2007 (Trading Update third quarter 2007)
- 18 October 2007 (Arseus Trading Update third quarter 2007)
- 17 January 2008 (Trading Update fourth quarter and full year 2007)

Occasional press releases and information

- 12 January 2007 (appointment of Jan Cassiman BVBA and Ger van Jeveren as member of the Board of Directors, and of Mike Van Ganse BVBA as member of the Executive Committee)
- 19 January 2007 (confirmation of the IPO scenario for Arseus)
- 1 March 2007 (publication of the presentation shown at the Analyst Meeting)
- 5 April 2007 (acquisition Persee Médica)
- 16 April 2007 (new function for Sam Sabbe BVBA within the Executive Committee and appointment of BDS Management BVBA as member of the Executive Committee)
- 4 June 2007 (acquisition of Polichimica by Arseus)
- 4 July 2007 (IPO of Arseus advanced to 2007 instead of 2008)
- 6 September 2007 (Arseus has assured a 200 million euro revolving credit facility starting upon realisation of the IPO)
- 21 September 2007 (price range of 9.50 to 12.00 euro per share for the IPO of Arseus)
- 2 October 2007 (early closing of the offering related to the IPO of Arseus)
- 4 October 2007 (Fixing of the price per share Arseus at 10.25 euro)
- 4 October 2007 (Result of the offering related to the IPO of Arseus)
- 8 November 2007 (Results of the stabilisation program related to the IPO of Arseus)
- 21 November 2007 (mandate to buy-back up to 2 million additional own shares by 5 May 2008)

Reception of declarations of interest (number of effective voting rights)

- 13 March 2007 of Couckinvest NV/Marc Coucke (7,924,746)
- 14 March 2007 of Omega Pharma NV (272,794)
- 19 April 2007 of Goldman Sachs International (1,542,236)
- 8 August 2007 of Goldman Sachs International (1,307,780)
- 2 October 2007 of Couckinvest NV/Marc Coucke (7,471,746)
- 4 December 2007 of Omega Pharma NV (822,794)
- 28 December 2007 of Omega Pharma NV (1,338,538)
- 12 February 2008 of Couckinvest NV/Marc Coucke (7,933,746 as at 1 September 2007)

Corporate Social Responsibility

It is a fundamental principle at Omega Pharma that we do business in a sustainable and responsible manner. To this end, Omega Pharma requires correct and ethical conduct from all of its employees and partners. Omega Pharma encourages a participatory management style, with a high degree of involvement of all staff members. Omega Pharma offers equal opportunities to its employees and favours internal promotions wherever possible. Omega Pharma wants to be a meritocracy, a company where promotions depend on the know-how, the skills, and the experience of individuals. Omega Pharma also wants to engage in the local communities where the Group has offices or where its products and services are marketed. Numerous decisions are preceded by serious considerations about their possible impact on society – in terms of environmental, as well as social and ethical impact.

Omega Pharma is a relatively young company. Because of the rapid evolution that the Group has experienced over the past twenty years, these principles have not yet been formalized in a written charter.

In the past year, the Company has paid specific attention to the structure of the Group and to the documentation of all business processes. Mid 2007, the initiative was initiated to thoroughly review the internal General Directives of the Group, and to modify or update these where required before the end of the first half of 2008. These General Directives may serve later as a basis for developing a formal Corporate Social Responsibility Charter.

CONSUMER HEALTH (OTC)


Masque
Pureté Eclat
Fluide
Hydratation
Totale
Sérum Pureté
Matifiant
Oil Control
Serum
LeClerc
PARIS
Crème
Hydratation Totale
T.LeClerc
PARIS

Letter from the CEO

Dear Shareholder,

It is with a great enthusiasm that I accede to the request of the Board of Directors to resume the operational lead of Omega Pharma.

With approximately 1,900 passionate and talented employees and over 100,000 customers who have created added value for the many local and international brands in our portfolio, Omega Pharma has a strong base for becoming a future-oriented pan-European OTC company.

Thanks to innovation, synergies, and short decision-lines, a continuous dynamic can be created. And thanks to economies of scale and cost-consciousness, this dynamic should lead to efficiency and profitability.

I fully realize that 2007 and the beginning of 2008 were not favourable for our shareholders. Yet, thanks to the Arseus IPO, we became a pure OTC-group. In combination with an efficient dynamic, this should enable us to create considerably more shareholder value.

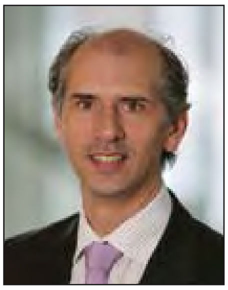
Please be assured that the entire Executive Committee is fully committed to achieving this for you.

Marc Coucke, CEO

Sam Sabbe, CSO

Barbara De Saedeleer, CFO

Jan Cassiman, COO



Mike Van Ganse, Head of Marketing & Innovation

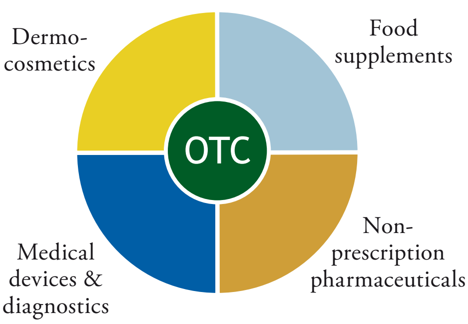
Ton Scheepens, Head of Operations

Omega Pharma at a glance

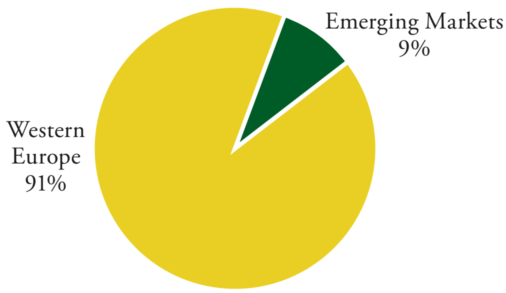
Consolidated results in million euro (in %)	Turnover 2007	Turnover Evolution 2006	REBITDA 2007	REBITDA Evolution 2006	REBITDA 2007 margin	Employees (full-time equivalents) 2007	Employees (full-time equivalents) 2006
Omega Pharma Belgium	199,0	-10%	23,6	-16%	11,9%	261	274
Omega Pharma France	190,4	+10%	21,2	+13%	11,1%	549	543
Omega Pharma Europe	399,9	+19%	92,1	+12%	23,0%	1 000	775
Omega Pharma Northern Europe	*99,6*	*+3%*	*25,6*	*+1%*	*25,8%*	*160*	*145*
Omega Pharma Southern Europe	*143,1*	*+10%*	*27,7*	*-2%*	*19,4%*	*288*	*288*
Omega Pharma 'Rest of World'	*157,2*	*+42%*	*38,8*	*+36%*	*24,7%*	*552*	*342*
OTC operational	**789,3**	**+8%**	**136,9**	**+6%**	**17,3%**		
Corporate			-11,4	+19%		71	64
Omega Pharma (OTC)			**125,5**	**+4%**	**15,9%**	**1 881**	**1 656**

- Close to 1900 employees.
- Direct presence in 30 countries.
- Operating in the market of non-prescription health care products distributed in pharmacies (OTC medicines, nutritional supplements, medical devices and personal care products).
- 91 per cent of the turnover is generated in Western Europe; 9 per cent in the Emerging Markets.
- Structured in 5 reporting divisions.

Definition of OTC



Geographic spread turnover Omega Pharma 2007



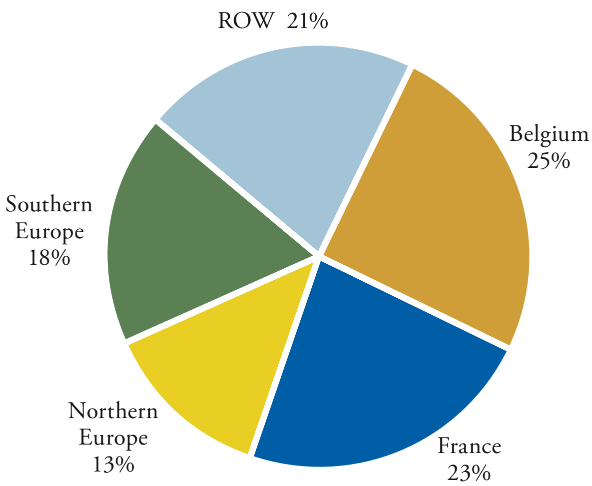
Health care products without a doctor's prescription

The Consumer Health market is characterized by a wide and extremely diversified product range that can be further categorized as follows:

- **OTC medicines.** These are products that are officially registered as medicines, but are available without prescription to the end consumer. The safety and efficacy of these products and their active ingredients are tested prior to their market launch, and are also monitored throughout their life cycle in the context of pharmacovigilance systems.
- **Nutritional supplements.** These products do not require a medicine registration certificate. In most countries, however, they must comply with specific legal requirements for alimentary products. The principal food supplements are vitamins and minerals.
- **Personal care products.** These products for external use do not require a medicine registration certificate. They include a wide array of products for personal hygiene and body care such as shampoos, creams, lotions, etc.
- **Medical devices and diagnostics (patient care).** Non-registered products, often with CE-label. Examples include bandages, diagnostics, compression stockings, and infant nutrition, among others.

The biggest market segments in terms of turnover are products for skin and hair care (derma), analgesics, cough and cold products, anti-allergy therapies, gastrointestinal therapies, and smoking-cessation products.

Turnover Omega Pharma OTC 2007



By pharmacists, for pharmacists

Pharmacies represent the most important distribution channel and – in many countries – the only distribution channel. Since its creation in 1987, Omega Pharma has lived by the motto 'By pharmacists, for pharmacists'.

- **Exclusive distribution.** In most countries, the sale of retail OTC medicines is legally restricted to pharmacists. Although recent legislative measures have been taken to allow a wider distribution in a number of countries (Portugal, Italy, etc.), the reality is that pharmacies have managed to preserve their dominant market position.
- **Specific brands for the pharmacy.** The distribution exclusivity does not apply to nutritional supplements and personal care products which are also available in general retail outlets. Omega Pharma however has developed specific brands of these products available only through pharmacies. Hence, pharmacies represent a priority channel for these categories as well.
- **Individual trade relationships.** There are an estimated 120,000 pharmacies in Western Europe, and an estimated 100,000 in Central and Eastern Europe. In most countries, one pharmacist is legally entitled to own and operate several pharmacies. Still, the number of national pharmacy chains remains limited, except in countries where the distribution landscape has traditionally been organized in that way – e.g. the Netherlands and the United Kingdom.
- **Limited vertical integration.** From a strategic point of view, a number of European pharmaceutical wholesalers have initiated vertical integration processes by acquiring and operating pharmacies. In most cases, Omega Pharma is a preferred partner and 'category advisor' in OTC. Only in a limited number of cases these companies also offer distribution brands – mainly for products in the biggest categories and seldom for products in the segments targeted by Omega Pharma.

There are over 200,000 pharmacies in the countries where Omega Pharma is operating.

Small top in a fragmented market

- The value of the worldwide Consumer Health market is estimated at 54 billion euro and is growing 3 to 4 per cent per annum. For Western Europe, the estimated market value is 20 billion euro, with an annual growth rate between 2 and 3 per cent.
- While Omega Pharma is at present still operating almost exclusively in Western Europe, the Company is poised to enter the world wide Top Ten in OTC. Almost all other companies in the Top Ten ranking are already operating at a global level.
- The combined Top Ten companies represent approximately 30 per cent of the total global OTC market. This clearly demonstrates that this market is highly fragmented.
- The worldwide situation is mirrored in almost all national markets, with the same names often in the local Top Ten rankings, followed by numerous smaller national companies.
- In recent years, a number of major acquisitions have taken place among international companies – e.g. Bayer acquired the OTC activities of Roche, Reckitt Benckiser obtained the OTC brands of Boots, and Johnson & Johnson took over Pfizer's OTC division. Since virtually all global companies focus on the same OTC market segments, this wave of consolidation has had almost no impact on Omega Pharma.
- Omega Pharma acquisitions have been mainly national and regional companies with a leading position in specific market segments. We intend to continue this acquisition policy in the future.

World-wide OTC Top

Company (OTC-division)	OTC turnover 2007 in million euro	Main brands
Johnson & Johnson	9 710	Actifed, Motrin, Sinutab, Sudafed, Tylenol, Imodium, Motilium, Pepcid, Caladryl, Evian, Neutragena, Nizoral, Piz Buin, RoC
Proctor & Gamble	6 006	Oral-B, Actonel, Prilosec OTC, Vicks
Bayer Consumer Health	4 540	Aspirine, Supradyn
Novartis	3 635	Voltaren, Lamisil, Fenistil, Maalox, Nicotinell
GlaxoSmithKline	2 285	Alli, Aquafresh, Beechams, Breathe Right, Horlicks, Gaviscon (US), Lactacyd, NiQuitin, Nicorette, Panadol, Tagamet, Zantac, Zovirax
Wyeth	1 833	Advil, Alavert, Caltrate
Bristol-Myers Squibb	1 723	Enfamil, Expecta
Boehringer Ingelheim	1 100 *	Antistax, Bisolvon, Buscopan, Mocangin, Pharmaton
Reckitt Benckiser	1 595	Clearasil, Dettol, Gaviscon (not US), Lemsip, Nurofen, Strepsils, Veet
Taisho	953 **	Avalon, Colac, Lipovitan D, Livita, Pabron
Schering-Plough	848	Claritine, Coppertone, Dr. Scholl's, Miralax
Omega Pharma	789	ACO, Paranix, Predictor, Wartner, Davitamon, XLS, Bodysol, Silence
Merck KGaA	420	Bion, Nasivin, Seven Seas
Sanofi-Aventis	not available	Aspégic, Thinatiol, Hexomedine

The turnover figures are based on the figures included in the annual reports and/or press releases of the corresponding companies, applying the following exchange rates:: 1USD = 0.67 EUR – 1 GBP = 1.33 EUR – 1 JPY = 0.0063 EUR
** The figure mentioned for the turnover of Boehringer Ingelheim refers to 2006.*
*** The figure mentioned for the turnover of Taisho covers the period from April 2006 to March 2007.*

Unique positioning

Omega Pharma is uniquely positioned in the OTC market.

100 per cent focus on OTC

- Omega Pharma believes that a company can only truly excel in one area. For Omega Pharma this is the OTC market.
- Since the completion of the Arseus IPO, Omega Pharma has become a pure OTC company.
- Almost all companies in the worldwide Top Ten for OTC are divisions of major companies that either focus mainly on prescription-only medicines, or on mass consumer goods. The turnover from their OTC activities rarely represents more than 20 per cent of their total Group turnover. Consequently, these companies tend to give priority to their core activities when allocating their available resources – and only to a lesser extent to OTC products.

Push-pull marketing

- Omega Pharma targets its marketing activities at the pharmacies and the trade ('push'), as well as directly at the end-consumer ('pull'). This combined approach optimizes the striking power.
- Most companies that concentrate mainly on prescription-only medicines direct their sales teams primarily at prescribing physicians. The marketing communication support of their OTC products is often limited to consumer advertising. This approach does not always enable them to build strong relationships with pharmacists. Omega Pharma lives to the motto: 'By pharmacists, for pharmacists'.

The pharmacist fulfills an advisory role to the end-consumer.

Strong in specific market segments

- Omega Pharma focuses on those segments of the OTC market where the Company is already the market leader, or where it can reasonably become market leader in the foreseeable future. In these segments, Omega Pharma is mainly confronted with national competitors and local brands.

- Because of their worldwide dimensions and their focus on non-OTC products, many international competitors opt to limit their OTC activities to the largest segments of the market: analgesics, cough-and-cold therapies, products against allergies, gastro-intestinal therapies, and smoking-cessation products. These products were initially often only available on prescription but are today (also) available over-the-counter.

- Omega Pharma prefers to be or to become the Market Leader in a less prominent market segment, rather than, for example, number five in a larger segment that is dominated by huge international competitors.

Passion for innovation

- Omega Pharma believes that in the OTC sector, innovation should not be based on the discovery of a new chemical compound. The very high investments required for pharmaceutical R&D, typical for traditional pharmaceutical companies, need not be the standard in OTC formulations.

- At Omega Pharma, innovation can refer to various aspects such as new scientific insights, creative applications of novel technologies, adjustment of existing products to changed consumer needs, a more comfortable method of administering the product, and a more user-friendly product.

- The permanent inflow of innovations at Omega Pharma stems from internal development, cooperative agreements with university centers and spin-offs, in-licensing and acquisitions.

Some examples of innovations developed in 2007 include:

- Davitamon vitamins in the form of chewing gum.
- Facial cream for skiers which both protects the skin against cold and sun burn and also stimulates the tanning process.
- A product to remove warts specifically on the feet.
- An anti-snoring product that remains active in the throat throughout the night thanks to the optimal bio-adhesivity of the natural active ingredient in the product.
- The Dermalex assortment of skin care products and skin repair products for treating eczema and skin irritations.
- The new generation of anti-mosquito products that will be marketed under the brand name ParaZeet in the first half of 2008.

Passion for brands

Omega Pharma introduced the Star Brand concept in 2004. Star Brands are actual or potential leaders in their respective market segments and they are marketed in the majority of the countries where the Group is operating.

The most pronounced Star Brands of the Group are Paranix, Wartner, XLS, Predictor and Silence, in the sense that the product and brand management is largely centralized.

Through cross-selling, various brands with national origins have been introduced in a number of other countries, often within the same region. ACO is the ultimate illustration for the Nordic countries, while Davitamon also features on the list.

PARANIX

Paranix, products against head lice, marketed in Austria, Belgium, Denmark, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Norway, Portugal, Spain, Sweden, Switzerland, and the United Kingdom.

WARTNER

Wartner, products for removing warts on hands and feet, available in Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, the Netherlands, Norway, Portugal, Spain, Sweden, and the United Kingdom.

Bodysol, the reference brand for body care products in the Belgian pharmacy.

HYPOALLERGENIC Bodysol

Predictor, well-known home diagnostics in Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, the Netherlands, Norway, Portugal, Spain, Sweden, and the United Kingdom.

Predictor

Because of their impressive sales figures in their country of origin, a number of national brands can also be considered as top brands. An good example is Bodysol, the reference brand for body care products in the Belgian pharmacy.

Almost each brand in this overview generated a turnover of over 20 million euro in 2007. In total, they represent a turnover of over 200 million euro.

ACO, a wide assortment of skin care products that are marketed in Denmark, Finland, Norway, and Sweden.

Silence, the most effective product against snoring, already introduced on the market in Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Norway, Portugal, Spain, Sweden, Switzerland, and the United Kingdom.

XLS, slimming products, commercialized in Belgium, France, Germany, Greece, Italy, Portugal, and Spain.

Davitamon, vitamins and minerals, on sale in Belgium, France, Germany, and the Netherlands.

Strategy: sustainable and profitable growth

Omega Pharma aims for a sustainable and profitable growth and therefore implements a strategy that is based on the following pillars.

Organic growth

- Omega Pharma intends to grow the turnover from existing activities each year faster than the markets where the Group is operating.
- Omega Pharma focuses on market segments that generally witness a more favourable evolution than the total OTC market.
- The Star Brands and other successful products are systematically being introduced in all countries where the Group is operating (cross-selling). These possibilities are still far from exhausted. Moreover, Omega Pharma can assure a regular inflow of innovative products that have the potential to become new Star Brands.
- Generally speaking, organic growth will be higher in the Emerging Markets than in Western Europe. This is of course related to the fact that the total OTC market is growing at a faster pace in this region. It is also because the opportunities to introduce the Star Brands in this market have not yet been fully explored. In 2007, considerable preparations have been made regarding regulatory affairs, pre-marketing, et cetera in order to launch the Star Brands into the market in this region in the period 2008 through 2011.

Geographic expansion

- Up to the end of 2006, Omega Pharma's direct presence was limited to Western Europe. Since January 2007 however, the Group has also gained a foothold in Central and Eastern Europe.
- Omega Pharma systematically explores Emerging Markets through its New Market Development department, which coordinates export activities. This approach has revealed interesting opportunities for Omega Pharma products and brands.
- In the short term, Omega Pharma wants to substantially increase sales growth in Central and Eastern Europe. Smaller national add-on acquisitions cannot be excluded in this respect.
- Europe is our home market. Ample opportunities remain for Omega Pharma within this region.

Optimization of the product mix

- At present, Omega Pharma has a solid presence in each country in at least one of the selected market segments. Cross-selling will enable each national organization to become operational in all of these segments.
- The products and brands already marketed in a high number of countries are already managed centrally. This yields great synergy in the field of product development, procurement, manufacturing, and marketing. Wartner, Paranix, and Predictor are excellent illustrations of the success of this approach.
- The Group also has numerous successful national brands. Yet, many of these branded products are almost identical to those sold in many other countries. This creates opportunities in the future for bundling national production volumes on a pan-European level.

Developing the Star Brands

- The gross margin of the Star Brands is significantly higher than the Group's average. By generating a higher portion of the turnover with the Star brands, Omega Pharma can considerably improve its average gross margin.
- Regional and global brands have a higher value than local brands. Given this fact, Omega Pharma intends to raise the sales contribution of the Star Brands, thus creating additional shareholder value.
- Omega Pharma can and may decide to transfer many more products to a Star Brand identity by further streamlining the product mix.
- Omega Pharma generally opts for a stepwise approach in order to maximize consumer loyalty. In a first phase, the product mix will be optimized. Subsequently the marketing positioning of these products will be aligned in all countries. Once a uniform visual brand identity has been introduced, the local brand names may temporarily be maintained. The Group can already run cross-border advertising campaigns, complemented by local initiatives.

Since Omega Pharma acquired Wartner in 2004, the number of countries where this product for freezing warts is available has considerably grown. Beside the original version which was mainly meant for removing warts on hands, the Group also developed a separate version, specifically for treating warts on feet.

Our strategy in action

Throughout 2007, Omega Pharma has made considerable progress in implementing the strategy described on the previous pages.

Organic growth

- The current Star Brands have been rolled out further. The extended Predictor assortment of home diagnostic products, for example, has been introduced by almost all Group subsidiaries into their respective markets. In the Scandinavian countries, the Wartner line was, for historical reasons, only available through a local distributor until recently. In 2007, this Star Brand was successfully re-launched by the Group's local organizations. Lyclear – with the Paranix non-insecticide formula – was introduced in the United Kingdom.

- The acquisition of Persee Médica strengthened Omega Pharma's brand portfolio with the innovative anti-snoring product Silence. Persee Médica had already launched Silence onto the French market prior to the acquisition. Omega Pharma will now roll out this new Star Brand to all countries where the Group is operating.

- The required preparations regarding regulatory affairs, pre-marketing, et cetera were undertaken in 2007 to introduce three Star Brands into the markets in Central and Eastern Europe. This will occur in the course of 2008.

Geographic expansion

- The acquisition of Bittner Pharma was completed in January 2007, enabling the Group to establish its operations in Central and Eastern Europe, with Russia and Ukraine as the major individual markets.

- Thanks to this acquisition, the turnover which the Group generated last year in the Emerging Markets totalled 69.4 million euro. In 2006, when the turnover in the Emerging Markets stemmed from export activities, this figure was 16.5 million euro.

- With the significantly stronger balance sheet resulting from the Arseus IPO, Omega Pharma can access resources necessary for possible further geographic expansion within Europe.

2007 turnover in million euro
Exports/miscellaneous 20.3

Optimization of the product mix

- The national organization with the highest level of expertise for each of the main product families has been appointed as the development Centre of Excellence for the entire Group. By working in project teams, local individuals responsible for a product can provide the optimal input to anticipate the needs of the local consumer in each country.
- The opportunities for synergy in the field of production and procurement were mapped out in detail over the course of 2007.

Developing the Star Brands

- By focussing on the Star Brands, the Group's average gross margin was raised from 53 per cent in 2006 to 57 per cent in 2007.
- In 2007, the market positioning of slimming products in various countries was streamlined. New product versions in this category were directly packed in a uniform visual brand identity.
- The central approach for Star Brands like Wartner, Paranix, Predictor, and XLS was successfully continued in 2007. Silence will also have a prominent place as a new Star Brand in this centralized approach. In 2007, this anti-snoring product was launched beyond its French home market, i.e. in Belgium, Germany, Greece, Ireland, Italy, Portugal, Spain, and Switzerland. In 2008, the Scandinavian countries and the United Kingdom will be added to this list, while the introduction in Central and Eastern Europe will also be prepared.

Paranix, the product against head lice, will have in 2008 a new, uniform pack design and corresponding logo for all countries. The version for France is already available.

Omega Pharma Belgium

Key figures		2007	2006
	Turnover	199.0 million euro	220.2 million euro
	REBITDA	23.6 million euro	28.0 million euro
	REBITDA margin	11.9%	12.7%
	Number of employees	261	274

- Omega Pharma started in Belgium and that is its initial home market. Apart from Greece, Belgium has the highest number of pharmacists per capita in the EU. Omega Pharma has built a strong commercial team in this specific market, with over 80 sales people targeting the pharmacy channel.
- Omega Pharma Belgium is Number Two in sales volume. With a market share of 6.5 per cent, they follow only Johnson & Johnson (source IMS December 2007).
- The organization holds a leading position in various market segments, including dermocosmetics, vitamin products, slimming agents, and medical devices.
- The main brands, each generating an annual turnover of between 2 million and 5 million euro include:
  - Galenco: skin care products
  - Bodysol: body care products
  - XLS/Fat Control: slimming products
  - Davitamon: vitamins & minerals
  - Poudres T.LeClerc: make-up products
- Since June 1999, Omega Pharma Belgium has had a long-running distribution agreement with the absolute Number One on the Belgian market for generic medicines. Approximately 60 per cent of the turnover generated in Belgium refers to generic medicines. This product mix is exceptional for the Group, and explains the EBITDA margin of Omega Pharma Belgium.

Galenco and Davitamon are, beside Bodysol, products of reference in Belgian pharmacies.

Generic medicines in Belgium

The 2007 results of Omega Pharma Belgium were strongly affected by the generic medicines of Eurogenerics (Stada) – hence the following brief overview of the situation.

The Belgian market for generic medicines

- In January 2001, the turnover of generic medicines represented a mere 2 per cent of the total pharmaceutical market. Mainly because of the government's initiatives, the expenses for medicines could be contained within the budgetary boundaries and the penetration rate could increase to 9.6 per cent by March 2007. This corresponds with a market figure of approximately 235 million euro (ambulant market, MAT 2006/12). The penetration rate, expressed in volume, amounted to 3.8 per cent in January 2001 and was increased to 13.7 per cent by March 2007.
- In the Netherlands, the generic penetration rate is 48 per cent in volume and 19 per cent in sales value. In France this is 13 per cent and 9 per cent respectively, in Germany 41 per cent and 22 per cent and in the United Kingdom 49 per cent and 20 per cent. Beyond any doubt, there is still an upward potential in Belgium.
- The generics that are distributed by Omega Pharma hold a market share of over 50 per cent in volume and almost 50 per cent in sales value. The Top Four companies represent together over 90 per cent of the Belgian market for generic medicines. Apart from Eurogenerics, the Top Four includes Merck Generics, Sandoz and Docpharma.
- Generic medicines represent a significant contribution to a health care system that is affordable for everyone. Patients need to pay less for their pharmaceutical therapies, while the public expenses related to the co-payment of medicines can be better managed.

The 2007 situation in brief

- In 2007, the growth of consumption for generic medicines (still over 20 per cent at the end of 2006) fell to a mid-single digit growth rate, thus impacting the selling and purchasing pattern of the trade.
- Mid 2007, the perception had been created that the objective for prescribing 'cheap medicines' was already achieved. While the prescribing behaviour should at least be stabilised at the level that was then reached, the message was incorrectly interpreted as if the nominal objective for the entire year 2007 was already achieved. This prompted wholesalers and pharmacists to reduce their stock levels by cutting new orders. A major inventory correction took place in the second half of 2007.
- In the assumption that the growth pattern remains unchanged, some further stock corrections may be expected in the first half of 2008 – also because of the base of comparison for the first half of 2007, when the growth was still at a higher level. As of the third quarter 2008, this effect should be almost entirely flattened out and the selling-in to the trade should again be better aligned with the evolution of the consumption.
- The long-term perspectives for generic medicines look favourable. The penetration rate in the countries surrounding Belgium provide an indication of the upward potential for generics in Belgium. The contribution of generic medicines to an affordable health care and to a budgetary balance is an important asset.

(Source for all figures: Febelgen, September 2007)

Omega Pharma France

Key figures		2007	2006
	Turnover	190.4 million euro	172.8 million euro
	REBITDA	21.2 million euro	18.7 million euro
	REBITDA margin	11.1%	10.8%
	Number of employees	549	543

- Omega Pharma France SAS is the result of combining six companies that were competitors prior to being acquired by Omega Pharma. The integration of these companies was initiated at the end of 2002 and ran until 2006. Today, Omega Pharma France is a fully integrated company that is perfectly fit to implement the strategy of Star Brands in the French pharmacy landscape.

- The operations of Omega Pharma France are supported by over 180 sales people in the pharmacy channel. These sales people are organized in three teams, each specializing in well-defined product categories: the team Beauté (dermocosmetic products, which require a trendy approach), the team Santé (therapeutic products for which medical education is crucial) and the team Technique (including for example pet medicines, requiring a specific approach).

- Omega Pharma France ranks third in the Consumer Health market in France with about 4 per cent market share (source IMS December 2007). The French market is growing slightly below the Western European average, while Omega Pharma France posted 4 per cent organic growth in 2007.

- The organization has a leading position in various market segments including anti-insect products, slimming agents, aromatic therapies, dermocosmetics, and pet medicines.

- The main brands, each generating an annual turnover of between 7 million and 15 million euro include:
  - Clément Thékan: OTC medicines for pets
  - Paranix: anti-head lice product
  - XLS: slimming agents
  - Phytosun arôms: aroma therapy products
  - Innoxa: cosmetics

- In addition to the integrated organization for the French pharmacy channel, there are two other divisions that operate largely from France, but are directed by central management. One of these divisions distributes natural remedies and phytopharmaceutical products through a network of pharmacies, natural food and product stores, and other points of sale in the parapharmaceutical area.
  The other division is New Market Development, which levels the playing field for exporting products and brands to markets where Omega Pharma has no local operations. A major part of this turnover is generated in Latin America and South-East Asia with products that were initially supplied through the French subsidiary.
  Both activities are witnessing growing success.

Omega Pharma Northern Europe

Key figures		2007	2006
	Turnover	99.6 million euro	96.3 million euro
	REBITDA	25.6 million euro	25.4 million euro
	REBITDA margin	25.6%	26.4%
	Number of employees	160	145

- Omega Pharma Northern Europe is built on the ACO Hud and Deutsche Chefaro Pharma organizations.
- The organization holds the absolute top position in dermocosmetics with the brands ACO in Scandinavia and Claire Fisher in Germany. Together, both brands represent a turnover of over 40 million euro. ACO also acts as the Group's Centre of Excellence for developing new dermocosmetic products. The ACO lab in Sweden holds a strong reputation in this area.

- The main brands in Northern Europe, each representing an annual turnover of between 7 and 35 million euro include:
  - ACO (Scandinavia only): dermocosmetics
  - Wartner/Clabin: wart removal products
  - Claire Fisher (Germany only): body care products
- In Scandinavia, the ACO brand continued its impressive growth, together with other brands in its product category – Canoderm, Fenuril, Cliniderm, and Miniderm. In addition, the Star Brands Wartner, Predictor, Paranix, and Silence were recently launched with success in one or more countries within this region.
- The German market – just like its French counterpart – is characterized by a growth rate that is slightly below the Western European average. In this environment, the Group's German organization was not able to continue the strong growth of 2006 throughout 2007. End 2007, the former Norwegian Country Manager transferred to Germany to head the organization and lead it to repeat the Scandinavian ACO success in Germany with Claire Fisher.

ACO is a strong brand for skin care products.

Omega Pharma Southern Europe

Key figures		2007	2006
	Turnover	143.1 million euro	129.6 million euro
	REBITDA	27.7 million euro	28.4 million euro
	REBITDA margin	19.4%	21.9%
	Number of employees	288	288

- Omega Pharma Southern Europe includes the operations in five countries: Cyprus, Greece, Italy, Portugal, and Spain.
- The acquisition of Chefaro in 2000 marked Omega Pharma's first steps into the Southern European markets. Later, operations in this region were significantly strengthened by starting up local Chefaro organizations, as well as by acquiring a number of other leading local companies and/or their OTC brand portfolio. These included Prisfar in Portugal, Medestea in Italy, and Gerolymatos in Greece and Cyprus. The Greek and Cypriot markets are covered by a single organization, while the Group has two organizations in Portugal that each focus on a well-defined market segment.
- Omega Pharma has strong positions in these five markets in the nutritional supplements, anti-insect products, and dermocosmetics segments.
- The main brands in Southern Europe, with each generating an annual turnover of between 7 million and 11 million euro include:
  - Sant'Angelica: dermocosmetics
  - XLS: slimming agents
  - Cellulase: anti-cellulite products
  - Paranix: anti-head lice products
- Market conditions and consumption patterns are often similar in these countries. Hence it is no surprise that there is an intense exchange of successful products (cross-selling) between the various country organizations within Southern Europe.
- Beside the major brands for the entire region, the Italian organization also has a specific, local pearl – the sun cream Angstrom. For Portugal, this role is taken by the vitamin product Everfit. In Spain, the performance of XLS is remarkable, while Greece achieved interesting results with Predictor.
- The development of international brands remains a priority in line with the Star Brands strategy.

Sant'Angelica and XLS are performing extremely well in Southern Europe.

Omega Pharma Rest of World

Key figures	2007	2006
Turnover	157.2 million euro	110.5 million euro
REBITDA	38.8 million euro	28.5 million euro
REBITDA margin	24.7%	25.8%
Number of employees	552	342

- Omega Pharma Rest of World includes the operations in the Netherlands, the United Kindgom, and Ireland, as well as in the emerging markets – i.e. the countries in Central and Eastern Europe, including Russia and Ukraine.
- Omega Pharma's presence in the Dutch market and in the British Isles stems from the acquisition of Chefaro in 2000. Both markets are characterized by the important role of drug store chains in distribution.
- Natural remedies represent the essence of the activities of the Dutch-origin group company Bional as well as for Bittner Pharma, with operations in Central and Eastern Europe. Hence, this product category plays a prime role in this reporting segment.
- The main brands in Rest of World, with each generating an annual turnover of between 7 million and 17 million euro include:
  - Davitamon: vitamins
  - Bittner Balsem: strengthening tonic based on herbs
  - Aflubin: resistance-enhancing products based on plants
  - Bional: vegetable nutritional supplements
  - Jungle Formula/Azaron: anti-mosquito products
  - Paranix/Lyclear: anti-headlice products
- The business potential in Central and Eastern Europe is illustrated by the inclusion of two Bittner brands in the above-mentioned list: Bittner Balsem and Aflubin.
- The three traditional organizations in this reporting segment (the Netherlands, Ireland, and the United Kingdom) have vast experience with the Wartner, Paranix/Lyclear, and Predictor brands. These brands will soon be introduced in selected markets in Central and Eastern Europe.
- The brand championship of Davitamon on the Dutch market is also reflected in the above-mentioned list. Bional and Biodermal, too, are highly rated brands in the Netherlands, where they are the leaders in their respective market segments.
- In order to better anticipate the specific challenges on the UK market in an economical way, the organization jointed forces with Ceuta in a recently established partnership.

A selection from the Bittner Pharma product assortment.

Production and Logistics

Although Omega Pharma is primarily driven by the development, marketing, and sales of Consumer Health products, production and logistics are also important factors in the business chain.

Production

Approximately 30 per cent of all Omega Pharma OTC brands are manufactured in facilities owned and operated by the Group. The remaining 70 per cent is outsourced to third-party manufacturers. Obviously both internal and external production facilities must meet the Group's stringent quality standards as well as all health and safety legal requirements (GMP, GLP, etc.).

All Omega Pharma production facilities have been fully integrated into the Group, along with its other various acquisitions:

- Wevelgem (Belgium): Semi-solid and liquid products for external use, including liquid soaps, shampoos, creams, ointments, gel sprays, lotions, etc.
- Rotterdam (Netherlands): Dry products for oral use, including powder mixtures, compressed tablets, capsules, etc.
- Gorredijk (Netherlands): Phyto-pharmaceutical products
- Feldkirchen (Austria): Phyto-pharmaceutical products
- Marseille (France): Aerosols
- Largentière (France): Liquid pharmaceutical products and tablets
- Breuil sur Couze (France): Medical water source
- Plélo (France): Cosmetics and aromatherapy products
- Finglas (Ireland): packaging of home diagnostics

Omega Pharma combines internal production with third-party manufacturing.

Quality first.

Logistics

The physical distribution of products to pharmacies is accomplished both internally and with external partners. These are often pharmaceutical wholesalers who resupply pharmacies several times throughout the business day.

In mid-December 2007, Omega Pharma decided to remain title sponsor of the Pro Tour cycling team with Silence at least until 2011. This sponsorship makes it possible to raise the brand awareness of Silence with a large target audience in the most important cycling countries, which also happened to offer also the greatest market opportunities for this innovative anti-snoring product. Foto: © Photo News

CONSOLIDATED FINANCIAL STATEMENT (a)

Statement

The undersigned hereby declare that, to the best of their knowledge, the annual accounts that have been prepared in accordance with the applicable standards for the annual accounts, reflect a true and fair view of the equity, the financial situation and the results of Omega Pharma and the companies that are included in the consolidation scope.

The undersigned also declare that, to the best of their knowledge, the annual report provides a true and fair view of the development of the Company's results and of the position of Omega Pharma and the companies included in the consolidation circle, as well as a description of the main risks and uncertainties that they are confronted with.

Marc Coucke, CEO *Barbara De Saedeleer, CFO*

13 March 2008

Consolidated income statement (1)

(in thousand euro)	Note	2007	2006
Operating income		**792 527**	**740 258**
Turnover	17	789 303	730 696
Other operating income	18	3 224	9 562
Operating expenses		**706 533**	**646 121**
Trade goods		331 578	341 879
Changes in inventories of finished goods, work in progress		4 723	(4 457)
Services and other goods		223 793	190 551
Employee benefit expenses	19	101 775	89 770
Depreciations, amortizations and changes in provisions for liabilities	20	15 739	13 969
Other operating expenses	21	28 925	14 409
Operating result		**85 994**	**94 137**
Financial income	22	406	1 046
Financial expense	22	(34 843)	(24 282)
Financial result	**22**	**(34 437)**	**(23 236)**
RESULT BEFORE INCOME TAX AND ASSOCIATES	**8**	**51 557**	**70 901**
Result from associates (companies included according to the equity method)		2 106	
RESULT BEFORE INCOME TAX		**53 663**	**70 901**
Income tax	23	7 869	11 645
Result from continuing operations		**45 794**	**59 256**
Result from discontinued operations		**108 993**	**12 883**
of which gain from the sale of discontinued operations	24	100 994	
of which net profit contribution from discontinued operations for the period that they were in consolidation scope	24	7 999	12 883
RESULT OF THE PERIOD		**154 787**	**72 139**
Number of shares (weighted average, after deduction of treasury shares)		*25 799 638*	*25 831 353*
Result of the period per share (in euro)	*25*	*6,00*	*2,79*
Diluted net profit per share (in euro)	*25*	*5,95*	*2,74*

(1) All figures refer to the continuing operations, except when explicitly mentioned otherwise.

Consolidated balance sheet

(in thousand euro)	Note	31.12.2007	31.12.2006
Non current assets		**968 250**	**848 460**
Intangible assets	7	845 318	762 816
Property, plant and equipment	6	50 199	53 723
Financial assets	8	45 508	2 962
of which: Associates		*42 774*	
Deferred tax assets	14	26 384	25 289
Other non current assets	8	841	3 670
Current assets		**358 449**	**454 052**
Inventories	10	100 686	154 021
Trade receivables	9	176 651	219 412
Other current assets	9	45 683	52 014
of which: Income tax receivables		*22 681*	*21 193*
Cash and cash equivalents		35 429	28 605
TOTAL ASSETS		**1 326 699**	**1 302 512**
EQUITY		**612 166**	**505 735**
Share capital and share premium	11	366 294	358 274
Retained earnings		306 664	206 745
Treasury shares	11	(63 242)	(58 746)
Fair value and other reserves		4 212	(1 779)
Cumulative translation adjustment		(1 762)	1 241
LIABILITIES		**714 533**	**796 777**
Non current liabilities		**450 774**	**458 280**
Provisions	16	6 267	3 580
Pension obligations	15	8 369	11 424
Deferred tax liabilities	14	68 059	34 297
Borrowings	13	334 503	388 306
Derivative financial instruments		33 576	20 673
Current liabilities		**263 759**	**338 497**
Borrowings	13	22 526	27 957
Trade payables		180 421	221 376
Taxes, remuneration and social security	14	40 120	53 914
Other current payables	12	20 692	35 250
TOTAL EQUITY AND LIABILITIES		**1 326 699**	**1 302 512**

Consolidated statement of changes in equity

(in thousand euro)	Number of shares (*)	Share capital and share premium	Treasury shares	Fair value and other reserves	Cumulative translation adjust-ments	Retained earnings	Total equity
Balance at 31 December 2005	**26 114 245**	**356 180**	**(87 615)**	**(6 122)**	**(89)**	**196 984**	**459 338**
Fair value gains/(losses) on cash flow hedges				6 183			6 183
Fair value gains/(losses) on cash flow hedges - Tax effect				(2 102)			(2 102)
Currency translation adjustments					1 330		1 330
Profit for the period						72 139	72 139
Total recognised income for 2006				**4 081**	**1 330**	**72 139**	**77 550**
Capital increases	84 019	2 094					2 094
Employee share option scheme				261			261
Treasury shares - Cancellation (**)			54 250			(54 250)	
Treasury shares	(486 377)		(25 381)				(25 381)
Dividend on treasury shares						952	952
Dividend						(9 079)	(9 079)
Balance at 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				8 669			8 669
Fair value gains/(losses) on cash flow hedges - Tax effect				(2 947)			(2 947)
Currency translation adjustments					(3 003)		(3 003)
Profit for the period						154 787	154 787
Total recognised income for 2007				**5 722**	**(3 003)**	**154 787**	**157 506**
Capital increases	221 167	8 020					8 020
Employee share option scheme				270		(***)(127)	143
Treasury shares - Cancellation (**)			44 044			(44 044)	
Treasury shares	(1 065 744)		(48 540)				(48 540)
Dividend on treasury shares						96	96
Dividend						(10 794)	(10 794)
Balance at 31 December 2007	**24 867 310**	**366 294**	**(63 242)**	**4 212**	**(1 762)**	**306 664**	**612 166**

(*) The number of shares as at 31 December, mentioned in this table, each time refers to the total number of shares issued, reduced with the number of purchased own shares at that same date.
(**) Cfr. Note 11 on page 95.
(***) Decrease due to transfer capital grants to discontinued operations.

Consolidated cash flow statement (1)

(in thousand euro)	Note	2007	2006
Profit before income tax		51 557	70 901
Taxes paid	23	(19 297)	(11 927)
Amortization of intangible assets	7	8 245	6 849
Depreciation of tangible assets	6	8 764	7 732
Amounts written off: inventories - receivables	21	(951)	(3 204)
Amounts written off: financial fixed assets	8	(15)	
(Profit)/loss on sale of fixed assets	6	(2 430)	(489)
Changes in provisions	16, 20	3 169	(3 481)
Changes in deferred taxes	14	8 068	(421)
Interests paid and non-cash financial items	22	34 426	23 853
Total adjustments for non-cash items and interests paid		**59 276**	**30 839**
(Increase)/decrease in long-term debtors	13	(7)	200
(Increase)/decrease in inventories	10	6 554	(2 831)
(Increase)/decrease in trade debtors	9	3 825	(6 845)
(Increase)/decrease in other debtors	9	(7 315)	4 504
(Increase)/decrease in prepayments and accrued income		1 081	(2 215)
Increase/(decrease) in trade creditors	12	(3 629)	23 628
Increase/(decrease) in advance payments received			(45)
Increase/(decrease) in social security and taxation creditors	14	4 577	(8 115)
Increase/(decrease) in other creditors	12	(2 999)	(2 814)
Increase/(decrease) in accruals and deferred income		4 441	(1 191)
Total changes in working capital		**6 528**	**4 276**
Total cash flow from operating activities		**98 064**	**94 089**
Cash flow from/to discontinued operations	24	272 708	
Capital expenditure and disposals		(18 973)	(19 177)
Changes in the scope and transfers of opening positions		481	3 768
Investments in existing shareholdings (post payments) and in new holdings		(211 949)	(19 341)
Total cash flow from investing activities		**42 267**	**(34 750)**
Proceeds from the issue of share capital	11	8 020	2 038
Purchases of own shares	11	(60 990)	(16 237)
Dividend distribution		(10 343)	(7 941)
Change in debts	13	(33 088)	(14 622)
Interests received (paid)		(34 069)	(23 113)
Total cash flow from financing activities		**(130 470)**	**(59 875)**
Cash and cash equivalents - start of the year		28 605	26 480
Impact of discontinued operations on cash and cash equivalents		(2 532)	
Gains or losses on exchange on liquid assets		(505)	(129)
Cash and cash equivalents - end of the year		35 429	26 073
Total net cash flow of the period		**9 861**	**(536)**
Cash flow from operating activities of discontinued operations		**(7 078)**	**15 570**
Cash flow from investing activities of discontinued operations		**(15 421)**	**(13 776)**
Cash flow from operating activities of discontinued operations		**25 377**	**(5 946)**
Total net cash flow from discontinued operations		**2 878**	**(2 152)**

(1) All figures refer to the continuing operations, except when explicitly mentioned otherwise.

Report of the Board of Directors on the consolidated annual accounts

1.1. Consolidated income statement

All figures refer to continuing operations, unless explicitly noted otherwise.

The **operating income** rose 7 per cent from 740.258 million euro in 2006 to 792.527 million euro in 2007.

The **net turnover** represents 99.6 per cent of the operating income, an increase of 8 per cent from 730.696 million euro to 789.303 million euro. The net internal growth of turnover was 2 per cent. The activities of Bittner Pharma and Persee Médica represent the main components of external growth in 2007.

The turnover evolved in a different pattern for each business unit.
In 2007, Omega Pharma Belgium clearly felt the effects of external factors in the business environment, leading to negative growth of sales. The abnormal weather patterns in the summer severely depressed the 3rd quarter sale of seasonal product families in Belgium. In addition, the dynamics in the sale of generic medicines witnessed a significant slow-down in Belgium, both in the 3rd and the 4th quarter.
Omega Pharma France confirmed the turnaround initiated in 2006. Even excluding the turnover of Persee Médica acquired in 2007, the French organization scored a 4 per cent growth on an annual basis.
Within the Northern Europe region, the Scandinavian organizations scored solid growth in turnover. This strong performance was partially offset by the weak development of sales in Germany, resulting in a 3 per cent overall growth for Northern Europe.
The organization in Southern Europe posted a solid growth with an annual turnover of 143 million euro and a pure organic growth of 10 per cent.
In the Rest of World segment, growth in turnover was 42 per cent. This increase is mainly due to the turnover in Central and Eastern Europe, where Omega Pharma has gained a direct presence since January 2007. This presence is a consequence of the acquisition of Bittner Pharma. The turnover in the Netherlands and Ireland evolved positively, while the figures for the United Kingdom are impacted by the restructurings that were prepared for at the end of 2007.

The **gross margin** (the difference between turnover on the one hand and trade goods and changes in inventory on the other hand) amounted to 453.002 million euro. This corresponds to 57 per cent of the turnover versus 54 per cent for comparable activities in 2006. On the one hand, this margin improvement reflects the growth in sales contributed by the Star Brands which are characterized by a higher gross margin. On the other hand, the first consolidation of Bittner Pharma and the lower sales of generic medicines in Belgium (with a lower gross margin) also had a positive impact on this level.

The total **operating expenses** increased proportionally with the turnover (+9 per cent).
While the costs for trade goods remained flat, expenses for services and other goods rose 17 per cent. The expenses for marketing and promotion represented 47 per cent of this item and have been increased by 8 per cent – in line with the evolution of the turnover and consistent with the growth envisioned for the Star Brands.
Employee benefit expenses increased by 13 per cent, but this is mainly related to the inclusion of Bittner Pharma and the fact that this entity almost exclusively manufactures its product in-house.

Depreciations, amortizations, and changes in provisions for liabilities amounted to 15.739 million euro. This amount represents 2 per cent of the turnover, a level which is comparable with 2006. The portion of depreciations of property, plant, and equipment is of the same magnitude as the portion related to intangible assets.

Other operating expenses amounted to 28.925 million euro, of which over 23 million euro refer to non-recurring items. Restructuring charges represent approximately 45 per cent of these items and mainly include dismissal charges related to the transformation of the Irish manufacturing plant into a packaging unit, the outsourcing of activities in the United Kingdom and the strengthening of local management teams, e.g. in Belgium and Germany. The remaining portion is mainly a consequence of the new positioning as a pure OTC company. Even more than before, the marketing and brand policy is taken into consideration when evaluating potential amortization of inventory. Amortization criteria are for example sharpened when it comes to inventory of brands for which less marketing support is budgeted for in the future.

The **operating result** from continued operations amounted to 85.994 million euro and represents 11 per cent of the turnover. When making an abstraction of the non-recurring expenses, the operating result would total 109 million euro which is 4 million euro better than the comparable figure for 2006.

The **financial result** amounted to -34.437 million euro versus -23.236 million euro in 2006. The financial income includes payment discounts, but mainly currency exchange gains which are at a lower level than in 2006.
Financial expenses rose approximately 10 million euro. Beside the general increase in the interest rates this was mainly due to the higher utilization of credit lines for financing the acquisitions of Bittner Pharma and Persee Médica. These acquisitions took place in the beginning of 2007 while the favourable effect related to the Arseus IPO was only manifested towards the end of last year. In addition, financial discounts to customers are also included in this item.

The **result before income tax and associates** was 51.557 million euro.

The **income taxes** represented 7.869 million euro or 15.3 per cent of the profit before income taxes, versus 16.4 per cent in 2006.

This brings the **result from continuing operations** to 45.794 million euro. This amount includes 43.688 million euro for the OTC operations and 2.106 million euro for the activities of Arseus in the period October-December 2007. Since the Arseus IPO Omega Pharma holds 24 per cent of the Arseus shares and the result of this company is included according to the equity method.

The **result from discontinued operations** also refers to Arseus and amounts to 108.993 million euro. An amount of 100.994 million euro reflects the net proceeds from the sale of shares at the Arseus IPO on 5 October 2007. The remaining amount of 7.999 million euro is the net profit contribution of Arseus for the period January-September 2007, i.e. before the carve-out, when these operations were included for 100 per cent in the consolidation scope of the Group.

This yields a **result for the period** of 154.787 million euro versus 72.139 million euro in 2006. This result reflects the important strategic phase involving the carve-out of Arseus that led to a new positioning of Omega Pharma as a pure OTC company.

1.2. Consolidated balance sheet

The **consolidated balance sheet total** rose 2 per cent from 1,302.512 million euro to 1,326.699 million euro. The most important changes were mainly related to the carve-out of Arseus through the IPO of 5 October 2007. On the other hand, Bittner Pharma and Persee Médica have entered the consolidation scope in the course of 2007, also impacting the balance sheet.

Assets

Total **non current assets** amount to 968.250 million euro. This amount is 119.790 million euro higher than in 2006.

The increase can be attributed to 82.502 million euro for the **intangible assets**. Excluding the carve-out of Arseus there would be an increase of 228 million euro – half of which is related to R&D, licenses, concessions, patents and brands, and the other half to goodwill of acquired companies (Bittner Pharma, Persee Médica). A parallel repartition applies to the entire balance sheet.

The amount for **property, plant, and equipment** shows a less significant change (-7 per cent). Making an abstraction of the Arseus carve-out, there would be an increase of 13 million euro. Versus a net investment amount of approximately 18 million euro and recognized assets from the acquisition of Bittner Pharma and Persee Médica for approximately 17 million euro, there were almost 9 million euro of depreciations and a divestiture of 2.5 million euro related to the sale of the pyramid building in Waregem, Belgium to Arseus.

The **net capital expenditure** represents 2.4 per cent of the consolidated turnover, which corresponds to the usual level for the OTC operations. In 2007 these expenditure was mainly related to the investment project at the manufacturing site of Bittner Pharma in Austria.

The increase in **financial assets** refers to the 24 per cent participation of Arseus as of 31 December 2007.

The **deferred income tax assets** represent a value of 26.384 million euro and are mainly related to tax losses carried forward, which are likely to be appropriated in the future.

The **other non current assets** were mainly guarantees already paid.

The total **current assets** decreased by 21 per cent to 358.449 million euro, mainly because of the carve-out of Arseus.

The changes in **inventories and trade receivables** resulted almost entirely from the Arseus carve-out. The increase resulting from the inclusion of Bittner Pharma and Persee Médica was largely offset by impairments for both balance sheet items (cf. non-recurring items in the income statement).

The **other current assets** were comprised mainly of VAT and tax receivables as well as accrued income.

Cash and cash equivalents increased by 24 per cent.

Equity and Liabilities

Total **equity** amounted to 612.166 million euro – 106.431 million euro higher than in 2006.

The increase in **share capital and share premium** by 8.020 million euro can be entirely attributed to the exercise of warrants.

The **retained earnings** were 306.664 million euro versus 206.745 million euro in 2006. This increase corresponds with the share of the Group in the consolidated result after payment of the dividend for the 2006 accounting period.

Under IFRS, **treasury shares** are reduced from Equity. The change on this balance sheet item corresponds to the 1,065,744 own shares that were bought back over the course of 2007 and to the cancellation of 1,000,000 treasury shares by the Extraordinary General Meeting of 12 February 2007. As of 31 December 2007, the Company held 1,338,538 treasury shares, recognized at historical purchase price.

Fair value and other reserves refer mainly to the valuation of the US Private Placement under IAS 39, which affected the equity by 5.722 million euro as of 31 December 2007. Finally, there was 3.003 million euro in **translation adjustments**.

Total **liabilities** decreased from 796.777 million euro to 714.533 million euro. This decrease by 82.244 million euro can be attributed by an amount of 74.738 million euro to current liabilities.

Non current provisions increased by 2.687 million, which is mainly related to provisions for the further implementation of restructurings in the United Kingdom as a consequence of outsourcing activities to Ceuta Healthcare.

Pension obligations amounted to 8.369 million euro. The mutation versus 2006 mainly results from the Arseus carve-out.

The **deferred tax liabilities** refer mainly to temporary differences between reporting and fiscal accounting in local entities. The increase in 2007 is largely the result of the Purchase Price Allocation for the acquisitions of Persee Médica and Bittner Pharma.

Total **non current interest bearing financial liabilities** (long-term borrowings) represent 334.503 million euro. The **derivative financial instruments** concern the valuation of the interest swaps with respect to the US Private Placement and amounted to 33.576 million euro. The total of both items was 368.016 million euro versus 408.979 million euro in 2006. This significant decrease is mainly the result of the favourable impact from the Arseus carve-out. The positive effect largely offset the increase utilization for financing the acquisitions of Bittner Pharma and Persee Médica and the expenses for the share buy-back program.

As of 31 December 2007, the **net financial debt** (the total of current and non current interest bearing financial liabilities, increased by the other non current liabilities and derivative financial instruments, but reduced by cash and cash equivalents) was 355.176 million euro versus 408.331 million at the end of 2006. The indebtedness or gearing rate (net financial debt as a percentage of total equity) evolved positively from 81 per cent as of 31 December 2006 to 58 per cent as of 31 December 2007. The value of the 7.5 million Arseus shares that Omega Pharma still holds following the IPO has not been deducted from the net financial debt for these calculations. In this context, the share buy-back program is also worth mentioning.

Trade payables were 40.955 million euro lower than in 2006 and now represent 180.421 million euro. This decrease is also related to the Arseus carve-out.

The **working capital** (inventories and trade receivables reduced by trade payables) decreased in 2007 to 96.916 million euro. Due to a number of measures, the working capital expressed as a percentage of the turnover has evolved to 12.3 per cent (31 December 2007).

Taxes, remuneration, and social security were 40.120 million euro and were also impacted by the Arseus carve-out. This also applies to the **other current payables**, which amounted to 20.692 million euro.

1.3. Consolidated cash flow statement

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

The consolidated cash flow statement starts from the **profit before taxes** as included in the consolidated income statement.

This amount is reduced by the outflow of cash flows for taxes in the amount of 19.297 million euro. This amount includes all income taxes that have been effectively paid over the course of 2007, also because of a changed prepayment schedule and not considering the build-up of deferred tax assets.

Subsequently, the elements from the operating activities that do not have a cash flow effect and/or that are not directly related to the operating activities were added back. This is a total of 59.276 million euro. The main components of this amount are payments of interest on borrowings and other financial elements, including financial discounts to customers, which are processed later in this statement under cash flows from financing activities. They also refer to non-cash elements of deprecations and amortizations of property, plant and equipment, and of intangible assets.

Changes in the working capital are taken into account in a next step.

The **cash flows from investing activities** yielded an outflow of 42.267 million euro. Against the inflow from discontinued operations for an amount of 272.708 million euro there was an outflow for payments of participations for an amount of 211.949 million euro. The inflow from discontinued operations includes both the net proceeds of the sale of Arseus shares in the IPO and the inflow of cash from Arseus during the period January-September 2007. The payments of participations refer mainly to Bittner Pharma and Persee Médica.

In addition there was an outflow for net investment expenses which is mainly related to the manufacturing site of Bittner Pharma in Austria.

Total **financing activities** led to an outflow of 130.470 million euro in cash. The capital increase in cash corresponds to the exercise of warrants. The purchase of own shares involves an outflow of 60.990 million euro in cash. The payment of dividend over the 2006 accounting period represents a cash outflow of 10.343 million euro and the debt reduction involves a cash outflow of 33.088 million euro. The payment of interest on borrowings and other financial elements including financial discounts represents an outflow of 34.069 million euro in cash.

In total, cash and cash equivalents increased over the period by 9.861 million euro: from 28.605 million euro at the start of the period to 35.429 million euro at the end of the period.

As already mentioned, all figures refer to the continuing operations. For the sake of completeness, the cash flows from discontinued operations are added at the bottom of the cash flow statement. They refer to the Arseus operations for the period January-September 2007, when they were still entirely included in the consolidation scope of the Group.

CONSOLIDATED FINANCIAL STATEMENT (b)

Notes

1. General information

Omega Pharma NV (the 'Company') and its subsidiaries (together the 'Group') are vendors of high-added-value products and services to pharmacies and other medical sectors. The Group has activities in 30 European countries.

The Company is a limited liability company, making or having made a public appeal on savings. The Company is incorporated and domiciled in Belgium, having its registered office at Venecoweg 26, 9810 Nazareth, with company number BE 0431 676 229.

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

These consolidated financial statements have been approved for issue by the Board of Directors on 27 March 2008.

2. Summary of significant accounting policies

The principal accounting policies applied in preparation of these consolidated financial statements are set out below. These policies have been consistently applied by all consolidated entities, including subsidiaries, to all the years presented, unless otherwise stated.

Basis of preparation

The consolidated financial statements of Omega Pharma Group have been prepared in accordance with International Financial Reporting Standards as adopted by the EU (IFRSs as adopted by the EU). The consolidated financial statements have been prepared under the historical cost convention as modified by the revaluation of financial assets and liabilities (including derivative instruments) at fair value.

(a) Amendments to published standards effective in 2007
IFRS 7 'Financial Instruments – Disclosures' and the complementary amendment to IAS1 'Presentation of financial statements - Capital disclosures', is mandatory for the Group's accounting periods beginning on or after 1 January 2007. It introduces new disclosures relating to financial instruments and does not have an impact on the classification and valuation of the Group's financial instruments. This amendment only impacts the format and extent of disclosures presented in the accounts.

(b) Standards, amendments and interpretations effective in 2007 but not relevant
The following standards, amendments and interpretations are mandatory for accounting periods beginning on or after 1 January 2007 but are not relevant to the Group's operations:
- IFRIC 7 'Applying the restatement approach under IAS 29'
- IFRIC 8 'Scope of IFRS 2'
- IFRIC 9 'Reassessment of Embedded Derivatives'
- IFRIC 10 'Interim Financial Reporting and Impairment'

(c) Standards and interpretation to existing standards that are not yet effective and have been early adopted by the Group
The following interpretations to existing standards have been published that are mandatory for the Group's accounting periods beginning on or after 1 January 2009:
- IFRS 8 'Operating Segments'.

(d) The following standards and interpretations of existing standards were not yet effective as per the end of 2007:
- IAS 1 (Revised) 'Presentation of Financial Statements': the amendment is effective from 1 January 2009 and is subject to endorsement by the European Union;
- IAS 23 'Borrowing costs': the amendment is effective from 1 January 2009 and is subject to endorsement by the European Union;
- IAS 27 (Revised) 'Consolidation and Separate Financial Statements': the amendment is effective from 1 July 2009 and is subject to endorsement by the European Union;
- IFRS 3 (Revised), 'Business Combination': the amendment is effective from 1 July 2009 and is subject to endorsement by the European Union;
- IFRIC 11 'Group and Treasury share transactions': the amendment is effective from 11 January 2008;
- IFRIC 14 'IAS 19 – The limit on defined benefit asset, minimum funding requirements and their interpretation': the amendment is effective from 1 July 2009 and is subject to endorsement by the European Union.

(e) The following standards and interpretations of existing standards were not yet effective as per the end of 2007 and are not relevant for the Omega Pharma group:
- IAS 23 'Borrowing costs'
- IFRIC 11 'Group and Treasury share transactions'
- IFRIC 12 'Service concession arrangements'
- IFRIC 13 'Customer loyalty programmes'

Consolidation

Subsidiaries
Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one half of the voting rights. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The excess of cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill.

Inter-company transactions, balances and unrealized gains on transactions between Group companies are eliminated. Unrealized losses are also eliminated but are considered an impairment indicator of the asset transferred.

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Associates

Associates are companies in which the Group has, directly or indirectly, a significant influence but not the control to govern the financial and operating policies. This is generally evidenced when the Group holds between 20 and 50 percent of the voting rights.

Investments in associates are accounted for by the equity method of accounting, from the date that significant influence commences until the date that significant influence ceases. Under the equity method, investments in associates are carried in the consolidated balance sheet at cost as adjusted for post acquisition changes in the Group's share of the net assets of the associate, less any impairment in the value of the individual investments.

When the Group's share of losses in an associate exceeds the carrying amount of the associate, the carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred obligations in respect of the associate.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities of the associate identified at the date of acquisition is recognised as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of the investment.

Profits and losses on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates, unless the loss provides evidence of an impairment of the asset transferred.

Where necessary, adjustments are made to the financial statements of associates to bring the accounting policies used in line with those used by the Group.

In case the financial statements of an associate have been prepared as of a date different from the Group, adjustments are booked for significant transactions or events that occur between that date and the date of the consolidated financial statements.

Foreign currency translation

Items included in the financial statement of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in euros, which is the Company's functional and presentation currency. To consolidate, the financial statements are translated as follows:

- Assets and liabilities at the year-end rate.
- Income statements at the average rate for the year.
- Components of the equity at historical exchange rate.

Exchange differences arising from the translation of the net investment in foreign subsidiaries at the year-end exchange rate are recorded as part of the shareholders' equity under 'currency translation differences'.

Foreign currency transactions

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement, except when, as from 1 January 2005, hedge accounting in accordance with IAS 32 and IAS 39 is being applied.

Property, plant and equipment

Property, plant and equipment are valued at the acquisition value or production cost, increased with allocated costs where appropriate. Depreciation is calculated pro rata temporis on the basis of the useful life of the asset, in accordance with the following depreciation parameters:

Buildings	3 % - 4 %
Building fixtures and fittings	4 % - 20 %
Plant, machinery and equipment	4 % - 40 %
Furniture	20 % - 40 %
Computer equipment, software	20 % - 33 % - 40 %
Office equipment	20 % - 40 %
Vehicles	20 %
Other tangible fixed assets	25 % - 50 %

Virtually all assets are depreciated on a straight-line basis.

To the extent residual values are taken into account for calculating the depreciations, those residual values are reviewed annually.

Assets acquired under leasing arrangements are depreciated over the economic life time, which may exceed the lease term if it is reasonably certain that the ownership will be obtained at the end of the lease term.

Intangible assets

Goodwill
Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is tested for impairment each time there is a triggering event, or at least annually. Goodwill is carried at cost less accumulated impairment losses. Impairment losses on goodwill are never reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Brands, licenses, patents, software and other
Intangible assets are capitalised at cost.

Several externally acquired intangible assets with an indefinite useful life have been identified. It specifically concerns the Star Brands and Key Brands for which, based on the relevant factors, no foreseeable limit to the period of time over which these brands are expected to generate cash flow can be determined. These intangibles are tested for impairment annually.

The costs of brands with a definite useful life are capitalized and generally amortized on a straight line basis over a period of 20 years.

Research and development
Research costs related to the prospect of gaining new scientific or technological knowledge and understanding are expensed as incurred.

Development costs are defined as costs incurred for the design of new or substantially improved products and for the processes prior to commercial production or use. They are capitalized if, amongst others, the following criteria are met:

- There is a market for selling the product.
- The economic benefits for the Company will increase when selling the developed asset.
- The expenditure attributable to the intangible assets can be measured reliably.

Development costs are amortized using a straight-line method over the period of their expected benefit, currently not exceeding five years. Amortization only starts as of the moment that these assets are ready for use.

Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized 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).

Borrowings

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the income statement over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Financial assets

The Group classifies its financial assets in the following categories: loans and receivables and available for sale financial assets. Management determines the classification of its investments at initial recognition and re-evaluates this designation at every reporting date.

Loans and receivables

Loans and receivables are non-derivate financial assets with fixed or determinable payments that are not quoted in an active market and with no intention of trading. They are included in current assets, except for maturities exceeding 12 months after the balance sheet date. Loans and receivables are carried at amortized cost using the effective interest method.

Available for sale financial assets
Available for sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date.

Available for sale financial assets are at initial recognition measured at fair value unless the fair value cannot be reliably determined, in which case they are measured at cost. Unrealized gains and losses arising from changes in the fair value are recognized in equity. When the related assets are sold or impaired, the accumulated fair value adjustments are included in the income statement as gain and losses.

Currently, the available for sale financial assets comprise only investments in shares that do not have quoted markets and for which the fair value cannot be determined reliably. Hence, they are carried at cost.

Any events or changes in circumstances that might indicate a decrease in the recoverable amount are considered carefully. Impairment losses are recognized in the income statement as deemed necessary.

Derivative financial assets and hedging activities

Derivatives are initially recognized at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. The method of recognizing the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates certain derivatives as either:

(1) hedges of the fair value of recognized assets or liabilities or unrecognized firm commitments (fair value hedge);

(2) hedges of particular risk associated with a recognized asset or liability or a highly probable forecast transaction (cash flow hedge);

(3) hedges of a net investment in a foreign operation (net investment hedge).

The Group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedge transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

Leases – Operating leases

Leases in which 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 are expensed as incurred.

Leases – Finance leases

Leases of property, plant and equipment where the Group has substantially all the risks and rewards of ownership are classified as finance lease.

Finance leases are capitalized at the inception of the lease at the lower of the fair value of the leased property and 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 the non-current (payable after 1 year) and current (payable within 1 year) borrowings. The interest element of the finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

The property, plant and equipment acquired under finance leases is depreciated over the useful life of the asset, which may exceed the lease term if it is reasonably certain that the ownership will be obtained at the end of the lease term.

Inventories

Raw materials, consumables and goods for resale are valued at acquisition value using the FIFO method or net realisable value (further NRV) on the balance-sheet date, if lower. Work in progress and finished products are valued at production cost, which, in addition to the purchase cost of raw materials, consumption goods and consumables, also includes those production costs that are directly attributable to the individual product or product group and related production overhead.

Trade receivables

Trade receivables are valued at fair value. 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. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganization, and default or delinquency in payments are considered indicators that the trade receivable needs to be impaired.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and are valued at acquisition value. Adjustments to the carrying amounts are made when the realization value on the balance sheet date is lower than the acquisition value.

Share Capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Where any Group company purchases the Company's equity share capital (Treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes), is deducted from equity attributable to the Company's equity holders until the shares are cancelled, reissued or disposed of. Where such shares are subsequently sold or reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity holders.

Provisions

Provisions for restructuring costs, legal claims, the risk of losses or costs which might arise from personal securities or collateral constituted as guarantees of creditors or third party commitments, from obligations to purchase or sell fixed assets, from the fulfillment of completed or received orders, technical guarantees associated with sales or services already completed by the Company, unresolved disputes, fines and penalties related to taxes, or compensation for dismissal are recognized when: the Group has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions are not recognized for future operating losses.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the balance sheet date.

The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability.

Employee benefits

Pension obligations

Group companies operate various pension schemes. The schemes are funded through payments to insurance companies, determined by periodic actuarial calculations. The Group has both defined benefit and defined contribution plans. The liability recognized in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets, together with adjustments for unrecognized actuarial gains or losses and past service costs. The defined benefit obligation is calculated periodically by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions in excess of the greater of 10 per cent of the value of plan assets or 10 per cent of the defined benefit obligation are spread to income over the employees' expected average remaining working lives.

For defined contribution plans, the Group pays contributions to pension insurance plans. The Group has no further payment obligations once the contributions have been paid.

Contributions to defined contribution plans are recognized as an expense in the income statement when incurred.

Share based payments

The Group operates an equity-settled, share-based compensation plan. The total amount to be expensed over the vesting period is determined by reference to the fair value of the warrants granted, excluding the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At each balance sheet date, the entity revises its estimates of the number of options that are expected to become exercisable. It recognizes the impact of the revision of original estimates, if any, in the income statement, and a corresponding adjustment to equity over the remaining vesting period.

The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the warrants are exercised.

Income taxes

Income tax expense as presented in the income statement include current income tax and deferred taxes. Current income taxes include the expected tax liabilities on the Company's taxable income for the financial year, based on the tax rates applicable on the balance sheet date, and any tax adjustments of previous years.

Deferred income taxes are recorded according to the "liability" method and are calculated on temporary differences between the carrying amount and the tax base. This method is applied to all temporary differences except for differences arising on investments in subsidiaries and associates where the timing of the reversal of the temporary difference is controlled by the Group and where it is probable that the temporary difference will not reverse in the foreseen future. The calculation is based on the tax rates that are enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realized or the deferred tax liability is settled. According to this calculation method, the Group is also required to account for deferred taxes relating to the difference between the fair value of the net acquired assets and their tax base resulting from acquisitions, if any.

Deferred income tax assets have been accounted for to the extent that it is probable that the tax losses carried forward will be utilized in the foreseeable future. Deferred income tax assets are written down when it is no longer probable that the corresponding tax benefit will be realized.

Revenue recognition

Sales of goods are recognized when a Group entity has delivered products to the customer; the customer has accepted the products; and collectibility of the related receivables is probable. Sales of services are recognized in the accounting period in which the services are rendered.

Segment reporting

An operating segment is a group of assets and operations engaged in providing products or services that are the basis of the internal reports on the operating activities to the Executive Committee.

Dividend distribution

Dividend distribution to the Company's shareholders is recognized as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's shareholders.

3. Risk management

In conformity with the Belgian Royal Decree of 14 November 2007 on the obligations of issuers of financial instruments admitted to trading on a Belgian regulated market, it follows a description of the principal risks and uncertainties to which the Group's activities expose it to. It is the Group's policy to remain continuously focused on identifying all major risks, developing plans to prevent or alleviate risks, to manage them appropriately and reduce their consequences should they still occur. Despite this policy the Company is not positioned to provide a full guarantee that these risks will not occur or that they will remain without consequences should they occur. An investment in the shares of the Group therefore involves substantial risks, which potential investors should carefully consider, and which include but are not limited to the following risks (mentioned at random):

Cyclical risks

It is unclear how a weak economy and/or a recession would impact the sale of OTC products. The products of Omega Pharma are supposedly little cyclical. However, it cannot be excluded that changes in the economy, whether of a micro or a macro nature, may signficantly impact the results of the Group.

Uncertainty of prognoses

The Group makes use of all internally available information for developing forecasts for the sector in general and Omega Pharma in particular. Based on all this information, an estimate is made, which serves as the basis for developing the business plans for the Group. All local managers are involved in this process. No guarantee can be given that the prognoses included in these plans will occur as anticipated. In such an event, this may have a materially adverse effect on the Group's business operations, financial position, prospects and/or operational results.

Market price fluctuations

The future profitability of the Group is determined in part by the purchase prices for raw materials, components, and for operating expenses such as transportation costs. Although the markets for the major raw materials and components are relatively stable, and although there are many providers on the market, the Group continues to closely monitor the situation in order to be capable of developing the required preventive measures should these markets become less stable in the future. In the perspective of a fuelling inflation it cannot be excluded that the raw materials for OTC products become considerably more expensive which may significantly impact the Group's profitability in a negative way.

Inventory related risks

Given that the Group stores and markets a large assortment of products having a specific storage life and a trend-sensitive nature, in a market environment that is characterized by a high innovation pace, the emergence of a disruptive technology or a sudden change in customer preferences may lead to the need to write down part of the inventory. An inventory related risk of this kind might have an adverse effect on the Group's business operations, financial position and/or operational results.

Innovation risks

Although Omega Pharma is far less dependent upon the result of Research and Development than traditional pharmaceutical companies, a regular inflow of innovative products and services remains a requirement for the continued favourable development of turnover. Omega Pharma has installed a specific function for in-licensing. His task is to track innovations and establish third party contacts to provide support in the event of a significant innovation. This reduces the risk of a lack of innovation. The Group also performs specific product and service development activities in-house. In the event that Omega Pharma is unable to maintain a high pace of innovation and thereby fails to create the innovative solutions required to meet the needs of the market, its business operations, financial position, prospects and/or operational results could be, materially adversely affected. The results of the Group can be impacted most by changes in the segments where the largest turnover is achieved, e.g. slimming, head lice treatment, wart removal, pregnancy tests, anti-snoring products, vitamins etcetera.

Risk of inadequate protection of brand and other intellectual property rights

Omega Pharma relies on a combination of trade marks, trade names, confidentiality and non-disclosure clauses and agreements and copyrights to define and protect its rights to the intellectual property related to its products. It is of great importance that Omega Pharma is able to continue using these brands and trademarks in the future and that it adequately protects all valuable intellectual property by keeping trade secrets or applying legal devices such as trademark and patent registrations.
In the event that the above devices fail to fully protect the Group's intellectual property rights in any of its key markets, third parties (including competitors) may be able to commercialise its innovations or products or use its know-how, which could materially adversely impact Omega Pharma's business operations, financial position, prospects and/or operational results.

The other way round, Omega Pharma cannot guarantee that, unintentionally, its activities, or those of its licensors, will not occasionally infringe on the patents owned by others. The Group may spend significant time and effort and may incur significant litigation costs if it is required to defend itself against intellectual property rights suits brought against Omega Pharma or its licensors, regardless of whether the claims have any merit. If Omega Pharma is found to infringe on the patents or other intellectual property rights of others, it may be subject to substantial claims for damages, which could materially impact the Group's cash flow, business operations, financial position, prospects and/or operational results. The Group may also be required to cease development, use or sale of the relevant products or processes or it may be required to obtain a license on the disputed rights, which may not be available on commercially reasonable terms, if at all.

The Company has installed a specific function to manage Intellectual Property. They are charged with the task of monitoring and ensuring that the existing rights of the Company remain intact and to assure that new brands, formulas, and technologies are adequately protected by all necessary trademark registrations, patents, etc.

Risk of reduced brand recognition or negative brand image

The Omega Pharma trademarks and brands are important factors in determining the market position and competitiveness of the Group. The success of Omega Pharma is to an important degree based on the recognition and the positive image of the brands and products of the companies in the Group. If brand recognition would considerably decrease, or if any other factor would negatively affect the reputation or the image of brands of the Group, its business operations, financial position, prospects and/or operational results could be materially adversely affected.

Risk of dependency on customers

The Group generates its turnover by maintaining a large number of individual customers. This considerably reduces the risk of dependency on a few major accounts. Nevertheless, the market situation may evolve and lead to an altered situation in the future. Omega Pharma spares no effort to detect such alterations in the market at the earliest possible stage in order to development an appropriate action plan in such an event.

Risk of an altered competitive landscape

The future market share and turnover of the Group can be impacted by competition. Omega Pharma limits this risk by focusing on those market segments where it has a considerable market share and/or where it can further expand its position and where no or little transnational competitors are operating. Nevertheless, it can not be excluded that existing competitors beset the position of the Group or that new competitors emerge. This could bring the market position of the Group in peril. Over the past years the global OTC sector has been the subject of a considerable consolidation, which may continue in the future, thus possibly altering the competitive balances.

Risk of changes in relevant regulations and of an altered distribution landscape

Omega Pharma is marketing its products to the end-consumer mainly through the pharmacy-channel, although the Group is also operating in large retail distribution and drug store chains in countries such as the United Kingdom and the Netherlands. In some countries, the trend to liberalise the market for OTC medicines has already led to measures authorising the retail sale of these products beyond the pharmacy under certain conditions. Although Omega Pharma is not only marketing OTC medicines, but mainly nutritional supplements, personal care products and medical devices, this trend may still impact the results of the Group. In many countries it is now authorised for one pharmacist to own and exploit several pharmacies. If this trend would continue, a significant alteration of the distribution landscape cannot be excluded, with possible impact on the market position, the turnover and the profitability of the Group.

Seasonality risk

As the Group's product range includes both typical summer and winter products as well as products that are consumed throughout the year, Omega Pharma's annual turnover is relatively evenly spread between the various quarters. Nevertheless, because of seasonal factors, the turnover in a specific quarter may fluctuate significantly in comparison with previous of comparable quarters of previous accounting periods.

Dependency on distribution and licensing agreements

Over 70 per cent of the Group's turnover is derived from proprietary products and brands. Nevertheless, terminations or alterations to distribution and licensing agreements may have a significant impact on the evolution of the turnover and the profitability of the Group.

Dependency on the Belgian government policy related to generic medicines

Omega Pharma is the Belgian distributor of the generic medicines of Eurogenerics (EG), a subsidiary of Stada. As opposed to the proprietary products and brands of Omega Pharma, the EG products require a doctor's prescription for retail supply. The turnover of these products depends to a large degree on the policy that the Belgian government is applying for generic medicines. On the one hand, the sale of these products may strongly fluctuate in function of the measures taken by the Belgian government to promote generic subscription with physicians. On the other hand, the Belgian government may determine the consumer price level, the trade compensation level and the allowance of the health insurance system in the price of these products – all which may significantly impact the turnover and profitability of these products.

Risks inherent to acquisitions

Since its IPO in 1998, Omega Pharma has acquired multiple companies. Acquisitions have been and are likely to remain an important part of the Group's current growth strategy. Given this acquisitive strategy, there is a risk that corporate cultures do not match, expected synergies are not fully realised, restructurings prove to be more costly than initially anticipated or acquired companies prove to be more difficult to integrate than foreseen.
Furthermore, as Omega Pharma further grows through acquisitions, it may have to recruit additional personnel and improve its managerial, operational and financial systems. If the Group fails to address these challenges, this could adversely impact its business operations, financial position, prospects and/or operational results.

Risk related to fiscal disputes

Cf. Note 26 related to Contingencies (page 114 of this document).

Dependency on key staff

The performance of the Company is largely dependent on its ability to identify, attract, recruit, train, retain and motivate highly skilled staff. If the Company does not succeed in this mission, it can have a major negative impact on its operations, its results, and its financial situation.

Product liability risks

The products of Omega Pharma are subject to potential product liability risks – both of a general nature, as inherent to pharmaceutical products, medical devices and nutrients. Despite existing pre-marketing registration and control procedures, the use of these products may lead to complaints and/or claims related to safety, quality labeling,…
It cannot be guaranteed that the Group will not be subject to any such claims in the future.
If the Group's product liability insurance coverage is insufficient to cover any successful such product liability claims, its business operations, financial position, prospects and/or operational results could be materially adversely affected.

IT risks

Information systems are a central part of Omega Pharma's business operations and the distribution and logistics services it offers. The failure of the Group's information systems through breakdown, malicious attacks, viruses or other factors, could severely impair several aspects of operations including, but not limited to, logistics, sales, customer service and administration.
Any such failure related to the operation of information systems, may have a material adverse effect on Omega Pharma's business operations, financial position, prospects and/or operational results.

Environmental and safety risks

The Group's operations are subject to environmental and safety laws and regulations, which can continuously evolve. The cost of compliance with these and similar future regulations could be substantial.

Share price risk

Just like any share, the Omega Pharma share is subject to fluctuations that are caused by internal and often also external factors. Although Omega Pharma aims for a balance between long-term view shareholders and investors with a shorter term perspective, it remains possible that at a given time an unbalanced situation occurs that increases the share's volatility.

Financial risk

Omega Pharma has outstanding financial debts and must therefore be capable of repaying them. Over the years Omega Pharma has always generated a sufficiently high net free cash flow to repay or service its debts. However the Group has elected to reduce this risk even further with a self-imposed total net financial debt ceiling below an amount that corresponds to four times the recurring operating cash flow.

Foreign exchange risk

The Group incurs foreign currency risk on borrowings and interests that are denominated in US dollar (on the US Private Placement) and on its operating activities denominated in other currencies.
Foreign currency risk from exchanging assets, equity and liabilities of foreign subsidiaries from foreign currencies into euro are not hedged.
The foreign currency risk on the US Private Placement, denominated in US dollar, is entirely hedged by cross-currency swaps.
The Group's risk management policy is to hedge between 75 per cent and 100 per cent of anticipated transactions.
If the euro had gained (lost) 10 per cent against the US dollar at 31 December 2007, the hedging reserve in shareholders equity would have been 1.949 million euro lower (0.437 million euro lower) – 2006: 1.406 million euro higher (0.176 millio euro higher).
The fluctuation in the US dollar has an insignificant influence on profit or loss, since the hedges that qualify as fair value hedge, are an exact mirror of the hedged item.
Some of the Group's has activities are denominated in other currencies than the euro – i.e. in the Scandinavian countries and the United Kingdom. The hypothetical effect of a 10 per cent strengthening (weakening) of the euro against the British pound, would have had an effect on profit or loss of 0.533 million euro (-0.533 million euro), while shareholders' equity would be impacted by -1.737 million euro (1.737 million euro). If the euro has gained (lost) 5 per cent against the Swedish crown, this would have impacted profit or loss by -0.433 million euro (0.433 million euro), while shareholders' equity would be impacted by 0.574 million euro (-0.574 million euro).

Interest rate risk

The Group reviews at least twice a year the target mix between fixed and floating rate debt.
The purpose of this policy is to achieve an optimal balance between cost of funding and volatility of financial results.
The Group's interest rate risk arises mainly from long-term borrowings. At both year-end 2006 and 2007, approximately 60 per cent of the borrowings were at floating rates.
The Group entered into several interest rate swaps in respect of the US Private Placement.
The Group manages its cash flow interest rate risk by using floating-to-fixing interest rate swaps. Such interest rate swaps have the economic effect of converting borrowings from floating rates to fixed rates.
If the market interest rates would have been on average 100 base point higher (lower) during 2007, profit or loss would have been 4.173 million euro lower (higher). In 2006, this change would have had an impact of 3.243 million euro.
The change of 100 base points on interest rates would have impacted the hedging reserve in shareholders' equity by 8.376 million euro.

Private Placement hedges

During 2004, the Company raised 285 (million) USD by means of a US Private Placement. The private placement is split into four bullet tranches with fixed interest rates:
55 (million) USD will expire in 2009
160 (million) USD will expire in 2011
50 (million) USD will expire in 2014
20 (million) USD will expire in 2016

Foreign currency and interest rate risk were covered per individual tranche as follows:
- 100 per cent hedge of the foreign currency risk in respect of all capital instalments and interest payments;
- 75 per cent hedge of the interest risk.

This means that the Group hedged the foreign currency and interest rate risk of 205 (million) USD of the private placement (135 (million) USD of tranche 2011, full tranche 2014 and full tranche 2016) by entering into USD fixed interest rate to EUR fixed interest rate cross currency swaps for a total amount of 205 (million) USD.

These swaps were designated as cash flow hedges of the US private placement. The effective portion of changes in the fair value of the derivative that are designed and qualify as cash flow hedges is recognized in equity.

The following table shows the contractual maturities of the loans, these are the expected dates when the hedged item will be recognized in profit or loss:

(in thousand USD)	Amount	Maturity
	135,000	28-07-2011
	50,000	28-07-2014
	20,000	28-07-2016

The Group entered also into two USD fixed interest rate to EUR floating interest rate cross currency swaps for a total amount of 80 million USD (full tranche 2009 and 25 (million) USD of tranche 2011).

The fair value of the cross currency interest rate swap and the change in fair value of the private placement due to changes in foreign exchange rates and risk-free interest rates are qualified as fair value hedge and recognized in the income statement.

The critical terms of the US Private Placement fully match the critical terms of the aforementioned financial derivative contracts.

Credit risk

As the Group has a strict credit policy in place, exposure to credit risk is monitored and can be minimised.

The Group has no significant concentrations of credit risk.

Capital risk

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits to other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, acquire and cancel treasury shares, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by the equity. Net debt is calculated as total borrowings (including current borrowings, non-current borrowings and the value of the related financial derivatives) less cash and cash equivalents.

The gearing ratios at 31 December 2007 and 2006 were as follows:

(in thousand euro)	31.12.2007	31.12.2006
Total borrowings	357 029	416 263
Derivative financial instruments related to borrowings	33 576	20 673
Less: cash and cash equivalents and current financial assets	(35 429)	(28 605)
Net financial debt	**355 176**	**408 331**
Total equity	**612 166**	**505 735**
Gearing ratio	**58%**	**81%**

The decrease of the gearing ratio in 2007 compared to 2006 is mainly the consequence of the cash flow from operations and from discontinued operations.

Fair value risk

The fair value of financial instruments is determined by using valuation techniques.

The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows. The fair value of forward foreign exchange contracts is determined using forward exchange market rates at the balance sheet date.

The fair value of these instruments reflects the estimated amounts that the Group would receive on settlement of favourable contracts or be required to pay to stop unfavourable contracts at reporting date, taking into account the current unrealized gains or losses on open contracts.

The following table indicates the fair value of all outstanding cross currency and interest rate swaps, combined with the effects of the revaluation of the underlying loan:

(in thousand euro)	Assets	Liabilities
Balance at 31 December 2005	**3 418**	**10 057**
Cross currency / Interest-rate swaps:		
Fair value hedges	133	390
Cash flow hedges	(2 102)	(6 183)
Balance at 31 December 2006	**1 449**	**4 264**
Cross currency / Interest-rate swaps:		
Fair value hedges	(31)	(214)
Cash flow hedges	(1 418)	(7 140)
Balance at 31 December 2007	**0**	**(3 090)**

All of the outstanding assets and liabilities are non-current.
The assets are the deferred taxes related to the movements of the liabilities.

The cross currency / interest-rate swap contracts are connected to the US Private Placement and cover following risks:
- 100 per cent coverage of the exchange rate risk with respect to all capital instalments and interest payments.
- 75 per cent coverage of the interest variability.

The notional principal amounts of those outstanding swaps at 31 December 2007 were 231.519 million euro. These amounts are calculated by applying the swap rate at the time that these contracts have been concluded, and remain unchanged.

Liquidity risk

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet to the contractual maturity date. The amounts disclosed are the contractual undiscounted cash flows.

As the amounts included in the table are the contractual undiscounted cash flows, these amounts will not reconcile to the amounts disclosed on the balance sheet for borrowings, and trade and other payables.

31.12.2007 (in thousand euro)	Earliest contractual maturity (undiscounted)		
	< 1 year	1 to 5 years	> 5 years
Finance lease liabilities	958	2 891	3 614
Bank borrowings	10 717	322 419	64 744
Bank overdrafts	21 567		
Trade and other payables	241 234		
Total liabilities	274 476	325 310	68 358

31.12.2006 (in thousand euro)	Earliest contractual maturity (undiscounted)		
	< 1 year	1 to 5 years	> 5 years
Finance lease liabilities	1 676	4 690	5 070
Bank borrowings	12 921	360 828	67 782
Bank overdrafts	25 523		
Trade and other payables	310 540		
Total liabilities	350 660	365 518	72 852

For contractual maturities of derivatives, see 3. Risk Management – US Private Placement hedges (page 80).

4. Critical accounting estimates and judgments

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

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.

Estimated impairment of goodwill and intangible assets

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in Note 7. The same applies for the book value of the Star Brands and Key Brands. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates.

The carrying amount of goodwill at 31 December 2007 amounts to 445.929 million euro, the carrying amount of the brands amounts to 379.521 million euro.

Pension obligations

The present value of the pension obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) for pensions include the expected long-term rate of return on the relevant plans assets and the discount rate. Any changes in these assumptions will impact the carrying amount of pension obligations. The defined benefit obligation is calculated periodically by independent actuaries.

The carrying amount of pension obligations at 31 December 2007 amounts to 8.369 million euro.

Financial instruments

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The fair value of the financial instruments is calculated by external experts, based on assumptions that are mainly based on market conditions existing at each balance sheet date. Any changes in these assumptions will impact the carrying amount of the financial instruments.

The carrying amount of the financial instruments at 31 December 2007 amounts to -3.090 million euro (-4,682 million euro long term borrowing liabilities and +1,591 million euro deferred taxes).

5 . Segment information

After the Arseus IPO, all activities of the Group are situated in the OTC business (Over The Counter – i.e. non-prescription health care products).

The segments of these activities are identified following their geographical location. The segment reporting only consists of the geographical segments. No secondary reporting has been identified any more. As a consequence, the Management decided to the early adoption of IFRS 8: the identification of the operating segments is done on the basis of the components that the Management uses to asses the performance and to make decisions about the operating activities.

The figures of 2006 were restated to the new segment reporting.

At 31 December 2007, the Group is organized into five business segments:

1. Omega Pharma Belgium: the activities in Belgium
2. Omega Pharma France: the activities in France
3. Omega Pharma Northern Europe: activities in Scandinavia and Germany
4. Omega Pharma Southern Europe: activities in Spain, Italy, Portugal, Greece and Cyprus
5. Omega Pharma Rest of World: activities in the Netherlands, the United Kingdom and Ireland as well as Central and Eastern Europe, including Russia and Ukraine.

The segment results for the year ended 31 December 2006 (restated) are as follows:

(in thousand euro)	Belgium	France	Northern Europe	Southern Europe	Rest of World	Unallo-cated	TOTAL
Total turnover	230 530	177 262	97 152	129 727	135 227		769 898
Inter segment turnover	(10 353)	(4 487)	(760)	(127)	(24 762)		(40 489)
Turnover	**220 177**	**172 775**	**96 775**	**129 600**	**110 465**		**729 409**
Turnover - Arseus intercompany effect							1 287
Turnover incl. Arseus intercompany effect							**730 696**
Operating profit/segment result	**21 300**	**10 839**	**23 400**	**21 143**	**27 106**	**(9 651)**	**94 137**
Financial result							(23 236)
Result from continuing operations before income tax							**70 901**
Income tax							(11 645)
Net income from continuing operations							**59 256**
Result from discontinued operations							12 883
Net result of the period							**72 139**

The segment results for the year ended 31 December 2007 are as follows:

(in thousand euro)	Belgium	France	Northern Europe	Southern Europe	Rest of World	Unallo-cated	TOTAL
Total turnover	205 070	200 640	101 923	143 091	182 139		832 863
Inter segment turnover	(5 963)	(10 285)	(2 391)		(24 922)		(43 561)
Turnover	**199 107**	**190 355**	**99 532**	**143 091**	**157 217**		**789 302**
Operating profit/segment result	**18 336**	**10 067**	**23 855**	**24 915**	**30 992**	**(22 171)**	**85 994**
Financial result							(34 437)
Result of the period for companies included according to the equity method							2 106
Result from continuing operations before income tax							**53 663**
Income tax							(7 869)
Net income from continuing operations							**45 794**
Result from discontinued operations							108 993
Net result of the period							**154 787**

Other segment items included in the income statement are as follows:

31.12.2006 (restated) (in thousand euro)	**Belgium**	**France**	**Northern Europe**	**Southern Europe**	**Rest of World**	**Unallo-cated**	**TOTAL**
Depreciation and amortization	2 941	5 846	1 889	699	1 961	1 244	14 580
Write-down on inventories	1 043	(135)	89	169	(1 138)		28
Write-down on receivables	145		6	367	(62)	(6)	450
Increase/decrease in provisions	105	(622)	(479)	185	(279)		(1 090)

31.12.2007 (in thousand euro)	**Belgium**	**France**	**Northern Europe**	**Southern Europe**	**Rest of World**	**Unallo-cated**	**TOTAL**
Depreciation and amortization	3 368	6 084	2 737	925	2 333	1 562	17 009
Write-down on inventories	512	(295)	(146)	(986)	(172)		(1 087)
Write-down on receivables	15	642	(33)	218	(337)		505
Increase/decrease in provisions	(20)	(106)	149	224	(935)		(688)

The segment assets and liabilities at 31 December 2006 and capital expenditure for the year then ended are as follows:

(in thousand euro)	Belgium	France	Northern Europe	Southern Europe	Rest of World	Arseus	Unallo-cated	TOTAL
Total assets	95 148	249 833	140 675	125 198	358 713	284 980	47 965	1 302 512
Total liabilities	74 285	116 594	21 383	32 617	57 775	90 696	403 427	796 777
Capital expenditure	2 407	5 228	3 466	1 375	2 751	7 366	1 863	24 456

The segment assets and liabilities at 31 December 2007 and capital expenditure for the year then ended are as follows:

(in thousand euro)	Belgium	France	Northern Europe	Southern Europe	Rest of World	Unallo-cated	TOTAL
Total assets	106 465	273 693	136 408	112 870	549 535	147 728	1 326 699
Total liabilities	64 553	130 489	23 622	31 027	88 078	376 764	714 533
Capital expenditure	2 682	8 462	3 483	1 582	8 030	2 029	26 268

Segment assets consist primarily of property, plant and equipment, intangible assets, inventories, receivables and operation cash. They exclude deferred taxation related to the IFRS revaluation of the swaps and investments.

Segment liabilities comprise operating liabilities. They exclude items such as corporate borrowings.

6. Property, plant and equipment

(in thousand euro)	Land and buildings	Plant, machinery and equipment	Furniture and vehicles	Leasing and other similar rights	Other tangible assets	Assets under construc-tion	TOTAL
Year ended 31 December 2006							
Opening net book value	18 790	9 304	7 089	11 683	5 201	1 330	53 399
Exchange differences cost	(46)	(44)	71	(98)			(117)
Additions							
From thirds	878	1 006	2 670	908	1 194	3 177	9 832
Through business combinations	2 410	242	182		(22)	(6)	2 806
Disposals	(1 642)	(1 083)	(1 439)	(155)	(8 439)	(229)	(12 986)
Transfers cost	21	112	(105)	26	2 771	(3 574)	(748)
Exchange differences depreciation	26	24	(36)	24			38
Depreciation charge							
Depreciation of the year	(1 144)	(2 520)	(3 415)	(874)	(3 210)	12	(11 151)
Depreciation of disposals	1 202	1 643	1 395	124	8 264	(12)	12 616
Transfers depreciation charge	1	29	13	(14)	5		34
Closing net book value	20 495	8 713	6 425	11 626	5 764	699	53 723
Balance at 31 December 2006							
Cost	30 047	31 651	25 618	18 256	15 950	728	122 249
Accumulated depreciation	(9 551)	(22 938)	(19 193)	(6 630)	(10 185)	(28)	(68 526)
Net book value	**20 496**	**8 713**	**6 425**	**11 625**	**5 764**	**700**	**53 723**

(in thousand euro)	Land and buildings	Plant, machinery and equipment	Furniture and vehicles	Leasing and other similar rights	Other tangible assets	Assets under construc-tion	TOTAL
Year ended 31 December 2007							
Opening net book value	20 496	8 713	6 425	11 625	5 764	700	53 723
Exchange differences cost	1	(30)	(113)		2		(140)
Additions							
From thirds	1 616	3 428	2 171		5 824	4 128	17 167
Through business combinations	1 749	117	461	(85)	114	5 049	7 405
Disposals	(2 924)	(1 804)	(1 983)	(55)	(205)	(36)	(7 007)
Transfers cost	9	1 674	(1 126)	(154)	141	(790)	(246)
Costs related to discontinued operations	(10 355)	(8 559)	(13 964)	(5 268)	(3 386)	(531)	(42 063)
Exchange differences depreciation	(1)	2	66		(2)		65
Depreciations							
Depreciation of the year	(801)	(1 984)	(1 847)	(444)	(3 708)		(8 784)
Depreciation of disposals	617	1 851	1 848	96	174		4 586
Transfers depreciation charge	(21)	(1 288)	1 300	31	(141)	(1)	(120)
Accumulated depreciations related to discontinued operations	2 816	6 612	10 736	2 566	2 883		25 613
Closing net book value	13 200	8 732	3 974	8 312	7 461	8 520	50 199
Balance at 31 December 2007							
Cost	20 142	26 477	11 064	12 694	18 440	8 548	97 365
Depreciation	(6 942)	(17 745)	(7 090)	(4 381)	(10 979)	(29)	(47 166)
Net book value	**13 200**	**8 732**	**3 974**	**8 313**	**7 461**	**8 519**	**50 199**

In 2007, bank borrowings are secured on land and buildings for the value of 366 thousand euro (in 2006: 1.650 million euro).
As all bank borrowings concerned were reimbursed as per end 2007, there are no liabilities anymore that are secured on land and buildings.

7. Intangible assets

(in thousand euro)	Goodwill	R&D	Concessions and patents	Brands	Software	Other	TOTAL
Year ended 31 December 2006							
Opening net book value	454 296	14 996	2 946	245 196	5 932	98	723 464
Exchange differences cost	531	139		(112)			558
Additions							
Internal development		6 790			484		7 274
From thirds	57	3 548	722	880	1 796	349	7 352
Through business combinations	24 070		25	13 670	1		37 766
Disposals		(19)	(334)	(4 038)	(69)	(24)	(4 484)
Transfers cost	(368)	(343)	590	159	955	(283)	710
Exchange differences amortization		(33)					(33)
Amortization charge							
Amortizations of the year		(5 736)	(854)	(89)	(2 838)	(7)	(9 524)
Through business combinations			(25)		(1)		(26)
Amortization of disposals		239	16		52		307
Transfers amortization charge		375	(132)	(1)	(790)		(548)
Closing net book value	478 586	19 956	2 954	255 665	5 522	133	762 816
Balance at 31 December 2006							
Cost	478 586	29 091	7 398	265 865	15 623	140	796 703
Accumulated amortization		(9 135)	(4 444)	(10 200)	(10 101)	(7)	(33 887)
Net book value	**478 586**	**19 956**	**2 954**	**255 665**	**5 522**	**133**	**762 816**
Year ended 31 December 2007							
Opening net book value	478 586	19 956	2 954	255 664	5 523	133	762 816
Exchange differences cost	(1 854)	(283)			(7)		(2 144)
Additions							
Internal development		3 937			625		4 562
From thirds		3 208	99	199	894	138	4 538
Through business combinations	105 041	184	100	124 290	225	1	229 841
Disposals	(125)	(851)	(719)	(428)	(913)	(34)	(3 070)
Transfers cost	690	(839)	1 076	(606)	158	(72)	407
Costs related to discontinued operations	(136 409)	(7 936)	(2 577)	(168)	(6 642)	(22)	(153 754)
Exchange differences depreciations		103			3		106
Amortizations of the year		(6 300)	(485)	(52)	(1 756)	(6)	(8 599)
Amortizations of disposals		517	591	356	816		2 280
Transfers depreciation charge		139	(266)	148	217		238
Accumulated depreciations related to discontinued operations		2 403	1 200	117	4 370	7	8 097
Closing net book value	445 929	14 238	1 972	379 521	3 512	146	845 318
Balance at 31 December 2007							
Cost	445 929	26 511	5 377	389 152	9 963	151	877 083
Accumulated depreciation		(12 273)	(3 404)	(9 632)	(6 451)	(5)	(31 765)
Net book value	**445 929**	**14 238**	**1 973**	**379 520**	**3 512**	**146**	**845 318**

Goodwill

Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses.

Impairment tests for goodwill

Goodwill is allocated to the Group's cash-generating units (CGUs) identified as the five business units of the Group, being Belgium, France, Northern Europe, Southern Europe and Rest of World.

A summary of the goodwill allocation per business unit is presented below (in million euro).

Business unit	2007	2006
Belgium	30.64	18.39
France	121.67	103.21
Northern Europe	90.92	90.76
Southern Europe	42.38	42.38
Rest of World	155.05	82.25
Corporate	5.28	5.19
Total OTC	**445.93**	**478.59**

The recoverable amount of a CGU is determined based on value-in-use calculations. These calculations use cash flow projections with a five-year forecast horizon based on detailed financial budgets approved by management for year one. For year two till five the budget figures of year one are extrapolated taking into account an internal growth rate and a budgeted gross margin. Besides these rates, the model includes a number of assumptions, such as the rate of perpetual growth and a pre-tax discount rate. An overview of the key assumptions for the value-in-use calculations is stated below. Management determined gross margin and growth rates based on past performance and its expectations for the market development.

	Autonomous 5 year-growth(%)		Perpetual growth rate (%)		Gross margin (%)		Discount rate (%)	
	2007	2006	2007	2006	2007	2006	2007	2006
Belgium	4	8	2	3	28.53	27.39	10.63	8.58
France	4	7	2	2	63.02	66.42	9.35	8.58
Europe		9		3		64.44		8.58
Northern Europe	5		2		54.30		10.21	
Southern Europe	6		2		68.56		10.90	
Rest of World	8		2.5		51.16		10.90	
Total OTC	**6**	**8**	**2.14**	**2.82**	**51.73**	**54.79**	**10.49**	**8.58**

The value per CGU as per said value-in-use calculations is compared with the net book value of the fixed assets of CGU concerned. For all CGUs, the value-in-use exceeds the net book value, as a consequence of which no goodwill is to be impaired for 2007.

Brands
The net book value of all brands, including those with indefinite useful lives, are annually tested for impairment at the level of the CGU as defined above and using the methodology set out above.

For Star Brands and Key Brands, based on an analysis of all relevant factors, there is no foreseeable limit to the period of time over which these brands are expected to generate cash flows for the Company. These brands have been assigned indefinite useful lives. The total book value of Star Brands and Key Brands totalled 379.521 million euro as per the end of 2007 (2006: 255.842 million euro). All Star Brands and Key Brands are allocated to the business unit OTC, which is the level at which they are tested for impairment (see above).

In addition to the impairment testing, the indefinite life nature of the Star and Key Brands is reviewed annually. Not only strategic considerations are taken into account but also the evolution of the net recoverable amounts. The net book value for each of the aforementioned brands separately is compared to its' recoverable amount. The recoverable amount is determined as the higher of the value obtained based on:
- A discounted cash flow model, similar to the calculation of the goodwill impairment.
- A multiple method.

As far as the multiple method is concerned, the following multiples are applied, whereby the brand value equals the multiple times the annual sales of the related brand:

Brand	Multiple
Star	3
Key	2.5
Other	0.5

For all Star and Key Brands, the recoverable amount exceeds the net book value, which corroborates the indefinite useful life nature of the brands.

8. Financial assets and other non current assets

(in thousand euro)	31.12.2007	31.12.2006
Borrowings and receivables	841	3 670
Financial assets available for sale	2 734	2 962
Investments included according to the equity method	42 774	
	46 349	**6 632**

None of the borrowings and receivables require impairment adjustments.

The investments included according to the equity method refer to the 24 per cent participation that the Group holds in Arseus NV. Since 5 October 2007, Arseus NV is publicly listed as a separate company.

The amount of 42.774 million euro in the table above represents 24 per cent of the equity of the Arseus Group as at 31 December 2007.

This participation valued at the closing rate of the share price as per 31 December 2007, is:

Number	7 500 000
Closing rate 31 December 2007	9.25
Total	69 375 000

Arseus NV has published the following consolidated figures for the accounting period ending 31 December 2007:

(in thousand euro)	31.12.2007	31.12.2006
Turnover	304 368	276 971
Operating result	26 440	20 120
Net result	16 260	12 123
Total assets	347 467	285 458
Equity	178 225	100 812
Total liabilities	169 242	184 646

9. Trade and other receivables

(in thousand euro)	31.12.2007	31.12.2006
Trade receivables	182 457	227 624
Provision for impairment of receivables	(5 806)	(8 212)
Trade receivables - net	**176 651**	**219 412**
Other receivables		
VAT receivables	3 144	5 755
Income tax receivables	22 681	21 193
Other receivables	6 047	8 802
Deferred charges	13 811	16 264
Total	**222 334**	**271 426**

(in thousand euro)	Carrying amount	Of which neither impaired nor past due on 31.12.2007	Of which not impaired on the reporting date and past due in the following periods			
			less than 30 days	between 30 and 90 days	between 90 and 180 days	more than 180 days
Trade receivables as of 31.12.2007	176 651	136 489	14 116	8 467	5 450	12 129
Other receivables as of 31.12.2007	6 047	6 047				
Trade receivables as of 31.12.2006	219 412	160 726	20 020	12 668	7 597	18 401
Other receivables as of 31.12.2006	8 802	7 214				1 588

There are no indications at the reporting date that the debtors of trade receivables and other receivables that were neither impaired nor past due, would not meet their payment obligations.

10. Inventories

(in thousand euro)	31.12.2007	31.12.2006
Raw materials	8 946	10 216
Production supplies	11 377	10 573
Work in progress	592	2 359
Finished goods	12 309	19 067
Trade goods	67 462	111 806
Inventories	**100 686**	**154 021**

11. Equity

Authorised capital

By decision of the Extraordinary General Meeting of 7 July 2006, the Board of Directors was granted the power to increase the capital, in one or more instalments, by a maximum amount of 16,296,833.81 euro, in a way and under the conditions that the Board of Directors shall determine, within the term of five years commencing on the date of the publication of the decision in the Appendices to the Belgian Bulletin of Acts, Orders and Decrees.

As at 31 December 2007, the Board of Directors is still authorized to increase the capital by a maximum amount of 16,251,488.81 euro or the equivalent of 25,890,534 shares. In 2006 this was an amount of 16,251,488.81 euro or the equivalent of 28,292,982 shares.

The shares have no par value and are fully paid.

Treasury shares

In accordance with Article 620 of the Belgian Company Code and the authorization of the Extraordinary General Meeting of Shareholders of 7 July 2006 and 6 July 2007, the Board of Directors decided to acquire the Company's own shares, in the Company's interest and with due consideration for the conditions on the market.

In the interests of the Company and in light of the market conditions, the Board of Directors has decided to continue the purchase programme.

During the accounting period 2007, 1,065,744 shares were purchased at an average price of 45.52 euro and no shares were sold. In comparison, 584,377 shares were purchased in 2006 at an average price of 48.30 euro and 100,000 shares were sold in that period at an average price of 42.33 euro.

Following the approval of the Extraordinary Shareholders' Meeting of 9 March 2007 for the cancellation of 1,000,000 treasury shares, Omega Pharma held 1,338,538 treasury shares as per 31 December 2007, versus 1,272,794 shares on 31 December 2006.

This represented a total amount of 63.213 million euro on 31 December 2007 and a total amount of 58.746 million euro on 31 December 2006.

Based on the IFRS, the treasury shares are deducted from the shareholders' equity and do not have any impact on the income statement. For financial reporting purposes, in the calculation of the ratios based on the number of shares the number of treasury shares is deducted from the total number of shares. The voting rights related to these treasury shares are suspended. The dividends for these shares are not suspended and paid out to Omega Pharma NV.

The shares are held as 'treasury shares'. The future possibilities of these treasury shares are: cancellation, sale on the exchange market or share exchange in acquisitions.

The Board of Directors is of the opinion that any further purchase of the Company's shares is a good utilisation of the free cash flow.

Share based payments

The Board of Directors of the Company approved three warrant plans: on 20 April 1998 (warrant plan 1), 13 December 2000 (warrant plan 2) and 1 April 2003 (warrant plan 3) for the benefit of its employees, important third parties and consultants of the Company and/or its subsidiaries.

The Extraordinary General Meeting of 7 July 2004 also approved a special warrant issue for the benefit of the Company's independent directors.

For employees, the warrants become exercisable about 2 to 4 years after grant date and are exercisable in annual instalments of 20 to 25 per cent. For important third parties and consultants, the warrants become exercisable about 2 years after grant date and are exercisable in annual instalments of 25 per cent. The warrants granted to the independent directors show the same characteristics as the warrants granted to important third parties and consultants, except for the fact that they become exercisable about 1 year after grant date instead of 2. The average vesting period is about 5 to 9 years. The condition for vesting / exercising the warrants is, for employees that they are still in service and, for important third parties, consultants and independent directors that the relationship with the Company is not terminated.

The cost of the warrants is determined at the fair value of the warrants at grant date and is spread over the vesting period of the warrants. The cost is included in the other employee benefit expenses and amounted to 148 thousand euro for the year 2007.

Movements in the number of warrants outstanding and their related weighted average exercise prices are as follows:

	2007		2006	
	Average exercise price in euro per share	Options	Average exercise price in euro per share	Options
At 1 January	35.59	418 070	33.48	517 078
Granted	49.74	57 500	45.13	20 000
Forfeited	39.79	(26 399)	31.45	(34 989)
Exercised	35.50	(221 167)	26.63	(84 019)
At 31 December	**38.76**	**228 004**	**35.59**	**418 070**

Warrants exercised in 2007 resulted in 221,167 new shares being issued at an average exercise price of 35.50 euro per share. 84,019 warrants were exercised in 2006 and resulted in the creation of an equal number of news shares, being issued at an average exercise price of 26.63 euro each.

The related weighted average price per share at the end of the period was 38.76 euro in 2007 and 35.59 euro in 2006.

On 25 March 2008 the total number of warrants outstanding, that can give cause to issuing an equal number of new shares of the Company amounted to 198,479 with an average exercise price of 38.70 euro.

Warrants outstanding at the end of the year have following expire date and exercise price:

Expire date	2007 Exercise price	2007 Warrants	2006 Exercise price	2006 Warrants
2007 - January			38.79	196 489
2007 - June			24.87	52 692
2007 - August			41.49	6 250
2007 - November			36.86	15 900
2008 - January	39.12	38 595	38.48	22 765
2008 - June	28.20	42 956	28.28	41 218
2008 - August	41.49	2 500	41.49	2 500
2008 - November	39.59	26 450	39.62	13 600
2009 - January	40.05	8 290	40.05	8 290
2009 - June	34.64	22 431	34.71	23 070
2010 - June	34.64	22 431	34.71	23 070
2011 - June	46.38	21 363	41.19	8 613
2012 - June	46.72	16 738	35.74	3 613
2013 - June	49.74	13 125		
2014 - June	49.74	13 125		
	38.76	**228 004**	**35.59**	**418 070**

Fair value
As the Warrant Plans 1 and 2 were granted prior to November 7, 2002, the fair value for those plans was not calculated.

The fair value of the warrants of Warrant Plan 3, determined using the Black-Scholes valuation model, was 1,247 thousand euro in 2007. In 2006 this was 1,099 thousand euro. The main inputs into the model were the share price at the grant date, the exercise price shown above, the standard deviation of the expected share price returns, the option life disclosed above, and the annual risk-free interest rate.

Dividend
The dividends paid in 2007 and 2006 were 10.794 million euro (0.40 euro per share) and 9.079 million euro (0.32 euro per share) respectively. At the Annual General Meeting on 5 May 2008, a dividend for the period 2007 of 0.50 euro per share will be proposed, amounting to a total dividend of 13.103 million euro. This dividend payable is not reflected in the financial statements.

12. Other current payables

(in thousand euro)	31.12.2007	31.12.2006
Prepayments		1 749
Other payables	8 220	21 380
Accrued expenses	12 472	12 121
Other current payables	**20 692**	**35 250**

13. Borrowings

(in thousand euro)	31.12.2007	31.12.2006
Non current		
Finance lease liabilities	5 807	7 862
Bank borrowings	328 696	380 444
	334 503	388 306
Current		
Finance lease liabilities	779	1 435
Bank borrowings	181	999
Bank overdrafts	21 567	25 523
	22 527	27 957
Total borrowings	**357 030**	**416 263**

The maturity of the non current borrowings is as follows:

(in thousand euro)	31.12.2007		31.12.2006	
	Finance leases	Bank borrowings	Finance leases	Bank borrowings
Later than 1 year and no later than 5 years	2 395	263 733	3 824	324 115
Later than 5 years	3 412	64 963	4 038	56 329
Total non current borrowings	**5 807**	**328 696**	**7 862**	**380 444**

There are no secured liabilities any more. (31.12.2006: 1.350 million euro.)

Bank borrowings

The carrying amounts of the bank borrowings are denominated in the following currencies:

(in thousand euro)	31.12.2007	31.12.2006
Euro denominated	97 806	149 728
US dollar denominated	230 890	230 716
	328 696	**380 444**

The US dollar borrowing concerns the US Private Placement and is covered by foreign currency and interest rate swap - see Note 3.

The coverage of the borrowings to fair value hedges and cash flow hedges is as follows:

(in thousand euro)	31.12.2007	31.12.2006
Total bank borrowings	328 696	380 444
Fair value hedge	(187)	(90)
Cash flow hedge	(4 495)	(4 174)
	324 014	**376 180**

The effective interest rates at the balance sheet date were as follows:

(in thousand euro)	31.12.2007		31.12.2006	
	Amount	Effective interest rate	Amount	Effective interest rate
Euro - Syndication loan	97 779	4.76%	122 886	3.92%
Euro - France	38 000	4.99%	38 000	3.93%
US Private Placement	230 890	5.15%	230 716	4.78%
Other	(37 973)		(11 158)	
	328 696		**380 444**	

Finance leases

Assets

The property, plant and equipment include the following amounts where the Group is a lessee under a finance lease:

(in thousand euro)	31.12.2007	31.12.2006
Cost - capitalised finance leases	12 845	18 417
Accumulated depreciation	(4 533)	(6 791)
Net amount of assets in leasing	**8 312**	**11 626**

The net amount of the finance leases concern following investments:

(in thousand euro)	31.12.2007	31.12.2006
Land	528	528
Buildings	7 777	8 483
Installations, machinery and equipment	7	2 384
Furniture and vehicles		231
Net amount of assets in leasing	**8 312**	**11 626**

Liabilities

Finance lease liabilities – minimum lease payments:

(in thousand euro)	31.12.2007	31.12.2006
Not later than 1 year	958	1 676
Later than 1 year and not later than 5 years	2 891	4 690
Later than 5 years	3 614	5 070
Total minimum lease payments	**7 463**	**11 436**
Future finance charges on finance leases	(877)	(2 139)
Present value of finance lease liabilities	**6 586**	**9 297**

The present value of finance lease liabilities is as follows:

(in thousand euro)	31.12.2007	31.12.2006
Not later than 1 year	779	1 435
Later than 1 year and not later than 5 years	2 395	3 824
Later than 5 years	3 412	4 038
Present value of finance lease liabilities	**6 586**	**9 297**

Operating leases

The operating leases concern mainly buildings, warehouses and company cars.

The non-cancelable operating leases are payable as follows:

(in thousand euro)	31.12.2007	31.12.2006
Not later than 1 year	12 253	8 995
Later than 1 year and not later than 5 years	22 790	15 581
Later than 5 years	5 251	7 250
Operating leases – minimum lease payments	**40 294**	**31 826**

Additional disclosures on financial instruments

			Amounts recognised in the balance sheet according to IAS 39					
(in thousand euro)	Category in accord. with IAS 39	Carrying amount 31.12.2007	Amortized cost	Cost	Fair value recognized in equity	Fair value recogn. in profit or loss	Amounts recognised in balance sheet according to IAS 17	Fair value 31.12.2007
Available-for-sale financial assets	AfS	2 734		2 734				n.a.
Other non current assets	LaR	841	841					841
Trade receivables	LaR	176 651	176 651					176 651
Other receivables	LaR	6 047	6 047					6 047
Cash and cash equivalents	LaR	35 429	35 429					35 429
Finance lease liabilities	n.a.	6 586					6 586	5 546
Bank borrowings	FLAC	388 701	388 701					350 480
Derivative financial liabilities (hedge accounting)	n.a.	(4 682)			(4 496)	(186)		(4 682)
Trade payables	FLAC	180 422	180 422					180 422
Other non interest bearing liabilities	FLAC	8 212	8 212					8 212
of which: aggregated by category in accordance with IAS 39								
Available for sale	AfS	2 734		2 734				n.a.
Held to maturity	HtM							
Loans and receivables	LaR	218 968	218 968					218 968
Financial liabilities at amortized cost	FLAC	577 335	577 335					539 114

(in thousand euro)	Category in accord. with IAS 39	Carrying amount 31.12.2006	Amounts recognised in the balance sheet according to IAS 39				Amounts recognised in balance sheet according to IAS 17	Fair value 31.12.2006
			Amortized cost	Cost	Fair value recognized in equity	Fair value recogn. in profit or loss		
Available-for-sale financial assets	AfS	2 962		2 962				n.a.
Other non current assets	LaR	3 670	3 670					3 670
Trade receivables	LaR	219 412	219 412					219 412
Other receivables	LaR	8 802	8 802					8 802
Cash and cash equivalents	LaR	28 605	28 605					28 605
Finance lease liabilities	n.a.	9 297					9 297	8 239
Bank borrowings	FLAC	423 375	423 375					338 602
Derivative financial liabilities (hedge accounting)	n.a.	4 264			4 174	90		4 264
Trade payables	FLAC	221 376	221 376					221 376
Other non interest bearing liabilities	FLAC	21 647	21 647					21 647
of which: aggregated by category in accordance with IAS 39								
Available for sale	AfS	2 962		2 962				n.a.
Held to maturity	HtM							
Loans and receivables	LaR	260 489	260 489					260 489
Financial liabilities at amortized cost	FLAC	666 398	666 398					581 625

Cash and cash equivalents, and trade and other receivables mainly have short times to maturity. For this reason, their carrying amounts at the reporting date approximate the fair value.

The fair value of the available for sale financial assets is not disclosed since their fair value cannot be measured reliably.

The other non current assets are related to receivables with different maturity dates. The fair value approaches the carrying amount.

Trade payables and other liabilities, generally have short times to maturity, the values reported approximate the fair values.

The fair values of the bank borrowing and finance lease liabilities are calculated as the present values of the payments associated with the debt.

14. Taxes, remuneration and social security

(in thousand euro)	31.12.2007	31.12.2006
Current income tax liabilities	18 293	23 306
Other current tax and VAT payables	7 822	10 660
Remuneration and social security payables	14 005	19 948
Taxes, remuneration and social security	**40 120**	**53 914**

Deferred tax liabilities

(in thousand euro)	Discrepancy with tax depre-ciation	Undistri-buted earnings	Financial instru-ments	Other	Reclass	TOTAL diferred tax liabilities
Balance at 31 December 2005	35 125	1 746		264	(7 217)	29 918
Result	1 527	(330)		149		1 346
Acquisition of subsidiary	2 943					2 943
Reclass					90	90
Balance at 31 December 2006	**39 595**	**1 416**		**413**	**(7 127)**	**34 297**
Result	(394)	1 376	1 591	(38)		2 535
Acquisition of subsidiary	33 323					33 323
Discontinued operations	(2 052)			(371)		(2 423)
Reclass					389	389
Exchange rate differences	(58)			(4)		(62)
Balance at 31 December 2007	70 414	2 792	1 591	0	(6 738)	68 059

The Reclass column in the charts for Deferred tax liabilities and Deferred tax assets features identical amounts as they refer to 'netting' of assets and liabilities included by local entities.

Deferred tax assets

(in thousand euro)	Difference in depre-ciation rates	Employee benefits	Provi-sions	Tax losses	Financial instru-ments	Other	Reclass	TOTAL deferred tax assets
Balance at 31 December 2005	**5 937**	**3 581**	**4 114**	**13 231**	**3 418**	**(1)**	**(7 217)**	**23 063**
Result	(2 289)	(1 000)	(528)	8 491				4 674
Charged to equity					(1 969)			(1 969)
Acquisition of subsidiary			1 291					1 291
Reclass				(1 852)			90	(1 762)
Exchange rate differences						(8)		(8)
Balance at 31 December 2006	**3 648**	**2 581**	**4 877**	**19 870**	**1 449**	**(9)**	**(7 127)**	**25 289**
Result	(1 269)	48	2 206	9 571	(1 449)			9 107
Acquisition of subsidiary			1 098					1 098
Discontinued operations	(445)	(573)	(775)	(7 705)				(9 498)
Reclass							389	389
Exchange rate differences						(1)		(1)
Balance at 31 December 2007	**1 934**	**2 056**	**7 406**	**21 736**		**(10)**	**(6 738)**	**26 384**

15. Retirement benefit obligations

The amounts recognized in the balance sheet are determined as follows:

(in thousand euro)	31.12.2007	31.12.2006
Present value of funded obligations	27 303	36 231
Fair value of plan assets	(17 603)	(25 085)
Present value of unfunded obligations	9 700	11 146
Unrecognised actuarial losses (gains)	(1 331)	278
Liability in the balance sheet	**8 369**	**11 424**

All defined benefit plans are final salary pension plans. The amounts pertaining to post employment medical plans are included in the liability but are not significant. There are no informal constructive obligations.

The assets comprise qualifying insurance policies and are not part of the Group's own financial instruments.

The amounts recognized in the income statement are as follows:

(in thousand euro)	Note	2007	2006
Current service cost		1 717	2 379
Interest cost on obligation		1 162	1 380
Return on plan assets		(919)	(968)
Net actuarial gains (losses) recognised during the year		(1 147)	(1 076)
Loss on curtailment			(115)
		813	**1 600**
of which included in the movement of provisions	20	(565)	427
of which included in the employee benefit expenses	19	1 378	1 173

Movements in net liability:

(in thousand euro)	31.12.2007	31.12.2006
Net liability in the balance sheet at 1 January	**11 424**	**14 763**
Expense	813	1 600
Pensions paid directly from pension reserve	(21)	(40)
Contributions/benefits	(1 613)	(4 899)
Transfer	(2 234)	
Net liability in the balance sheet at 31 December	**8 369**	**11 424**

The Group has various defined benefit pension plans. The most important plans are in the Netherlands, Germany, Ireland and France.

(in thousand euro)	Nether-lands	Germany	Ireland	France	TOTAL	% of total liabilities
Net liability in the balance sheet at						
31.12.2006	4 913	1 293	2 052	1 993	10 251	89.73
31.12.2007	3 049	1 395	757	1 858	7 059	84.34

The principal actuarial assumptions used were as follows:

The weighted average discount rate for 2006 amounted to 4.80 per cent and for 2007 to 5.46 per cent.

The weighted expected return on plan assets was 4.94 per cent for 2006 and 5.02 per cent for 2007.

The weighted expected general salary increase was 2.75 per cent for 2006 and 2.83 per cent for 2007.

The contributions to be paid in 2008 are expected to be in line with those in 2007.

16. Provisions

(in thousand euro)	Taxes	Disputes	Others	TOTAL
Balance at 31 December 2005	**1 294**	**1 327**	**5 708**	**8 329**
Additions				
Through business combinations		50	355	405
Other		71	749	820
Amounts used	(1)	(986)	(3 843)	(4 830)
Exchange differences			(1)	(1)
Transfers	(1 244)		101	(1 143)
Balance at 31 December 2006	**49**	**462**	**3 069**	**3 580**
Additions				
Through business combinations	7		124	130
Other		1 572	4 021	5 593
Amounts used	(7)	(863)	(705)	(1 574)
Exchange differences			(222)	(222)
Transfers		1 011	(954)	57
Related to discontinued operations	(49)	(264)	(984)	(1 297)
Balance at 31 December 2007	**0**	**1 918**	**4 349 (*)**	**6 267**

(*) See also Note 21.

17. Turnover

(in thousand euro)	2007	2006
Sale of goods	757 545	694 516
Rendering services	31 758	36 180
Turnover	**789 303**	**730 696**

18. Other operating income

(in thousand euro)	2007	2006
Gain on disposal of fixed assets	176	977
Other operating income	3 048	8 585
Other operating income	**3 224**	**9 562**

19. Employee benefit expenses

(in thousand euro)	2007	2006
Wages and salaries	64 877	61 939
Social security costs	19 232	15 270
Pension costs – defined benefit plans	1 378	3 126
Pension costs - defined contribution plans	907	720
Other employment costs (commissions, premiums, travel,...)	15 381	8 715
Employee benefit expenses	**101 775**	**89 770**

	Full-time equivalents rounded at one unit	Omega Consumer Health (total of the Group) 31.12.2007	Omega Consumer Health 31.12.2006
	Belgium, including corporate services	332	338
	France	549	543
Northern Europe	Denmark	7	8
	Finland	11	12
	Germany	75	74
	Norway	9	8
	Sweden	58	43
Southern Europe	Cyprus	5	7
	Greece	88	85
	Italy	46	49
	Portugal	49	45
	Spain	100	102
Rest of the World	Austria	261	
	Ireland	36	69
	Lithuania	9	
	Luxembourg	21	19
	the Netherlands	180	207
	Poland	4	
	United Kingdom	41	47
	Total	**1 881**	**1 656**

20. Depreciation, amortization and changes in provisions

(in thousand euro)	Note	2007	2006
Depreciation and amortization		17 009	14 581
Write-down on inventories		(1 087)	28
Write-down on receivables		506	450
Increase/decrease in provisions for current liabilities	16	(124)	(586)
Increase/decrease in provisions for pension liabilities	15	(565)	(504)
Depreciation, amortization and changes in provisions		**15 739**	**13 969**

21. Other operating expenses

(in thousand euro)	Note	2007	2006
Other operating expenses		5 792	3 498
Restructuring charges		18 991	12 639
Restructuring provisions	16	4 142	(1 728)
Other operating expenses		**28 925**	**14 409**

In 2006 the restructuring charges were mainly related to the restructurings at Omega Pharma France and at Arseus. These non-recurring costs include amongst others costs for dismissals as well as the costs for lack of occupancy and for destruction of stock.

In 2007, these expenses are related to restructurings (e.g. in Belgium and Germany), outsourcing in the United Kingdom and in Ireland (manufacturing) and to inventories and trade receivables, as a consequence of the new positioning as a pure OTC company.

22. Financial result

(in thousand euro)	2007	2006
Financial income	406	1 046
Financial expenses	(8 557)	(6 102)
Interest expenses	(26 024)	(17 995)
Foreign exchange differences	(262)	(185)
Financial result	**(34 437)**	**(23 236)**

23. Income tax

(in thousand euro)	2007	2006
Current tax	7 870	17 461
Deferred tax	(1)	(3 328)
Total tax charge	**7 869**	**14 133**

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the consolidated companies as follows:

(in thousand euro)	2007	2006
Profit before tax	51 557	86 272
Tax calculated at weighted average statutory tax rate	**14 583**	**25 444**
Income not subject to tax	(12 051)	(10 746)
Expenses not deductable for tax purposes	1 516	1 004
Utilisation of previously unrecognised losses		(1 266)
Other	3 821	(303)
Tax charge	**7 869**	**14 133**

The weighted average effective tax rate was 15.26 per cent (2006: 16.38 per cent).

24. Discontinued operations

In 2007, Omega Pharma sold 17,500,000 or 70 per cent, of the existing shares in Arseus at an offering price of 10.25 euro per share. In addition, Arseus issued 6,000,000 new shares against contribution in cash and 195,121 new shares against contribution in kind of an outstanding liability of 2 million euro – both at the offering price of 10.25 euro per share. After the IPO, Omega Pharma holds 24 per cent in the total share capital of Arseus. The participation in Arseus is valued on the balance sheet at equity method. As a result of the IPO of Arseus, Omega Pharma realized a net profit, after transaction costs, of 100.994 million euro.

Until 30 September 2007, Arseus was fully included in the consolidation scope of the Omega Pharma group. In the first nine months of the year, Arseus contributed 7,999 million euro to the net profit. This result can be detailed as follows:

(in thousand euro)	January-September 2007	January-December 2006
Revenue	214 618	276 971
Expenses	(206 084)	(261 599)
Profit from discontinued operations - before tax	**8 534**	**15 372**
Taxes	(535)	(2 489)
Profit from discontinued operations - after tax	**7 999**	**12 883**

25. Earnings per share

(in thousand euro unless stated otherwise)	2007	2006
Basic earnings per share		
Profit attributable to equity holders of the Company	154 787	72 139
Weighted average number of ordinary shares (in thousands)	25 800	25 831
Basic earnings per share (in euro)	**6.00**	**2.79**
Profit from discontinued operations	108 993	12 883
Basic earnings per share (in euro) of discontinued operations	**4.22**	**0.50**
Basic earnings from continuing operations (in euro)	**1.78**	**2.29**
Diluted earnings per share		
Profit attributable to equity holders of the Company	154 787	72 139
Weighted average number of ordinary shares (in thousands)	25 800	25 831
Effect of warrants	222	456
Weighted average number of ordinary shares (diluted) (in thousands)	26 021	26 287
Diluted earnings per share (in euro)	**5.95**	**2.74**
Profit from discontinued operations	108 993	12 883
Diluted earnings per share (in euro) of discontinued operations	**4.19**	**0.49**
Earnings per share before non-recurring items		
Profit attributable to equity holders of the Company	154 787	72 139
Non-recurring items, after tax (cf. Note 21)	(89 392)	9 119
Profit before non-recurring items attributable to equity holders of the Company	65 395	81 258
Weighted average number of ordinary shares (in thousands)	25 800	25 831
Basic earnings per share before non-recurring items (in euro)	**2.53**	**3.15**
Diluted earnings per share before non-recuring items		
Profit attributable to equity holders of the Company	154 787	72 139
Non-recurring items, after tax (*)	(89 392)	9 119
Profit before non-recurring items attributable to equity holders of the Company	65 395	81 258
Weighted average number of ordinary shares (in thousands)	25 800	25 831
Effect of warrants	222	456
Weighted average number of ordinary shares (diluted) (in thousands)	26 021	26 287
Diluted earnings per share (in euro)	**2.51**	**3.09**

(*) Balance of other operating expenses (cf. Note 21) after taxes and the net income from the Arseus IPO.

26. Contingencies

Omega Pharma has a number of disputes with the Belgian tax authorities.

A first dispute concerns the taxability of the 1998 warrants plan, which relates to the period 2000 to 2004. The tax authorities take the position that the warrants are taxable when they are exercised and has taxed the Company with respect to alleged gifts. The tax authorities demand payment of 6.9 (million) euro. The Company's management does not accept the tax authorities' arguments and has appealed. Recent developments in judge-made law support the Company's arguments.

The second dispute relates to the deductibility of interest paid to the Group's Luxembourg financing vehicle in the financial years 2002 to 2004. The tax authorities have rejected this deduction in full and demand payment of 7.8 (million) euro. The arguments of the tax authorities are not based on judge-made law and were rejected in an appeal.

Beside the aforementioned tax dispute, Omega Pharma has been summoned by Wartner Holding BV for allegedly infringing a non-competition clause. Wartner Holding BV claims a total amount of 88.9 million euro. The conclusions of Omega Pharma's counsellor reveal no legal grounds for this claim to persist. The argumentation of the applicant is judged to be in conflict with the valid competition regulations and is therefore deemed null and void. Management does neither agree with the applicant's argumentation, which goes moreover entirely against the spirit of the agreements between both parties. Consequently no provision has been created for this exorbitant claim.

27. Related parties

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

The table below includes the overall remuneration package of the members of the Executive Committee and the non-executive members of the Board of Directors for 2006 and 2007.

(in thousand euro)	Fixed remuneration component (1)	Variable remuneration component	Other remuneration components (2)
Accounting period 2006			
Marc Coucke, CEO until 1 October 2006	375.0	0	25.0
Jan Cassiman, CEO as of 1 October 2006	112.5	37.5	0.0
Executive Committee, *including* the CEO	1 746.0	0	45.0
Non-executive members of the Board of Directors	0	0	0
Accounting period 2007			
Jan Cassiman, CEO	450.0	25.0	
Executive Committee, *including* the CEO	1 424.0	84.0	0
Non-executive members of the Board of Directors	470.0	0	0

The Remuneration Committee formulates proposals every year concerning the remuneration policy and the other benefits for the members of the Executive Committee and the CEO.

A settlement in line with the market will be applied in the event of any requests for resignation corresponding on average with the fixed remuneration component for one year.

Because of changes to the number of members as well as to the composition of the Management Committee, remunerations for the given accounting periods are not comparable.

No warrants were acquired by any member of the Board of Directors in the course of 2007. Apart from Barbara De Saedeleer and Mike Van Ganse who acquired respectively 15,000(*) and 5,000 warrants, no other members of the Executive Committee acquired any warrants in 2007. The members of the Executive Committee, in its composition effective 31 December 2007, collectively held 68,150 warrants on 31 December 2007.

The table below includes the related party transactions between the Company and Arseus in 2007:

Sale of goods and services	**8 239**
Sale of goods to Arseus companies	440
Sale of services to Arseus companies	7 799
Purchase of goods and services	**2 776**
Purchase of goods from Arseus companies	524
Purchase of services from Arseus companies	2 252

(1) Cost for the Company, i.e. gross amount including employee/employer social security contributions if applicable.
(2) Including costs of pensions, insurances and monetary value of the other benefits in kind.
Other notes:
- *The amounts for the Executive Committee comprise the proportional remuneration for the members of the Executive Committee for the actual period of time during the mentioned accounting period that they were effectively member of the Executive Committee.*
- *All names mentioned in this Note refer to the related persons as well as to the legal persons who fulfill a mandate at the Company and for whom they are the permanent representative.*

(*) The print version mentions the wrong number of 25,000 warrants instead of 15,000, as the printer could not correct this anymore before the due date.

28. Business combinations

In the accounting period 2007, the Omega Pharma group purchased 100 per cent of the share capital of the Bittner Pharma group and Persee Médica. These acquisitions have been accounted for as Business Combinations:

	Bittner Pharma Group			Persee Médica			
	Book value	Fair value adjust-ments	Fair value	Book value	Fair value adjust-ments	Fair value	TOTAL
Non current assets	8 075	107 768	116 153	769	15 628	18 001	134 155
Intangible assets	57	108 010	108 067	253	16 108	16 361	124 428
Property, plant and equipment	7 919	(242)	7 677	493	(480)	13	7 690
Other non current assets	100		100	23		23	123
Deferred tax assets		310	310		1 604	1 604	1 914
Current assets	20 608	(335)	20 273	3 936	(1 362)	2 574	22 847
Cash and cash equivalents	472		472	9		9	481
Other current assets	20 136	(335)	19 801	3 927	(1 362)	2 565	22 366
Non current liabilities	234	27 003	27 237	546	6 441	6 987	34 224
Deferred tax liabilities		27 003	27 003		6 320	6 320	33 323
Other non current liabilities	234		234	546	121	667	901
Current liabilities	7 280	661	7 941	3 352	2 679	6 031	13 972
Net assets acquired	**21 169**	**79 769**	**101 248**	**807**	**5 146**	**7 558**	**108 806**
Goodwill			92 318			12 732	105 050
Total consideration			**193 566**			**20 290**	**213 856**

The total consideration is payable in cash and includes in total an amount of 1.096 million euro of transaction fees.

Both for the Bittner Pharma group and Persee Médica, the fair value adjustments in respect with intangible assets are primarily due to the recognition of the value of the trade marks and brands, at their fair value. The fair value adjustment in respect of non-current liabilities primarily refers to the deferred tax liability set up as a result of the aforementioned adjustment.

The goodwill of the Bittner Pharma group represents the value of the sales organization and sales structure of Bittner Pharma in the countries of the Commonwealth of Independent States (CIS) and in Central and Eastern Europe (CEE). The synergies arising from both acquisitions (Bittner Pharma and Persee Médica) are also included.

From the date of acquisition – i.e. January 22nd, 2007 – the Bittner Pharma group contributed 13.933 million euro to the net result of the Omega Pharma group. No comparable figure is available for the acquisition of Persee Médica since these figures are fully embedded in the figures of Laboratoire Omega Pharma France following the merger of both companies.

29. Significant events after balance sheet date

In January 2008, a new Country Manager for Belgium was appointed.

Since 13 March 2008, and upon the request of the Board of Directors, Marc Coucke* resumes the function of Chief Executive Officer and has stepped down as Chairman of the Board of Directors. Lucas Laureys* is the new Chairman of the Board of Directors. Jan Cassiman* continues to be member of the Executive Committee in the capacity of Chief Operating Officer. Following the same procedure, the Executive Committee is been further strengthened with the addition of Sam Sabbe* in the capacity of Chief Strategy Officer.

On 13 March 2008, the Board of Directors announced that it will convene an Extraordinary Shareholder Meeting in the first half of 2008 who should decide on the proposal to cancel 2 million bought-back shares without a capital decrease. The Board of Directors intends to continue the share buy-back program thereafter.

** permanent representative of the legal person who fulfils the mandate.*

30. Information on the Auditor's remuneration and related services

The Statutory Auditor is PricewaterhouseCoopers Bedrijfsrevisoren BCVBA, represented by Peter Van den Eynde.

Audit fee for the Group audit 2007	(in thousand euro)
Omega Pharma Group	672
Audit fee for PricewaterhouseCoopers Bedrijfsrevisoren	194
Audit fee for parties related to PricewaterhouseCoopers Bedrijfsrevisoren	478
Additional services rendered by the Auditor to the Group	
Other engagements linked to the auditor's mandate	152
Tax advisory services	0
Other services	355
Additional services rendered by parties related to the Auditor to the Group	
Other engagements linked to the auditor's mandate	0
Tax advisory services	514
Other services	5

Both the other services provided by the Statutory Auditor and the tax advisory services provided by parties related to the Statutory Auditor, include an amount of approximately 300 thousand euro related to the Arseus IPO.

The Audit Committee of Omega Pharma NV confirmed in its meetings of 12 December 2007 and 27 August 2007 that the above-listed additional services do not impair the independence of the Statutory Auditor.

31. Additional notes

1. Off balance sheet rights and obligations – collateral
The amount of 2.119 million euro may be analysed as follows:

Omega Pharma France SAS	
Mortgage registration	366
Registered pledge on working capital	1 753
	2 119

Since all concerned bank borrowings are reimbursed, release of covenant will be asked in 2008.

2. The bank loans of Omega Pharma SAS (France) are backed up by a Letter of Intent to the value of 72 (million) euro by Omega Pharma NV.

3. Omega Pharma NV has signed a liability statement on behalf of a number of subsidiaries in the Netherlands and Ireland, i.e.:
   - ABC Ducro Dental BV*
   - Arseus BV*
   - Bional International BV
   - Bional Nederland BV
   - Chefaro Nederland BV
   - Corilus BV*
   - Damianus BV
   - De Collegiale Bereiding BV*
   - Dentale Service Dienst BV*
   - Fagron BV*
   - Fagron Groep BV*
   - Fagron Services BV*
   - Lamoral BV*
   - Omega Medical BV*
   - Omega Pharma Holding Nederland BV
   - Oral Hygiëne Center BV*
   - Oudheusden Dental BV*
   - Samenwerkende Apothekers Nederland BV
   - Spruyt-Hillen BV*
   - Timm Health Care BV*
   - Wartner Europe BV
   - Xtradent BV*
   - Chefaro Ireland Ltd
   - Omega Teknika Ireland Ltd

(*) Until and including 4 October 2007.

32. List of consolidated companies

Following companies are consolidated according to the global consolidation method:

ACO Hud AB Box 622 - 194 26 Upplands Väsby (Sweden)	100 %
ACO Hud Nordic AB Box 622 - 194 26 Upplands Väsby (Sweden)	100 %
ACO Hud Norge AS Okern Bus 95 - NO-0509 Oslo (Norway)	100 %
ACO Pharma OY Gardsbrinken 1A - FI02240 Esbo (Finland)	100 %
Arun Valley Trading Company Ltd Percy Road 3 - Huntingdon - Cambs PE29 6SZ (United Kingdom)	100 %
Belgian Cycling Company NV Venecoweg 26 - 9810 Nazareth (Belgium)	100 %
Bional France SARL Avenue de Lossburg 470 - 69480 Anse (France)	100 %
Bional International BV Tolhusleane 11-15 - 8401 GA Gorredijk (the Netherlands)	100 %
Bional Nederland BV Tolhusleane 11-15 - 8401 GA Gorredijk (the Netherlands)	100 %
Biover NV Monnikenwerve 109 - 8000 Brugge (Belgium)	100 %
Chefaro Española SA Plaza Xavier Cugat, 2 - Edificio D - Planta primera 08174 Sant Cugat del Vallés (Spain)	100 %
Chefaro Ireland Ltd Farnham Drive - Finglas Road - Dublin 11 (Ireland)	100 %
Chefaro Nederland BV Keileweg 8 - 3029 BS Rotterdam (the Netherlands)	100 %
Chefaro Pharma Italia SRL Viale Castello della Magliana 18 – 00148 Roma (Italy)	100 %
Chefaro Portuguesa Lda Edificio Neopark - Av. Tomás Ribeiro 43 - PT-2795-574 Carnaxide (Portugal)	100 %
Chefaro UK Ltd Percy Road 3 - Huntingdon - Cambs PE29 6SZ (United Kingdom)	100 %
Cosmea ACO AS Slotsmarken 18 - DK-2980 Hörsholm (Denmark)	100 %
Cosmediet - Biotechnie SAS Avenue de Lossburg 470 - 69480 Anse (France)	100 %
CTC Medical AB Box 622 - S-19426 Upplands Väsby (Sweden)	100 %
Damianus BV Keileweg 8 - 3029 BS Rotterdam (the Netherlands)	100 %
DA YOU Consulting GmbH Kärtner Ring 9-13 - 1010 Vienna (Austria)	100 %
Deutsche Chefaro GmbH Im Wirrigen 25 - 45731 Waltrop (Germany)	100 %
EMA SARL Rue André Gide 20, BP 80 - 92321 Châtillon (France)	100 %

Fitania SIA Bauskas iela 58a - 902 LV-1004 Riga (Latvia)	100 %
Galenco NV Venecoweg 26 - 9810 Nazareth (Belgium)	100 %
Herbs Trading GmbH Hauptplatz 9 - 9300 St. Veit an der Glan (Austria)	100 %
Homeopatisch Laboratorium Similia NV Deuzeldlaan 34-36 - 2900 Schoten (Belgium)	100 %
Hud SA Rue Guillaume Kroll 5 - 1882 Luxembourg (Luxembourg)	100 %
JJL Distribución de Perfumería y Cosmética SL Plaza Xavier Cugat 2 Edificio D - planta primera 08174 Sant Cugat del Vallés (Spain)	100 %
Jungle Formula Company Ltd Percy Road 3 - Huntingdon - Cambs PE29 6SZ (United Kingdom)	100 %
La Beauté International SARL Rue André Gide 20, BP 80 - 92321 Châtillon (France)	100 %
Laboratoires Omega Pharma France SAS Rue André Gide 20, BP 80 - 92321 Châtillon (France)	100 %
Medgenix Benelux NV Vliegveld 21 - 8560 Wevelgem (Belgium)	100 %
Omega Alpharm Cyprus Ltd Kennedy Avenue - 1st floor - Office 108 12-14 - 1087 Lefkosia (Nicosia) (Cyprus)	100 %
Omega Pharma GmbH Wagramer Strasse 19 - 1220 Wenen (Austria)	100 %
Omega Pharma SAS Rue André Gide 20, BP 80 - 92321 Châtillon (France)	100 %
Omega Pharma Belgium NV Venecoweg 26 - 9810 Nazareth (Belgium)	100 %
Omega Pharma Capital NV Venecoweg 26 - 9810 Nazareth (Belgium)	100 %
Omega Pharma Hellas SA 19 km of Athens – Lamia Nat. Road – 14671 Nea Erythraia (Greece)	100 %
Omega Pharma Holding Nederland BV Keileweg 8 - 3029 BS Rotterdam (the Netherlands)	100 %
Omega Pharma Luxembourg SARL Zare Ouest - 4384 Ehlerange (Luxembourg)	100 %
Omega Pharma Schweiz AG Bundesplatz 1 - 6304 Zug (Switzerland)	100 %
Omega Pharma UK Ltd Percy Road 3 - Huntingdon - Cambs PE29 6SZ (United Kingdom)	100 %
Omega Teknika Ltd Farnham Drive - Finglas Road - Dublin 11 (Ireland)	100 %
Paracelcia Pharma GmbH Im Wirrigen 25 - 45731 Waltrop (Germany)	100 %
Pharma International Sp.z.o.o. Dabrowskiego 2477 -249 – 93 232 Lodz (Poland)	100 %
Pharmavit Europe NV Deuzeldlaan 34 - 2900 Schoten (Belgium)	100 %
Prisfar Produtos Farmaceuticos SA Rua Antero de Quental 629 - 4200-068 Porto (Portugal)	100 %

Promedent SARL Zare Ouest - 4384 Ehlerange (Luxembourg)	100 %
Richard Bittner AG Kärtner Ring 9-13 - 1010 Vienna (Austria)	100 %
Samenwerkende Apothekers Nederland BV Tinbergenlaan 1 - 3401 MT IJsselstein (the Netherlands)	100 %
Via Natura NV Ondernemersstraat 4 - 2500 Lier (Belgium)	100 %
Vivox BV Zwaanhoefstraat 4a - 4702 LC Roosendaal (the Netherlands)	100 %
Wartner Europe BV Keileweg 8 - 3029 BS Rotterdam (the Netherlands)	100 %

The Arseus Group is consolidated according to the equity method:

Arseus NV Textielstraat 24 - 8790 Waregem (Belgium)	24 %

Statutory Auditor's report to the General Shareholders' Meeting on the consolidated accounts of the company Omega Pharma NV as of and for the year ended 31 December 2007

As required by law and the company's articles of association, we report to you in the context of our appointment as the company's statutory auditor. This report includes our opinion on the consolidated accounts and the required additional disclosure.

Unqualified opinion on the consolidated accounts

We have audited the consolidated accounts of Omega Pharma NV and its subsidiaries (the "Group") as of and for the year ended 31 December 2007, prepared in accordance with International Financial Reporting Standards, as adopted by the European Union, and with the legal and regulatory requirements applicable in Belgium. These consolidated accounts comprise the consolidated balance sheet as of 31 December 2007, the consolidated statements of income, changes in shareholders' equity and cash flows for the year then ended, as well as the summary of significant accounting policies and other explanatory notes as presented on pages 52 to 121. The total of the consolidated balance sheet amounts to EUR (000) 1,326,699 and the consolidated statement of income shows a result for the year, group share, of EUR (000) 154,787.

The company's board of directors is responsible for the preparation of the consolidated accounts. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of consolidated accounts 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.

Our responsibility is to express an opinion on these consolidated accounts based on our audit. We conducted our audit in accordance with the legal requirements applicable in Belgium and with Belgian auditing standards, as issued by the "Institut des Reviseurs d'Entreprises/Instituut der Bedrijfsrevisoren". Those auditing standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated accounts are free of material misstatement.

In accordance with the auditing standards referred to above, we have carried out procedures to obtain audit evidence about the amounts and disclosures in the consolidated accounts. The selection of these procedures is a matter for our judgment, as is the assessment of the risk that the consolidated accounts contain material misstatements, whether due to fraud or error. In making those risk assessments, we have considered the Group's internal control relating to the preparation and fair presentation of the consolidated accounts, in order to design audit procedures that were appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control. We have also evaluated the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by management, as well as the presentation of the consolidated accounts taken as a whole. Finally, we have obtained from the board of directors and Group officials the explanations and information necessary for our audit. We believe that the audit evidence we have obtained provides a reasonable basis for our opinion.

In our opinion, the consolidated accounts give a true and fair view of the Group's net worth and financial position as of 31 December 2007 and of its results and cash flows for the year then ended in accordance with International Financial Reporting Standards, as adopted by the European Union, and with the legal and regulatory requirements applicable in Belgium.

Additional remark

The company's board of directors is responsible for the preparation and content of the management report on the consolidated accounts.

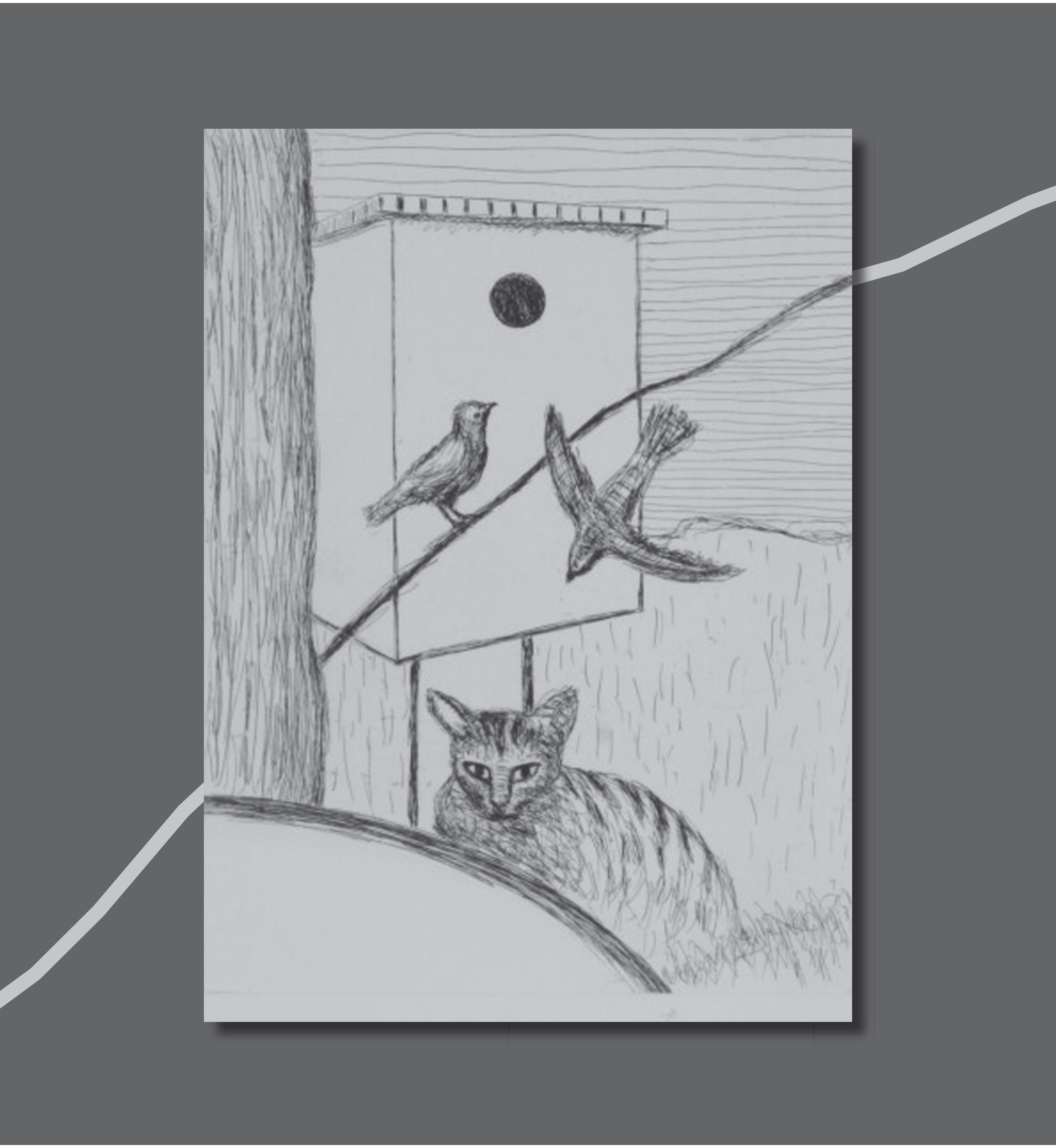
Our responsibility is to include in our report the following additional remark, which does not have any effect on our opinion on the consolidated accounts:

- The management report on the consolidated accounts deals with the information required by the law and is consistent with the consolidated accounts. However, we are not in a position to express an opinion on the description of the principal risks and uncertainties facing the companies included in the consolidation, the state of their affairs, their forecast development or the significant influence of certain events on their future development. Nevertheless, we can confirm that the information provided is not in obvious contradiction with the information we have acquired in the context of our appointment.

Gent, 2 April 2008

The Statutory Auditor
PricewaterhouseCoopers Reviseurs Bedrijfsrevisoren bcvba
Represented by

Peter Van den Eynde
Bedrijfsrevisor



STATUTORY FINANCIAL STATEMENT

Omega Pharma NV stand-alone condensed income statement

(in thousand euro)	2007	2006
OPERATING INCOME	**24 577**	**23 610**
Turnover	12 539	11 559
Other operating income	12 038	12 051
OPERATING CHARGES	**25 790**	**24 412**
Goods for resale, raw materials and consumables	9 870	8 830
Services and other goods	11 517	11 137
Remuneration, social security and pensions	2 933	2 537
Amounts written off	1 309	1 820
Other operating charges	161	88
OPERATING PROFIT	**(1 213)**	**(802)**
FINANCIAL RESULT	**237 354**	**8 562**
PROFIT FROM ORDINARY ACTIVITIES BEFORE TAXES	**236 141**	**7 760**
EXCEPTIONAL RESULT	**(11 084)**	**170 722**
PROFIT FOR THE FINANCIAL YEAR BEFORE TAXES	**225 057**	**178 482**
RESULT TAXES	**(76)**	**(220)**
NET PROFIT FOR THE FINANCIAL YEAR	**224 981**	**178 262**

Omega Pharma NV stand-alone condensed balance sheet

(in thousand euro)	2007	2006
FIXED ASSETS	**1 136 393**	**871 561**
Formation expenses	2 858	2 917
Intangible fixed assets	2 794	3 684
Tangible fixed assets	1 141	3 723
Investments	1 129 600	861 237
CURRENT ASSETS	**118 163**	**354 623**
Stocks and orders in execution		3 412
Debtors due within one year	45 238	286 508
Investments	63 218	58 746
Cash at bank and in hand	7 833	3 495
Deferred charges and accrued income	1 879	2 462
TOTAL ASSETS	**1 254 556**	**1 226 184**

CAPITAL AND RESERVES	**792 297**	**616 442**
Capital	16 450	16 315
Share premiums	349 844	341 959
Legal reserve	1 645	1 631
Not available reserve	63 213	58 746
Profit carried forward	361 145	197 791
CREDITORS	**462 259**	**609 742**
Creditors due after one year	231 519	357 667
Creditors due within one year	224 685	246 967
Accrued charges and deferred income	6 055	5 108
TOTAL LIABILITIES	**1 254 556**	**1 226 184**

Appropriation of profits Omega Pharma NV

(in thousand euro)	2007	2006
Profits to be appropriated	**422 772**	**233 971**
Profits for the year to be appropriated	224 981	178 262
Profit carried forward from the previous financial year	197 791	55 709
Transfers to capital and reserves	**(48 524)**	**(25 386)**
To statutory reserves	14	5
To other reserves	48 510	25 381
Result to be carried forward	**(361 145)**	**(197 791)**
Profit to be carried forward	361 145	197 791
Profit to be distributed as dividends	**(13 103)**	**(10 794)**
Dividend	13 103	10 794

Accounting policies

The accounting policies used for the statutory financial statements of Omega Pharma NV are the same as previous year. These accounting policies are in line with the Royal Decree of 31 January 2001 of the implementation of the Belgian Company Code.

Statutory annual accounts of Omega Pharma NV

In accordance with Article 105 of the Belgian Company Code, this annual report includes an abbreviated version of the statutory annual accounts of Omega Pharma NV. The annual report and the Auditor's report have been filed and are also available for consultation at the registered office.

The Auditor has issued an unqualified opinion on the statutory annual accounts of Omega Pharma NV for the financial year 2007 as well as for the two previous years.

Alphabetic terminology list

In addition to the terms that are defined in IFRS, this annual brochure also includes other financial terminology. These ‘alternative performance indicators’ are defined below. The IFRS terminology is set in italics.

EBIT:	“Earnings Before Interests and Taxes” - *Results of operating activities*
EBITDA:	“Earnings Before Interests, Taxes, Depreciations and Amortizations” - *Results of operating activities* increased with *depreciations and amortizations* - Operating cash flow
EBT:	“Earnings Before Taxes” - *Results of operating activities* after *net finance cost*
Financial result:	*Net finance cost* - result of *financial income* and *financial charges*
Gearing ratio:	Net financial debt as a percentage of total *Equity*
Gross margin:	*Revenue* reduced with *Trade goods, raw materials and consumables* and also adjusted for *Changes in inventories,* expressed as a percentage of *Revenue*
Net capex:	Net capital expenditures - *Investments* and *produced assets* reduced with *sales of investment goods* and investment goods that are taken out of service
Net financial debt:	The sum of current and non-current *Borrowings* and *Derivative financial instruments* reduced with *Cash and cash equivalents*
Net profit:	*Profit or loss* - consolidated result
Non-recurring items:	One-off charges that are not-related to the ordinary operations
Net turnover:	*Revenue*
Operating cash flow:	EBITDA - “Earnings Before Interests, Taxes, Depreciations and Amortizations” - *Results of operating activities* increased with *depreciations and amortizations*
Operating result:	*Results of operating activities* - EBIT (“Earnings Before Interests and Taxes”)
REBIT:	“Recurring Earnings Before Interests and Taxes” - *Results of operating activities* corrected for all non-recurring items
REBITDA:	“Recurring Earnings Before Interests, Taxes, Depreciations and Amortizations” - *Results of operating activities* increased with *depreciations and amortizations* and corrected for all non-recurring items
Recurring cash flow:	*Results of operating activities* increased with *depreciations and amortizations* and corrected for all non-recurring items
Recurring net cash flow:	*Profit or loss* corrected for all non-recurring items and increased with *depreciations and amortizations*
Recurring net profit:	*Profit or loss* corrected for all non-recurring items
Working capital:	*Inventories + Trade receivables – Trade payables*

OMEGA PHARMA

Omega Pharma NV   Venecoweg 26   B-9810 Nazareth
Tel. +32 (9) 381 02 00
Investor Relations: Chris.vanraemdonck@omega-pharma.be
E-mail: info@omega-pharma.be
website: www.omega-pharma.be