MILLENNIUM S.p.A.

Consolidated Financial Statements
as at December, 31st 2008

MILLENNIUM S.p.A.

DOMICILED IN BOLOGNA
SHARE CAPITAL EUROS 282.865.000
COMMERCIAL REGISTER NUMBER AND FISCAL CODE 02755811201
REGISTERED AT N.464697 OF R.E.A. OF BOLOGNA

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated Balance Sheet € / 000	Note	As at 31 December 2008	As at 31 December 2007
Assets			
Non-current assets			
Intangible assets	1	27.068	26.416
Property, plant and equipment	2	130.623	126.255
Investments in associates	3	50.994	103.206
Deferred Income tax assets	4	4.707	5.114
Other receivables	5	6.729	6.862
		220.121	**267.853**
Current assets			
Inventories	6	388.173	384.301
Trade receivables	7	616.541	586.579
Financial assets at fair value through profit or loss	8	40.819	52.958
Other current assets	9	86.671	65.663
Cash and cash equivalents	10	2.575	5.152
		1.134.779	**1.094.653**
Total assets		**1.354.900**	**1.362.506**
Equity			
Capital and reserves attributable to equity holders of the company			
Share capital	11	282.865	50.000
Share premium	11	132.518	421.172
Legal reserve	11	56.573	-
Other reserves	11	(18.197)	(6.273)
Available for sale investments	11	21.234	73.134
Cash flow hedge	11	(1.109)	83
Profit for the period		35.327	3.572
		509.211	**541.688**
Minority interest in equity		**3**	**524**
Total Equity		**509.214**	**542.212**
Liabilities			
Non-current liabilities			
Borrowings	12	13.659	13.747
Derivative financial instruments	12	1.109	-
Deferred income tax liabilities	13	4.665	5.026
Retirement benefit obligations	14	40.946	40.307
Provisions for other liabilities and charges	15	9.387	9.973
		69.766	**69.053**
Current liabilities			
Trade payables	16	388.707	387.585
Current income tax liabilities	17	1.709	16.227
Borrowings	12	142.344	117.063
Other liabilities and charges	18	243.160	230.366
		775.920	**751.241**
Total liabilities		**845.686**	**820.294**
Total equity and liabilities		**1.354.900**	**1.362.506**

Consolidated Income Statements € / 000	Note	Year ended 31 December 2008	Year ended 31 December 2007
Revenue			
Sales revenue	**19**	5.898.744	493.611
Other operating income	**20**	54.292	5.767
		5.953.036	**499.378**
Cost of raw materials, supplies and merchandise	**21**	**5.574.386**	**465.797**
Gross profit		**378.650**	**33.581**
Personnel expenses			
Wages and salaries	**22**	138.984	10.838
Social security, retirement benefits and other benefits	**22**	44.819	4.071
		183.803	**14.909**
Other operating expenses	**23**	**126.204**	**11.267**
Gross Operating Margin		**68.643**	**7.405**
Amortization and depreciation	**24**	**22.944**	**1.821**
Operating Profit		**45.699**	**5.584**
Income from equity investments	**25**	3.934	-
Finance income	**25**	8.836	1.771
Finance costs	**25**	(5.637)	(1.666)
Financial result		**7.133**	**105**
Profit before income tax		**52.832**	**5.689**
Income tax expense	**26**	**17.506**	**2.115**
Profit for the year		**35.326**	**3.574**
Attributable to:			
Equity holders of the company		35.327	3.572
Minority interest		(1)	2
		35.326	**3.574**
Earnings per shares for profit attributable to the equity holders of the company during the year			
- basic	**27**	**12,776**	**7,144**
- diluted	**27**	**12,776**	**7,144**

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Changes in Equity

€ / 000	Share Capital	Share Premium	Legal Reserve	Other reserves	Available for sale investments	Cash flow hedge	Group's Profit for the period	Equity of the Group	Minority interest	Minority Profit for the period	Equity of the Minor	Total Equity
Incorporation of Millennium S.r.l. May, 25th 2007	10							**10**	522		522	**532**
Contribution in kind of CERP Rouen SAS and Sanacorp GmbH November, 28th 2007	49.990	421.172		(6.273)	67.429			**532.318**			-	**532.318**
Revaluation net of deferred taxes					5.705	83		**5.788**			-	**5.788**
Profit for the period 2007							3.572	**3.572**		2	2	**3.574**
January, 1st 2008	*50.000*	*421.172*	*-*	*(6.273)*	*73.134*	*83*	*3.572*	***541.688***	*522*	*2*	*524*	***542.212***
Capital Increase January - 10th 2008	232.865	(232.865)						**-**			-	**-**
Profit for the period 2007 allocation - April, 28th 2008			784	2.788			(3.572)	**-**	2	(2)	-	**-**
Dividend distribution - April, 28th 2008				(14.800)				**(14.800)**			-	**(14.800)**
Allocation from Share premium reserve to Legal reserve - December 9th, 2008		(55.789)	55.789					**-**			-	**-**
Acquisition of minority quota				(80)				**(80)**	(520)		(520)	**(600)**
Fair value losses of available-for-sale financial asset (*)					(51.900)			**(51.900)**			-	**(51.900)**
Fair value losses of the derivatives designated as hedging instruments						(1.192)		**(1.192)**				**(1.192)**
Restatements (*)				168				**168**			-	**168**
Profit for the period 2008							35.327	**35.327**		(1)	(1)	**35.326**
December, 31st 2008	*282.865*	*132.518*	*56.573*	*(18.197)*	*21.234*	*(1.109)*	*35.327*	***509.211***	*4*	*(1)*	*3*	***509.214***

(*) Net of deferred tax

Millennium S.p.A.
Consolidated Financial Statements

Consolidated Cash Flow Statement € / 000	Note	Year ended 31, December 2008	Year ended 31, December 2007
Operating Profit		**45.699**	**5.584**
Income from investments		3.934	-
Finance income		8.836	1.771
Finance costs		(5.637)	(1.666)
Income tax expense		(17.506)	(2.115)
Profit for the year		**35.326**	**3.574**
Amortization and depreciation expense		22.944	1.821
Changes in provisions		720	(2.882)
Gain/loss on the disposal of non-current assets		(16)	27
Changes in inventories		(3.872)	47.115
Changes in trade receivables and other assets		(48.402)	21.798
Changes in trade payables and other liabilities		14.198	(71.343)
Other non-cash changes in liabilities		(280)	95
Cash flows from operating activities	**28**	**20.618**	**205**
Cash receipts from the disposal of non-current assets (residual carrying amount of disposal increased by gains and reduced by losses on the disposal of the assets)		846	68
Cash paid/get to acquire intangible assets		(5.959)	(477)
Cash paid to acquire property, plant and equipment		(21.970)	(2.088)
Cash paid to acquire financial assets		(1.106)	(253)
Cash flows from investing activities	**29**	**(28.189)**	**(2.750)**
Cash receipts from borrowing		19.794	-
Cash paid to shareholders (dividends, repayment of capital, other distributions)		(14.800)	-
Cash paid for the repayment of loans		-	4.758
Net cash used in financing activities	**30**	**4.994**	**4.758**
Net increase/decrease in cash and cash equivalents		**(2.577)**	**2.213**
Cash and cash equivalents at beginning of period		5.152	2.939
Cash and cash equivalents at end of period	**31**	**2.575**	**5.152**

MILLENNIUM SPA GROUP

NOTES

TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER, 31ST 2008

Contents

A. General information

Millennium S.p.A. (hereinafter “Millennium” or the “Company”) has been incorporated as limited liability company on May 25th, 2007 with a cash contribution of 10 thousand of Euro, and it is domiciled in Italy. The address of its registered office is Piazza Galvani 3, Bologna, Italy. The Company is not listed on the stock exchange.

On November 28, 2007 a capital increase has been successfully completed; the share capital of Millennium was increased from € 10.000 to € 50.000.000 with a capital surplus amounting to € 421.171.546 (total equity amounting to € 471.171.546) through the contribution in kind of the investments in the following subsidiaries, accounted for the following amounts (on a predecessor basis value) in Millennium statutory financials:

1. CERP Rouen SAS (Rouen – France)	€ 141.427.427
2. Sanacorp Pharmahandel GmbH (Plannegg – Germany)	€ 329.734.119

The contribution reports, written by an independent auditor estimated an equity value of each investment of € 350.000.000 for a total amount of € 700.000.000.

On January 10, 2008 a second capital increase has been successfully completed through a re-allocation of reserves; the share capital of Millennium was increased from € 50.000.000 to € 282.865.000 through the allocation of share premium reserve for an amount of € 232.865.000.

The core business of Millennium S.p.A. is the acquisition and management of interests in companies involved in the activities of wholesale pharmaceutical and para-pharmaceutical goods.

Both subsidiaries companies are mainly involved in the business of wholesale pharmaceuticals and para-pharmaceutical and produce goods and supply services in the same business area.

With reference to the comparative data, we bring to your attention to the fact that the Consolidated Income Statement for the fiscal period 2007 include only one month due to the operations starting on December 1st, 2007, date of contribution in kind of the subsidiaries investments, until December 31st,2007. The fiscal period ending at December, 31st 2008 reflects 12 months of business.

These Group Consolidated Financial Statements were authorised for issue by the Board of Directors on April 1st, 2009, in order to be approved by the Supervisory Board on April 29th 2009.

B. Summary of significant accounting policies

Basis of preparation

The consolidated financial statements of Millennium S.p.A. and its subsidiaries (“Millennium Group” or the “ Group”) have been prepared in accordance with International Financial Reporting Standards. They have been prepared under the historical cost convention, as modified by the revaluation of land and buildings, available-for-sale financial assets, and financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.
The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in the paragraph *Critical accounting estimates and judgements*.

(a) Interpretations effective in 2008

- IFRIC 14, ‘IAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction’, provides guidance on assessing the limit in IAS 19 on the amount of the surplus that can be recognised as an asset. It also explains how the pension asset or liability may be affected by a statutory or contractual minimum funding requirement. This interpretation does not have any impact on the group’s financial statements, as the group has a pension deficit and is not subject to any minimum funding requirements.
- IFRIC 11, ‘IFRS 2 – Group and treasury share transactions’, provides guidance on whether share-based transactions involving treasury shares or involving group entities (for example, options over a parent’s shares) should be accounted for as equity-settled or cash-settled share-based payment transactions in the stand-alone accounts of the parent and group companies. This interpretation does not have an impact on the group’s financial statements.

(b) Interpretations effective in 2008 but not relevant

The following interpretation to published standards is mandatory for accounting periods beginning on or after 1 January 2008 but is not relevant to the group’s operations:
- IFRIC 12, ‘Servi ce concession arrangements’; and
- IFRIC 13, ‘Customer loyalty programmes’.

(c) Standards, amendments and interpretations to existing standards effective in 2008 that have not been early adopted by the group

- IAS 39 (Amendment), permit reclassification of some financial instruments held for trading out of the fair-value-through-profit-or-loss category into other categories. In rare circumstances such as a financial crisis, an entity may be allowed to reclassify a financial asset classified as held for trading. The revised standards IAS 39 and IFRS 7 will have to be applied with effect from 1 July 2008. The amendments have no impact on the subgroup financial statements.

(d) Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the group

The following standards and amendments to existing standards have been published and are mandatory for the group’s accounting periods beginning on or after 1 January 2009 or later periods, but the group has not early adopted them:

- IAS 23 (Amendment), ‘Borrowing costs’ (effective from 1 January 2009). The amendment requires an entity to capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (one that takes a substantial period of time to get ready for use or sale) as part of the cost of that asset. The option of immediately expensing those borrowing costs will be removed. The group will apply IAS 23 (Amendment) retrospectively from 1 January 2009 but is currently not applicable to the group as there are no qualifying assets.
- IAS 1 (Revised), ‘Presentation of financial statements’ (effective from 1 January 2009). The revised standard will prohibit the presentation of items of income and expenses (that is, ‘non-owner changes in

equity') in the statement of changes in equity, requiring 'non-owner changes in equity' to be presented separately from owner changes in equity. All non-owner changes in equity will be required to be shown in a performance statement, but entities can choose whether to present one performance statement (the statement of comprehensive income) or two statements (the income statement and statement of comprehensive income). Where entities restate or reclassify comparative information, they will be required to present a restated balance sheet as at the beginning comparative period in addition to the current requirement to present balance sheets at the end of the current period and comparative period. The group will apply IAS 1 (Revised) from 1 January 2009. It is likely that both the income statement and statement of comprehensive income will be presented as performance statements.

- IFRS 2 (Amendment), 'Share-based payment' (effective from 1 January 2009). The amended standard deals with vesting conditions and cancellations. It clarifies that vesting conditions are service conditions and performance conditions only. Other features of a share-based payment are not vesting conditions. These features would need to be included in the grant date fair value for transactions with employees and others providing similar services; they would not impact the number of awards expected to vest or valuation thereof subsequent to grant date. All cancellations, whether by the entity or by other parties, should receive the same accounting treatment. The group will apply IFRS 2 (Amendment) from 1 January 2009. It is not expected to have a material impact on the group's financial statements.
- IAS 32 (Amendment), 'Financial instruments: Presentation', and IAS 1 (Amendment), 'Presentation of financial statements' – 'Puttable financial instruments and obligations arising on liquidation' (effective from 1 January 2009). The amended standards require entities to classify puttable financial instruments and instruments, or components of instruments that impose on the entity an obligation to deliver to another party a pro rata share of the net assets of the entity only on liquidation as equity, provided the financial instruments have particular features and meet specific conditions. The group will apply the IAS 32 and IAS 1(Amendment) from 1 January 2009. It is not expected to have any impact on the group's financial statements.
- IFRS 1 (Amendment) 'First time adoption of IFRS', and IAS 27 'Consolidated and separate financial statements'(effective from 1 January 2009). The amended standard allows first-time adopters to use a deemed cost of either fair value or the carrying amount under previous accounting practice to measure the initial cost of investments in subsidiaries, jointly controlled entities and associates in the separate financial statements. The amendment also removes the definition of the cost method from IAS 27 and replaces it with a requirement to present dividends as income in the separate financial statements of the investor. The group will apply IFRS 1 (Amendment) from 1 January 2009, as all subsidiaries of the group will transition to IFRS. The amendment will not have any impact on the group's financial statements.
- IAS 27 (Revised), 'Consolidated and separate financial statements', (effective from 1 July 2009). The revised standard requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is re-measured to fair value, and a gain or loss is recognised in profit or loss. The group will apply IAS 27 (Revised) prospectively to transactions with non-controlling interests from 1 January 2010.
- IFRS 3 (Revised), 'Business combinations' (effective from 1 July 2009). The revised standard continues to apply the acquisition method to business combinations, with some significant changes. For example, all payments to purchase a business are to be recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently re-measured through the income statement. There is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree either at fair vale or at the non-controlling interest's proportionate share of the acquiree's net assets. All acquisition-related costs should be expensed. The group will apply IFRS 3 (Revised) prospectively to all business combinations from 1 January 2010.
- IFRS 5 (Amendment), 'Non-current assets held-for-sale and discontinued operations' (and consequential amendment to IFRS 1, 'First-time adoption') (effective from 1 July 2009). The amendment is part of the IASB's annual improvements project published in May 2008. The amendment clarifies that all of a subsidiary's assets and liabilities are classified as held for sale if a partial disposal sale plan results in loss of control. Relevant disclosure should be made for this subsidiary if the definition of a discontinued operation is met. A consequential amendment to IFRS 1 states that these amendments are applied prospectively from the date of transition to IFRSs. The group will apply the IFRS 5 (Amendment) prospectively to all partial disposals of subsidiaries from 1 January 2010.

- IAS 23 (Amendment), 'Borrowing costs' (effective from 1 January 2009). The amendment is part of the IASB's annual improvements project published in May 2008. The definition of borrowing costs has been amended so that interest expense is calculated using the effective interest method defined in IAS 39 'Financial instruments: Recognition and measurement'. This eliminates the inconsistency of terms between IAS 39 and IAS 23. The group will apply the IAS 23 (Amendment) prospectively to the capitalisation of borrowing costs on qualifying assets from 1 January 2009.
- IAS 28 (Amendment), 'Investments in associates' (and consequential amendments to IAS 32, 'Financial Instruments: Presentation', and IFRS 7, 'Financial instruments: Disclosures') (effective from 1 January 2009). The amendment is part of the IASB's annual improvements project published in May 2008. An investment in associate is treated as a single asset for the purposes of impairment testing. Any impairment loss is not allocated to specific assets included within the investment, for example, goodwill. Reversals of impairment are recorded as an adjustment to the investment balance to the extent that the recoverable amount of the associate increases. The group will apply the IAS 28 (Amendment) to impairment tests related to investments in subsidiaries and any related impairment losses from 1 January 2009.
- IAS 36 (Amendment), 'Impairment of assets' (effective from 1 January 2009). The amendment is part of the IASB's annual improvements project published in May 2008. Where fair value less costs to sell is calculated on the basis of discounted cash flows, disclosures equivalent to those for value-in-use calculation should be made. The group will apply the IAS 28 (Amendment) and provide the required disclosure where applicable for impairment tests from 1 January 2009.
- IAS 38 (Amendment), 'Intangible assets'(effective from 1 January 2009). The amendment is part of the IASB's annual improvements project published in May 2008. A prepayment may only be recognised in the event that payment has been made in advance of obtaining right of access to goods or receipt of services. This means that an expense will be recognised for shoe mail order catalogues when the group has access to the catalogues and not when the catalogues are distributed to customers, as is the group's current accounting policy. The group will apply the IAS 38 (Amendment) from 1 January 2009 with an expected write-off of prepayments of C500 to retained earnings.
- IAS 19 (Amendment), 'Employee benefits' (effective from 1 January 2009). The amendment is part of the IASB's annual improvements project published in May 2008.
  - The amendment clarifies that a plan amendment that results in a change in the extent to which benefit promises are affected by future salary increases is a curtailment, while an amendment that changes benefits attributable to past service gives rise to a negative past service cost if it results in a reduction in the present value of the defined benefit obligation.
  - The definition of return on plan assets has been amended to state that plan administration costs are deducted in the calculation of return on plan assets only to the extent that such costs have been excluded from measurement of the defined benefit obligation.
  - The distinction between short term and long term employee benefits will be based on whether benefits are due to be settled within or after 12 months of employee service being rendered.
  - IAS 37, 'Provisions, contingent liabilities and contingent assets, requires contingent liabilities to be disclosed, not recognised. IAS 19 has been amended to be consistent.

  The group will apply the IAS 19 (Amendment) from 1 January 2009.
- IAS 39 (Amendment), 'Financial instruments: Recognition and measurement' (effective from 1 January 2009). The amendment is part of the IASB's annual improvements project published in May 2008.
  - This amendment clarifies that it is possible for there to be movements into and out of the fair value through profit or loss category where a derivative commences or ceases to qualify as a hedging instrument in cash flow or net investment hedge.
  - The definition of financial asset or financial liability at fair value through profit or loss as it relates to items that are held for trading is also amended. This clarifies that a financial asset or liability that is part of a portfolio of financial instruments managed together with evidence of an actual recent pattern of short-term profit taking is included in such a portfolio on initial recognition.
  - The current guidance on designating and documenting hedges states that a hedging instrument needs to involve a party external to the reporting entity and cites a segment as an example of a reporting entity. This means that in order for hedge accounting to be applied at segment level, the requirements for hedge accounting are currently required to be met by the applicable segment. The amendment removes the example of a segment so that the guidance is consistent with IFRS 8, 'Operating segments', which requires disclosure for segments to be based on information reported to the chief operating decision-maker. Currently, for segment reporting purposes, each subsidiary designates contracts with group treasury as fair value or cash flow hedges so that the hedges are reported in the segment to which the hedged items relate. This is consistent with the information viewed by the chief operating decision-maker. After the

amendment is effective, the hedge will continue to be reflected in the segment to which the hedged items relate (and information provided to the chief operating decision-maker), but the group will not formally document and test this relationship.

- When remeasuring the carrying amount of a debt instrument on cessation of fair value hedge accounting, the amendment clarifies that a revised effective interest rate (calculated at the date fair value hedge accounting ceases) are used.

The group will apply the IAS 39 (Amendment) from 1 January 2009. It is not expected to have an impact on the group's income statement.

- IAS 1 (Amendment), 'Presentation of financial statements' (effective from 1 January 2009). The amendment is part of the IASB's annual improvements project published in May 2008. The amendment clarifies that some rather than all financial assets and liabilities classified as held for trading in accordance with IAS 39, 'Financial instruments: Recognition and measurement' are examples of current assets and liabilities respectively. The group will apply the IAS 39 (Amendment) from 1 January 2009. It is not expected to have an impact on the group's financial statements.
- There are a number of minor amendments to IFRS 7, 'Financial instruments: Disclosures', IAS 8, 'Accounting policies, changes in accounting estimates and errors', IAS 10, 'Events after the reporting period', IAS 18, 'Revenue' and IAS 34, 'Interim financial reporting', which are part of the IASB's annual improvements project published in May 2008 (not addressed above). These amendments are unlikely to have an impact on the group's accounts and have therefore not been analysed in detail.
- IFRIC 16, 'Hedges of a net investment in a foreign operation' (effective from 1 October 2008). IFRIC 16 clarifies the accounting treatment in respect of net investment hedging. This includes the fact that net investment hedging relates to differences in functional currency not presentation currency, and hedging instruments may be held anywhere in the group. The requirements of IAS 21, 'The effects of changes in foreign exchange rates', do apply to the hedged item. The group will apply IFRIC 16 from 1 January 2009. It is not expected to have a material impact on the group's financial statements.

(e) Interpretations and amendments to existing standards that are not yet effective and not relevant for the group's operations

The following interpretations and amendments to existing standards have been published and are mandatory for the group's accounting periods beginning on or after 1 January 2009 or later periods but are not relevant for the group's operations:

- IFRIC 13, 'Customer loyalty programmes' (effective from1 July 2008). IFRIC 13 clarifies that where goods or services are sold together with a customer loyalty incentive (for example, loyalty points or free products), the arrangement is a multiple element arrangement, and the consideration receivable from the customer is allocated between the components of the arrangement using fair values. IFRIC 13 is not relevant to the group's operations because none of the group's companies operate any loyalty programmes.
- IAS 16 (Amendment), 'Property, plant and equipment' (and consequential amendment to IAS 7, 'Statement of cash flows') (effective from 1 January 2009). The amendment is part of the IASB's annual improvements project published in May 2008. Entities whose ordinary activities comprise renting and subsequently selling assets present proceeds from the sale of those assets as revenue and should transfer the carrying amount of the asset to inventories when the asset becomes held for sale. A consequential amendment to IAS 7 states that cash flows arising from purchase, rental and sale of those assets are classified as cash flows from operating activities. The amendment will not have an impact on the group's operations because none of the group's companies ordinary activities comprise renting and subsequently selling assets.
- IAS 27 (Amendment), 'Consolidated and separate financial statements' (effective from 1 January 2009). The amendment is part of the IASB's annual improvements project published in May 2008. Where an investment in a subsidiary that is accounted for under IAS 39, 'Financial instruments: recognition and measurement', is classified as held for sale under IFRS 5, 'Non-current assets held-for-sale and discontinued operations', IAS 39 would continue to be applied. The amendment will not have an impact on the group's operations because it is the group's policy for an investment in subsidiary to be recorded at cost in the standalone accounts of each entity.
- IAS 28 (Amendment), 'Investments in associates' (and consequential amendments to IAS 32, 'Financial Instruments: Presentation' and IFRS 7, 'Financial instruments: Disclosures') (effective from 1 January 2009). The amendment is part of the IASB's annual improvements project published in May 2008. Where an investment in associate is accounted for in accordance with IAS 39 'Financial instruments: recognition and measurement', only certain rather than all disclosure requirements in IAS 28 need to be made in addition to disclosures required by IAS 32, 'Financial Instruments:

Presentation' and IFRS 7 'Financial Instruments: Disclosures'. The amendment will not have an impact on the group's operations because it is the group's policy for an investment in an associate to be equity accounted in the group's consolidated accounts.

- IAS 29 (Amendment), 'Financial reporting in hyperinflationary economies' (effective from 1 January 2009). The amendment is part of the IASB's annual improvements project published in May 2008. The guidance has been amended to reflect the fact that a number of assets and liabilities are measured at fair value rather than historical cost. The amendment will not have an impact on the group's operations, as none of the group's subsidiaries or associates operate in hyperinflationary economies.
- IAS 31 (Amendment), 'Interests in joint ventures' (and consequential amendments to IAS 32 and IFRS 7) (effective from 1 January 2009). The amendment is part of the IASB's annual improvements project published in May 2008. Where an investment in joint venture is accounted for in accordance with IAS 39, only certain rather than all disclosure requirements in IAS 31 need to be made in addition to disclosures required by IAS 32, 'Financial instruments: Presentation', and IFRS 7 'Financial instruments: Disclosures'. The amendment will not have an impact on the group's operations as there are no interests held in joint ventures.
- IAS 38 (Amendment), 'Intangible assets' (effective from 1 January 2009). The amendment is part of the IASB's annual improvements project published in May 2008. The amendment deletes the wording that states that there is 'rarely, if ever' support for use of a method that results in a lower rate of amortisation than the straight-line method. The amendment will not have an impact on the group's operations, as all intangible assets are amortised using the straight-line method.
- IAS 40 (Amendment), 'Investment property' (and consequential amendments to IAS 16) (effective from 1 January 2009). The amendment is part of the IASB's annual improvements project published in May 2008. Property that is under construction or development for future use as investment property is within the scope of IAS 40. Where the fair value model is applied, such property is, therefore, measured at fair value. However, where fair value of investment property under construction is not reliably measurable, the property is measured at cost until the earlier of the date construction is completed and the date at which fair value becomes reliably measurable. The amendment will not have an impact on the group's operations, as there are no investment properties are held by the group.
- IAS 41 (Amendment), 'Agriculture' (effective from 1 January 2009). The amendment is part of the IASB's annual improvements project published in May 2008. It requires the use of a market-based discount rate where fair value calculations are based on discounted cash flows and the removal of the prohibition on taking into account biological transformation when calculating fair value. The amendment will not have an impact on the group's operations as no agricultural activities are undertaken.
- IAS 20 (Amendment), 'Accounting for government grants and disclosure of government assistance' (effective from 1 January 2009). The benefit of a belowmarket rate government loan is measured as the difference between the carrying amount in accordance with IAS 39, 'Financial instruments: Recognition and measurement', and the proceeds received with the benefit accounted for in accordance with IAS 20. The amendment will not have an impact on the group's operations as there are no loans received or other grants from the government.
- The minor amendments to IAS 20 'Accounting for government grants and disclosure of government assistance', and IAS 29, 'Financial reporting in hyperinflationary economies', IAS 40, 'Investment property', and IAS 41, 'Agriculture', which are part of the IASB's annual improvements project published in May 2008 (not addressed above). These amendments will not have an impact on the group's operations as described above.
- IFRIC 15, 'Agreements for construction of real estates' (effective from 1 January 2009). The interpretation clarifies whether IAS 18, 'Revenue', or IAS 11, 'Construction contracts', should be applied to particular transactions. It is likely to result in IAS 18 being applied to a wider range of transactions. IFRIC 15 is not relevant to the group's operations as all revenue transactions are accounted for under IAS 18 and not IAS 11.

Consolidation

(a) 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. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the group controls another entity. 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.

As mentioned above, Millennium S.p.A. is a joint venture company formed in 2007, through the contribution in kind of the investments in the following subsidiaries, which have been accounted for the following amounts (on a predecessor basis value) in Millennium statutory financials:

1.	CERP Rouen SAS (Rouen – France)	€ 141.427.427
2.	Sanacorp Pharmahandel GmbH (Planneg – Germany)	€ 329.734.119

The contribution reports, written by an independent auditor estimated an equity value of each investment of € 350.000.000 for a total amount of € 700.000.000.

The formation of a joint venture is a transaction which is out of scope of IFRS 3 – Business Combination. As consequence, under IAS 8 the Company had to select a proper accounting policy in order to account for the above mentioned transaction. Following the document Assirevi OPI 1, which deals with transactions between entities under common control, and considering that it is not immediately evident that the transaction will produce a significant impact on the cash flows of the entities involved before and soon after it, the formation of the joint venture has been accounted for on a predecessor basis values. Thus the carrying amounts of assets and liabilities previously booked in the financial statements of the companies that contributed their businesses to the joint venture through the contribution in kind mentioned above, have been used to account for the "acquisition" of the two subsidiaries by the Group.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated but considered an impairment indicator of the asset transferred. Accounting policies of subsidiaries are changed where necessary to ensure consistency with the policies adopted by the group.

(b) Transactions and minority interests

The group applies a policy of treating transactions with minority interests as transactions with parties external to the group. Disposals to minority interests result in gains and losses for the group that are recorded in the income statement. Purchases from minority interests result in goodwill, being the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary.

(c) Associates

Associates are all entities over which the group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting and are initially recognised at cost. The group's investment in associates includes goodwill identified on acquisition, net of any accumulated impairment loss.

The group's share of its associates' post-acquisition profits or losses is recognised in the income statement, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the group and its associates are eliminated to the extent of the group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the group.

Dilution gains and losses arising in investments in associates are recognised in the income statement.

Where the Group, disregarding the percentage of shareholding, does not have the possibility to exercise a significant influence over an associate, the latter is accounting for under IAS 39. More in details, the Group holds, through its German subsidiary, the 24,99 percent of Andreae-Noris Zahn AG (hereinafter, "ANZAG"), Frankfurt, a German company listed at Frankfurt stock exchange.
Due to the fact that:

- the Group has no representative in the management board of the invested.
- the Group does not have any role in the policy making processes of the invested.
- there are no material transactions between the group and ANZAG nor interchange of managerial personnel nor provision of essential technical information.
- the group has not potential voting rights.

The Group is not in a position to exercise a significant influence over this associate which have been included in the category Available-for-sale financial assets and measured at fair value, with unrealized gains or losses recognized directly in equity in the reserve for available-for-sale financial assets.
This conclusion has been supported also on the basis of an expert opinion, obtained in 2007, provided by an independent advisory.

Millennium Group comprises Sanacorp Subgroup (Germany), where Sanacorp Pharmahandel Gmbh is the parent company, and Cerp Rouen Subgroup (France), where Cerp Rouen Sas is the parent company.

Sanacorp Pharmahandel GmbH, Planegg - Germany, holds the following subsidiaries:

Firm Name	Domicile	Share in capital
Richard A. L. Witt GmbH	Germany, Planegg	100%
U. Perrey Vermittlungsgesellschaft für Versicherungen mbH	Germany, Planegg	100%

The number of companies consolidated in the subgroup changed as compared to the previous year's financial statements. Based on the merger agreement dated July, 1st 2008 and the shareholder resolutions passed on the same day, B.P.S Bau-Projektsteuerung GmbH; Planegg and Sanacorp Pharmahandel GmbH merged with retroactive effect of January, 1st 2008. The merger did not have any material effects on the financial position, cash flows and profit or loss of Sanacorp Pharmahandel GmbH and Millennium Group.

CERP Rouen Sas, Rouen - France, holds the following subsidiaries:

Firm Name	Domicile	Share in capital
Sobedip SA	Belgium, Brussels	99,99%
CERP SA (a)	Belgium, Brussels	99,95%
Querton SA	Belgium, Brussels	100,00%
Les Pharmaciens Associés SA (b)	Belgium, Brussels	99,80%
Sodiphar SArl	Luxembourg	100,00%

(a) Sobedip in 2008 bought the shares of minority shareholders representing 5.61% of the capital
(b) This company was created in Belgium in order to develop the network of pharmacies.

Intangible assets

After its initial recognition an internally generated intangible asset, like a separately acquired intangible asset, is to be recognised at cost less any accumulated amortisation and accumulated impairment losses.

Research expense is recognised profit or loss in the period in which it arises.

An intangible asset arising from internal development will be recognised if, and only if, all the following conditions are met:

- The technical feasibility of completing the intangible asset so that it will be available for use
- the intention to complete the intangible asset and use it
- the ability to use the intangible asset
- how the intangible asset will generate probable future economic benefits

- the availability of adequate technical, financial and other resources to complete the development and to use the intangible asset

- the ability to measure reliably the expenditure attributable to the intangible asset during its development

The cost of an internally generated intangible asset is the sum of expenditure incurred from the date when the intangible asset first meets the recognition criteria mentioned above. If no internally generated intangible asset can be recognised, the development expenditure is to be recognised as profit or loss in the period in which it was incurred.

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.

Property, plant and equipment

Items of property, plant and equipment are recognised at cost less accumulated depreciation.

Construction in progress for the purpose of production, lease or administrative or any other as yet undefined purpose are recognised at cost less any impairment. Cost includes fees for purchased services. Depreciation of such an asset follows the same principles as those applied to comparable other items of property, plant and equipment and begins as soon as it is completed or operates in the manner intended.

The depreciable amount of an asset, except for land or construction in progress, is allocated on a systematic basis over its expected useful life.

The assets useful lives are reviewed, and adjusted if appropriate, at each balance sheet date:

Type of assets	**Expected useful life**
Buildings	20 to 50 years
Hereditary building rights	50 years
Land improvements	9 to 25 years
Structural works	20 to 50 years
Leasehold improvements and finishing works	5 to 20 years
Roofing	10 to 20 years
Fixtures	5 to 20 years
Conveyor belts, order picking machines	8 years
Equipment & fixtures	5 to 25 years
Operating and office equipment	3 to 13 years
Computer hardware	3 to 12 years
Vehicle fleet	3 to 5 years

Gains or losses arising from the sale or retirement of an asset are determined as the difference between the disposal proceeds and the carrying amount of the item. They are recognised in profit or loss.

Low-value assets are fully written off in the year of acquisition. They are recognised as disposals in the statement of changes in non-current assets.

Inventories

Inventories are measured at the lower of cost and net realisable value. Cost is determined using the first-in, first-out (FIFO) method. Net realisable value is the estimated selling price less the estimated costs of completion and the estimated costs necessary to make the sale.

Allowances were recognised for inventory risks arising from the range of the product portfolio and the turnover rate of the products.

Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial instruments recognised as financial assets or financial liabilities are recognised separately. The financial instruments are recognised as soon as Millennium becomes a party to the contractual provisions of the instruments.

Financial instruments are initially recognised at their fair values. For the purpose of measuring the financial instruments after initial recognition they are classified into the categories defined in IAS 39. Transaction costs which are directly attributable to the acquisition or issue of a financial asset are accounted for when determining the carrying amount, if the financial instruments are not measured at fair value through profit or loss. If the trade date and the settlement date (i.e. the day of delivery) differ, Millennium chooses the trade date for the initial recognition and/or de-recognition.

Financial assets

The financial assets mainly comprise trade receivables, receivables from affiliates, receivables from banks, cash in hand, derivative financial assets and marketable securities.

Financial assets measured at fair value through profit or loss

Financial assets measured at fair value through profit or loss consist of financial assets held for trading. Financial assets such as interest-bearing securities are classified as held for trading, if they are acquired for the purpose of selling them in the near term.
Derivatives, including embedded derivatives, which were separated from their host contract, are also classified as held for trading, unless they are hedging instruments qualifying for hedge accounting and are effective hedges. Gains or losses on financial assets held for trading are recognised in profit or loss.

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, checks, bank deposits with original maturity of three months or less. Cash and cash equivalents are identical with the respective item in the consolidated cash flow statement.

Loans and receivables

Receivables are non-derivative financial assets with fixed or determinable payments, that are not quoted in an active market. One example are trade receivables. After their initial recognition, receivables are measured at amortised cost less impairments. Gains and losses are recognised in group profit, if the receivables are de-recognised or impaired.

Available-for-sale financial assets

Available-for-sale financial assets are any non-derivative financial assets designated as available for sale and not classified in one of the above-stated categories. This category includes certain equity instruments.
After their initial recognition available-for-sale financial assets are measured at fair value, with unrealised gains or losses recognised directly in equity in the reserve for available-for-sale financial assets. This does not apply, if there is an objective indication that an asset may be impaired or if fair value changes on a debt instrument result from foreign currency fluctuations. The cumulative gains or losses that were recognised in equity are recognised in profit or loss when the financial assets are de-recognised. If a fair value cannot be reliably measured for equity instruments that do not have a quoted market price, they are measured at amortised cost (less impairment losses where applicable). Interest earned on these financial assets is generally recognised as interest income using the effective interest method. Dividends are recognised in profit or loss as soon as there is a legal entitlement to payment.

Impairment of financial assets

By every balance sheet date, the carrying amounts of the financial assets which are not measured at fair value through profit or loss, are assessed to see, whether there is any indication (such as considerable financial difficulties of the debtor, significant changes in the technological, economic, legal and market environment of the debtor) that the asset may be impaired. A sustained or significant decline in the fair value of an equity instrument is an actual indication that the asset may be impaired.

The amount of the impairment of loans and receivables is the difference between the asset's carrying amount and the present value of expected future cash flows (except for future loan losses which have not yet occurred). The impairment is recognised in profit or loss. If the amount of the impairment loss decreases in one of the subsequent reporting periods and if this decrease can be traced to a change that has taken place after the recognition of the impairment loss, the impairment loss recognised in an earlier period is reversed and the reversal is recognised in profit or loss. The impairment of trade receivables is recognised in allowance accounts. Whether a credit risk is recognised in an allowance account or accounted for in an impairment of the receivable, depends on the probability of a credit loss.

If receivables are classified as non-recoverable, the impaired asset is de-recognised.

If an available-for-sale asset is impaired, the amount so far recognised in equity is recognised in profit or loss as the difference between cost (net of any principal repayment and amortisation) and current fair value, less any impairment loss on that financial asset previously recognised in profit or loss. Reversals of impairment losses for equity instruments classified as available for sale are not recognised in profit or loss. Reversals of impairment losses for debt instruments are recognised in profit or loss, if the increase in the fair value of the instrument can be traced to an event that took place after the asset was recognised in profit or loss.

Financial liabilities

Financial liabilities mainly consist of trade payables, liabilities to banks, derivative financial liabilities and other liabilities.

Financial liabilities measured at amortised cost

After their initial recognition, financial liabilities are measured at amortised cost using the effective interest method.

Financial liabilities measured at fair value through profit or loss

Financial assets which are measured at fair value through profit or loss include other non-current financial liabilities. Gains or losses on these financial liabilities are recognised in profit or loss.

Derivative financial instruments and hedging relationships

Due to its activities the Group is exposed to interest rate risks.
Interest-rate swaps were designated by the Group as a hedge of such exposure. Derivative financial instruments were not used for speculative purposes.

Gains or losses arising from a change in the fair value of derivative financial instruments designated as effective cash flow hedges are recognised in equity. The ineffective portion of the instruments is recognised in profit or loss. If cash flow hedges of risks associated with binding commitments or foreseeable transactions result in the recognition of an asset or a liability, the associated gain or loss originally recognised in equity will be included in the initial cost of the asset or the liability.

For an effective hedge of the exposure to changes in fair value the hedged item is adjusted by gains or losses on fair value attributable to the hedged risk and the associated amount is recognised in profit or loss. Gains or losses from re-measuring derivatives or the foreign currency component of the carrying amount for non-derivatives, are recognised in profit or loss.

Gains or losses arising from a change in fair value of derivative financial instruments which do not qualify for hedge accounting are recognised in profit or loss when they are incurred.

Hedge accounting is discontinued if the hedging instrument expires or is sold, terminated or exercised or the hedge no longer meets the criteria for hedge accounting. In this case the cumulative gain or loss on the hedging instrument remains in equity until the forecasted transaction occurs. If we do no longer expect the hedged transaction to occur, the cumulative net gains or losses recognised in equity are reported in profit or loss.

Embedded derivatives or other host contracts are accounted for as separate derivatives if their risks and characteristics are no longer closely related to those of the host contract and the host contracts are not measured at fair value with unrealised gains or losses recognised in profit or loss.

Provisions for pensions and other employee benefits

Pension provisions are measured in accordance with the projected unit credit method. This method is based not only on the pension payments and vested benefits known on the balance sheet date, but also reflects future salary and pension increase prudently including the relevant actuarial assumptions.

The present value of the defined benefit obligation is recognised in the amount defined in the opinion of an actuarial institute less the fair value of plan assets.

The employee benefit obligation recognised is presented as the present value of the defined benefit obligation reduced by past service cost after offsetting it with the fair value of plan assets. Each asset resulting from such a calculation does not exceed past service cost plus the present value of available refunds and the reduction of future contributions to the plan.

Other provisions

The amount recognised as a provision is the best estimate of the expenditure required to settle the present obligation.

Revenue recognition

Revenue is measured at the fair value of the consideration received or the amount receivable and is presented as amounts received for services rendered or goods supplied within the normal course of business, less any trade discounts, VAT or other sales-related tax.

Revenue from the sale of goods is recognised upon shipment and after transfer of the risks and rewards of ownership.

Interest income is recognised on an accrual basis taking into account outstanding receivables and the applicable effective interest rate. The effective interest rate is the interest rate, which, when applied, matches the present value of the estimated future cash inflows over the expected useful life of the financial asset with the net carrying amount.

Dividend income from financial investments is recognised as soon as the shareholder is legally entitled to payment.

Cost of retirement benefits

The Millennium Group uses both defined benefit plans and defined contribution plans.

A defined benefit plan is a pension plan fixing a benefit amount to which an employee is entitled upon retirement and whose amount is determined by various assumptions such as age, years of service and salary.

Defined contribution plans are pension plans under which the subgroup pays fixed contributions into a separate entity. Hence, the subgroup has no legal or constructive obligation to pay further contributions, if the fund does not hold sufficient assets to pay all employee benefits.

Accounting for defined benefit plans involves determining the cost of benefits using the projected unit credit method requiring an actuarial valuation at each balance sheet date. Actuarial gains or losses are fully recognised in profit or loss in the period in which they are incurred. Past service cost is recognised immediately in the amount in which the benefits have vested or straight-line over the average period until the amended benefits become vested.

Under the defined contribution plan the subgroup pays contractually agreed contributions into a separate pension fund. The Group has no further obligations to pay any amounts beyond the contributions. The respective contributions are recognised under personnel expenses when they become due.

Government grants

Government grants for property, plant and equipment are deducted from the respective asset reducing depreciation over the expected useful life accordingly. Cost of the respective asset was reduced by the amount of the government grant received.

Impairment of assets

Items of property, plant and equipment and intangible assets are tested for impairment at each reporting date. If any such indication exists the company will have to estimate the recoverable amount of the asset to determine any impairment loss. If the asset does not generate any cash inflows which are independent of other assets, the recoverable amount of the asset will have to be estimated on the basis of the cash generating unit to which the asset belongs. Intangible assets with indefinite useful lives are tested for impairment annually irrespective of whether there is any indication that they may be impaired.

The recoverable amount is the higher amount of the fair value less costs to sell and the value in use of an asset. The value in use is determined on the basis of discounted future cash inflows taking as a basis a pre-tax market price equivalent to the time value of money, which reflects the asset risks not yet recognised in the future cash inflows.

If the recoverable amount of an asset (or a cash-generating unit) is lower than its carrying amount it is written down to its recoverable amount. Any impairment loss is to be recognised immediately in profit or loss, unless the asset has been re-valued. In this case the impairment loss is recognised as a reduction of the revaluation reserve.

The carrying amount of the asset (or the cash-generating unit) is increased to the recoverable amount when reversing an impairment loss in a subsequent period; it may however not exceed the carrying amount that would have been determined, had no impairment loss been recognised before. The reversal of the impairment loss is to be recognised immediately in profit or loss, unless it is recognised as a revaluation amount on the basis of another IFRS standard.

Borrowing costs

Borrowing costs are recognised in the period in which they are incurred.

Taxes on income

The current income tax charge is calculated on the basis of the tax law enacted at the balance sheet date in the countries where the company's subsidiaries operate and generate taxable income.

Tax expense is the aggregate amount of current and deferred income tax.

Current tax is based on the taxable profit for a year. Taxable profit differs from accounting profit as it excludes taxable or deductible items in other years or non-taxable or non-deductible items. The Group's current tax expense is calculated by using the tax rates applicable or fixed by the balance sheet date.

Deferred taxes are the amounts of income taxes payable or recoverable in future periods resulting from the difference between the carrying amounts of the assets and liabilities in the balance sheet and the tax base used to calculate taxable profit. They are recognised using the asset/liability approach. In general, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised.

Deferred taxes are not recognised, if the temporary difference arises from goodwill or the initial recognition of assets and liabilities in a transaction (which is not a business combination) which neither affects taxable or accounting profit.

The carrying amount of a deferred tax asset should be reviewed at each balance sheet date and should be reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of that deferred tax asset to be utilised.
Deferred taxes are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled. Deferred taxes are recognised either as tax income or tax expense, unless they relate to items recognised in equity; the deferred taxes are then also recognised in equity.

Share-based payment transactions

There are no share-based payments in Millennium Spa Group.

Critical accounting estimates and judgements

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.

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 listed below:

- Impairment of goodwill
- Income taxes
- Fair value of derivatives and other financial instruments
- Revenue recognition

C. Notes to the balance sheet

Non-current assets

(1) Intangible assets

Purchased computer software and licenses were amortised on a straight-line basis over their expected useful lives: 1 to 7 years.

Internally generated intangible assets relate to in-house developed software. These intangible assets' were amortised on a straight-line basis over their expected useful lives: 5 to 15 years.

Intangible assets' movements in the year are detailed as follows:

Amounts in € thousand	Goodwill	Purchased		Internally generated		Prepayments	Total
		Computer software	Licenses	Software	Software in development		
Gross carrying amount 31 Dec. 2007	**791**	**8.690**	**4.695**	**34.374**	**2.374**	**-**	**50.924**
Addition	145	589	762	-	3.367	139	**5.002**
Disposal (gross)	-	68	243	397	-	-	**708**
Transfer	-	-	-	3.786	(3.786)	-	**-**
Gross carrying amount 31 Dec. 2008	**936**	**9.211**	**5.214**	**37.763**	**1.955**	**139**	**55.218**
Cumulative amortisation/write off	145	7.723	4.483	15.799	-	-	28.150
Carrying amount 31 Dec. 2008	**791**	**1.488**	**731**	**21.964**	**1.955**	**139**	**27.068**
Current amortisation	-	533	378	3.295	-	-	4.206

Goodwill represents the contribution value of the veterinary activity business bought by CERP Rouen SAS in July 2005.
An additional goodwill of € 145 thousand was recognised in 2008 following the purchase of CERP SA shares from minority shareholders; given the bad results of this subsidiary, a loss of value of € 145 thousand was immediately accounted for.

Software, both internally generated and purchased, refers mainly to the IT logistic system needed for delivering pharmaceutical goods.

(2) Property, plant and equipment

Property, plant and equipment mainly comprises office buildings, production plants, leasehold improvements, warehouse and production technology as well as motor vehicles, of Sanacorp Gmbh Subgroup in Germany, and of CERP Rouen Sas Subgroup in France and Belgium.

Details of property, plant and equipment are included in the table below:

	Land, land rights and buildings	Other equipment, operating and office equipment	Prepayments and construction in progress	Total
Gross carrying amount 31 Dec. 2007	**132.946**	**164.681**	**708**	**298.335**
Addition	6.438	12.547	4.191	23.171
Transfer	347	195	(542)	-
Disposal	168	10.085	-	10.253
Gross carrying amount 31 Dec. 2008	**139.563**	**167.338**	**4.357**	**311.258**
Cumulative depreciation	55.424	125.211	-	180.635
Carrying amount 31 Dec. 2008	**84.139**	**42.127**	**4.357**	**130.623**
Current depreciation	4.793	13.343	-	18.138

(3) Investments in associates

Investments in associates developed as follows in the period:

Amounts in € thousand	**Equity investments**
Gross carrying amount 31 Dec. 2007	**103.206**
Addition	-
Transfer	-
Disposal	-
Gains/losses on fair value recognised in equity	(52.212)
Gross carrying amount 31 Dec. 2008	**50.994**
Cumulative impairment loss	-
Carrying amount 31 Dec. 2008	**50.994**
Current impairment loss	-

Investments in associates (€ 49.575 thousand) and other investment (€ 1.419 thousand) can be detailed as follows:

Amounts in € thousand		**Carrying amount 31 Dec. 2008**
Andreae-Noris-Zahn AG	Listed	49.575
DZ-Bank	Listed	1.367
IPSO International Pharmaceutical Serv. Organisation BV	Not listed	23
Beteilingus-AG der bayerischen Volksbanken	Not listed	21
Other investments	Listed	5
Other investments	Not listed	3
Total		**50.994**

As of December 31, 2008 Sanacorp Pharmahandel GmbH owned an interest of 24.99 % in Andreae-Noris Zahn AG, Frankfurt, a company listed at the Frankfurt Stock Exchange that operates as a pharmaceutical wholesaler.

	Share in %	Equity in € thousand	Liabilities in € thousand	Revenue in € thousand	Net profit in € thousand	Balance sheet date	Dividend income in € thousand
Andreae-Noris Zahn AG, Frankfurt	24,99	329.552	582.580	3.838.604	7.253	31 Aug. 2008	3.871

The annual financial statements of Andreae-Noris Zahn AG were prepared in accordance with the German Commercial Code (HGB), the consolidated financial statements were prepared in compliance with IFRSs. The stock market value of the Company's most significant investment, Andreae-Noris Zahn AG, totalled € 49,575 thousand at the balance sheet date. This value was recognised in the balance sheet on December 31, 2008. The correspondent value in the Financial Statements as at December, 31st 2007 was significantly higher (€ 101.712 thousand), this decrease is caused by the correspondent decrease of the stock value of the investments, connected with the shortfall of the value of the main German listed companies.

The fair value of these securities is based on published market data. There were no major restrictions to selling financial assets.

(4) Deferred income tax assets

Deferred tax assets were composed as follows:

Amounts in € thousand	Deferred tax assets	
	31 Dec. 2008	31 Dec. 2007
Current assets	1.157	664
Provisions for pensions and other employee benefits	3.954	3.312
Other liabilities	(404)	1.138
Total	**4.707**	**5.114**

Deferred tax assets for an amount of € 311 thousand, relating to losses on investments in associates fair value evaluation, were recognised in equity.

(5) Other receivables:

Other receivables can be detailed as follows

Amounts in € thousand	Securities	Long term investments and other loans	Prepayments	Corporation Tax credit	Total
Gross carrying amount 31 Dec. 2007	**96**	**2.734**	**-**	**4.032**	**6.862**
Addition	1	70	463	197	731
Disposal	-	273	-	516	789
Gains/losses on fair value recognised in equity	-	-	-	-	-
Gross carrying amount 31 Dec. 2008	**97**	**2.531**	**463**	**3.713**	**6.804**
Cumulative impairment loss	(75)	-	-	-	(75)
Carrying amount 31 Dec. 2008	**22**	**2.531**	**463**	**3.713**	**6.729**
Current impairment loss	75	-	-	-	75

<u>Long term investments and other loans</u> includes long-term loans to employees for a present value of € 1.871 thousand (€ 1.858 thousand in 2007), and a nominal value of € 3.230 thousand (€ 3.244 thousand in 2007) being discounted at a rate of 5, 50% like last year.

The corporation tax credit relates to Sanacorp GmbH and will be paid from German Tax Authorities in ten years period. The present value amounted to € 3.713 thousand in the reporting year. The change resulted from interest cost added back and from tax office amounts paid. The interest rate stands at 5.0%.

Current assets

(6) Inventories

Inventories developed as follows:

Amounts in € thousand	Inventories	
	31 Dec. 2008	31 Dec. 2007
Raw materials and supplies	1.393	1.274
Finished goods and work in progress	386.621	382.618
Advances paid	159	409
Total	**388.173**	**384.301**

Write-downs of inventories to net realisable value which were made to take account of their low turnover rate amounted approximately to € 923 thousand.

(7) Trade receivables

Trade receivables are detailed as follows:

Amounts in € thousand	Trade receivables	
	31 Dec. 2008	31 Dec. 2007
Gross amount	628.666	598.390
Allowances	(12.125)	(11.811)
Carrying amount (net)	**616.541**	**586.579**

An allowance was recognised for amounts due from the sale of goods presumed to remain not collectible. The allowance was determined on the basis of the probable collectibility of an amount receivable taking into account past experience of debt default.

Allowances for trade receivables are composed as follows:

Allowances	
Gross carrying amount 31 Dec. 2007	**11.811**
Additions – net	1.548
Utilisation	(1.272)
Other changes	38
End of period 31 Dec. 2008	**12.125**

(8) Financial assets at fair value through profit or loss

The Financial assets at fair value through profit or loss are composed as follows:

Amounts in € thousand	31 Dec. 2008	31 Dec. 2007
Securities - fair value through P&L	1.663	37.434
Other securities - fair value through P&L	39.156	15.524
Total	**40.819**	**52.958**

The entire amount of € 40.819 thousand was composed of marketable securities owned by CERP Rouen SAS.

The difference between *Securities* and *Other securities* is based on the terms of realising these activities: *Securities* can be realised in one day, while *Other securities* can be realised in a short time period (within three months).

Other financial assets at fair value through profit or loss are presented within 'operating activities' as part of changes in working capital in the cash flow statement.

(9) Other current assets

Other current assets are detailed as follows:

Amounts in € thousand	31 Dec. 2008	31 Dec. 2007
Prepaid expenses	21.857	17.893
Receivables from related parties	33.924	24.775
Receivables from other long-term investees and investors	1	-
Income tax claims	3.847	3.245
Tax receivables	2.346	1.295
Securities - held to maturity	2.415	2.502
Other assets	22.281	15.953
Total	**86.671**	**65.663**

Prepaid expenses include mainly advances to suppliers (€ 19.861 thousand). Secondarily they also refer to insurance, maintenance contracts, prepaid personnel and non-personnel costs.

Receivables from related parties refers to Sanacorp subgroup (€ 12.960 thousand) and CERP Rouen subgroup (€ 20.964 thousand) financial receivables. The related parties are detailed in the Note 38.

Income tax claims refers to:

a) a reimbursement requested to Federal Republic of Germany's Treasury for withholding taxes from dividends resolved by the company Sanacorp GmbH, for an amount of € 1,688 thousand, whose recoverability is guaranteed by Sanacorp eG, the German ultimate shareholder;
b) a reimbursement to be requested to Federal Republic of Germany's Treasury for withholding taxes from dividends resolved by the company Sanacorp GmbH, for an amount of € 2,110 thousand, whose recoverability is guaranteed by Sanacorp eG, the German ultimate shareholder;
c) amounts overpaid to German Tax Authority for income tax (€ 49 thousand).

Securities held to maturity financial assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the group's management has the positive intention and ability to hold to maturity. If the group were to sell other than an insignificant amount of held-to-maturity financial assets, the whole category would be tainted and reclassified as available-for-sale.
Held-to-maturity financial assets are all included in current assets, due to the fact that all asset have maturity less than 12 months from the balance sheet date.
The fair value of held to maturity financial assets is based on quoted market bid prices.
Held-to-maturity financial assets are denominated in Euro.
The maximum exposure to credit risk at the reporting date is the carrying amount of held to maturity financial assets.
Changes in fair values on securities held to maturity are recognised in the income statement. The loss recognised in the period is some € 51 thousand.

Other assets combined receivables from suppliers and other current receivables. This item did not include any receivables with residual terms of more than one year.

(10) Cash and cash equivalents

Amounts in € thousand	31 Dec. 2008	31 Dec. 2007
Cash at bank and on hand	2.575	5.152
Total	**2.575**	**5.152**

Cash, cash equivalents and bank overdrafts include the following for the purposes of the cash flow statement:

Amounts in € thousand	**31 Dec. 2008**	**31 Dec. 2007**
Cash at bank and on hand	2.575	5.152
Bank overdrafts	(142.344)	(117.063)
Total	**(139.769)**	**(111.911)**

Equity

(11) Equity

Millennium S.p.A. has a share capital for an amount of € 282.865 thousand.

The total authorised number of ordinary shares is 2.828.650 with a par value of € 100 per share. All issued shares are fully paid.

Millennium S.p.A. has a share premium in the amount of € 132.518 thousand.
Share capital, share premium and legal reserve developed as follows:

	Share Capital	**Share Premium**	**Legal Reserve**	**Total**
2007 - Incorporation of Millennium SpA	10	-		10
2007 - Contribution in kind of CERP Rouen SAS	24.995	116.433		141.428
2007 - Contribution in kind of Sanacorp GmbH	24.995	304.739		329.734
2008 - Capital increase (reclassification)	232.865	(232.865)		-
2008 – Partial Allocation of the Profit for the previous fiscal period			784	784
2008 - Allocation of Share Premium		(55.789)	55.789	-
Total at December 31, 2008	**282.865**	**132.518**	**56.573**	**471.956**

In order to provide a complete disclosure of the movements of gains and losses with counterpart Equity, the balance as at December, 31 2007 of *Other Reserves* was re-classified to *Available for sale investments*, for an amount of € 67.429 thousand, and the revaluation of *Available for sale investments* for the period 2007 was re-classified as *Cash flow hedge* for an amount of € 83 thousand.

Gains and losses on the fair value evaluation were recognised in Equity.
With reference to *Available for sale investments* the impact of the period on Equity, net of deferred tax assets for € 311 thousand, at the reporting date amounts to € (51.900) thousand.
With reference to *Cash flow hedge* the impact of the period on Equity at the reporting date amounts to € (1.192) thousand.

In the period deferred tax liabilities were deducted from Equity in the amount of € 277 thousand.

The components of equity and their increase/decrease are disclosed in the statement of changes in equity.

Non-current liabilities

(12) Borrowings and derivative financial instruments

Borrowings can be detailed as follows:

Amounts in € thousand	31 Dec. 2008	31 Dec. 2007
Bank borrowings	11.637	12.888
Lease liabilities	556	859
Other financial liabilities	1.466	-
Total Borrowings – Non current	**13.659**	**13.747**
Bank borrowings	100.825	79.626
Lease liabilities	303	436
Bank overdrafts	41.163	36.938
Other	53	63
Total Borrowings – Current	**142.344**	**117.063**
Total Borrowings	**156.003**	**130.810**

Bank borrowings mature until 2014 and bear an annual interests at a rate in the range of 3,40 % – 6,50 %.

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:

Amounts in € thousand	31 Dec. 2008	31 Dec. 2007
Less than 1 year	142.344	117.063
Between 1 year and 2 years	1.774	1.554
Between 2 years and 5 years	9.985	9.833
Over 5 years	1.900	2.360
Total Borrowings	**156.003**	**130.810**

The exposure of the group's borrowings to interest rate changes and the contractual repricing dates at the balance sheet dates are as follows:

Amounts in € thousand	31 Dec. 2008	31 Dec. 2007
6 months or less	101.354	78.694
6-12 months	1.455	780
1-5 years	11.084	9.989
Over 5 years	1.900	2.360
Total Borrowings	**115.793**	**91.823**

Millennium Group has not interest rate changes exposure for an amount of € 40.210 thousand.

The carrying amounts of the group's borrowings are denominated in Euro.

The table below represents the fair value of the derivative financial instruments qualifying for hedge accounting (interest rate exposure) which has its counterpart in the equity:

Amounts in € thousand	31 Dec. 2008	31 Dec. 2007
Derivative financial instruments with counterpart Equity	1.109	-
Total	**1.109**	**-**

The positive fair values of derivative financial instruments as at December 31, 2007, for an amount of € 83 thousand, were recognised in the account "Other receivables" of non-current asset.

(13) Deferred income tax liabilities

Deferred tax liabilities were recognised for tax payable in future periods in respect of differences between IFRS accounting profit and taxable profit. The differences resulted mainly from the measurement of non-current assets.

Deferred tax liabilities developed as follows:

Amounts in € thousand	31 Dec. 2007	Use	Reversal	Appropriation	31 Dec. 2008
Deferred tax liabilities	5.026	298	311	248	4.665

Deferred tax liabilities for an amount of € 34 thousand, about leasing restatements, were recognised in equity.

(14) Retirement benefit obligations

Retirement benefit obligations developed as follows:

Amounts in € thousand	2008	2007
Present value of all unfunded benefit obligations	42.998	41.852
Other defined benefit obligations	6.121	6.107
Present value of all defined benefit obligations	**49.119**	**47.959**
Unrecognised actuarial gain/loss	-	-
Unrecognised past service cost	-	-
Reinsurance policy recognised against liability and present value of plan assets	(8.173)	(7.652)
Other recognised/unrecognised amounts	-	-
Retirement benefit obligations as of 31 Dec. 2008	**40.946**	**40.307**

The retirement benefit obligations include:

- a pension plan applicable to all employees,
- commitments made to provide additional benefits to individual employees,
- the benefit agreements concluded with senior employees, the benefit plan of the support fund transferred,
- collective arrangements on continued salary in the case of death and
- lump-sum benefits payable from bonuses or service periods and claims to premiums accrued for such payment.

The present value of all defined benefit obligations totalled € 49.119 thousand on December 31, 2008. The total amount both of insurance cover (€ 5.379 thousand) and of plan assets (€ 2.794 thousand), taken out to protect benefit obligations, was deducted from pension provisions.

The reconciliation of pension provisions from the beginning to the end of the current financial year was as follows taking account of the individual expense items:

Amounts in € thousand	2008
Pension provision as of 31 Dec. 2007	**40.307**
Service cost	914
Interest cost	2.585
Pensions paid	(1.784)
Capital payments	(53)
Recognised actuarial net gain/loss for the year	28
Contributions to plan assets	(500)
Change in claim to refund from reinsurance policy	(551)
Pension provision as of 31 Dec. 2008	**40.946**

The major actuarial assumptions were:

Discount rate	5.50 % p.a.
Future salary levels	2.50 % / 3 % p.a.
Inflation rate	2.00 % p.a.
Future pension levels	after 3 years in each case
Future level of benefits accrued	2.00 % p.a.

(15) Provisions for other liabilities and charges

Non-current provisions developed as follows:

Amounts in € thousand	31 Dec. 2007	Use	Appropriation	Other movements	31 Dec. 2008
Other non-current provisions					
Obligations from operating activities	238	-	-	-	238
Obligations in relation to personnel and social security	4.761	-	265	-	5.026
Employee profit sharing	3.850	3.309	3.582	-	4.123
Other non-current liabilities	1.124	-	-	(1.124)	-
Total non-current provisions	**9.973**	**3.309**	**3.847**	**(1.124)**	**9.387**

Obligations in relation to personnel and social security refers to long service awards recognized by the German Subgroup to the employees (€ 2.848 thousand) and to pension provisions for retired employees (€ 2.178 thousand).
Provisions for employee profit sharing, that are bonuses, were recognised in accordance with French Law and CERP Rouen SAS internal regulations.
Other movements relates to a reclassification of Other non-current liabilities, for an amount of € 1.124 thousand, as Other non-current financial liabilities.

Current liabilities

(16) Trade payables

The trade payables developed as follows:

Amounts in € thousand	Trade payables	
	31 Dec. 2008	31 Dec. 2007
Trade notes & accounts payable	383.205	383.031
Amounts due to related parties	5.502	4.554
Total	**388.707**	**387.585**

Amounts due to related parties are detailed in the note 38.

(17) Current income tax liabilities

The income tax liabilities are detailed as follows:

Amounts in € thousand	31 Dec. 2008	31 Dec. 2007
German Current income tax liabilities	1.703	2.988
French Current income tax liabilities	6	13.239
Total tax provisions	**1.709**	**16.227**

(18) Other liabilities and charges

Other liabilities and charges are detailed below:

Amounts in € thousand	Other liabilities and charges	
	31 Dec. 2008	31 Dec. 2007
Advance payments received	112.791	109.694
Amounts due to related parties	53.477	35.932
Obligations in relation to personnel and social security	35.301	34.829
Payments received on account of orders	1.267	2.534
Tax liabilities (except Income Tax)	3.416	2.368
Employee profit sharing - under 1 year	571	658
Retirement provisions - under 1 year	584	567
Deferred income	139	467
Contingencies provisions	158	209
Other current liabilities	35.456	43.108
Total	**243.160**	**230.366**

Advance payments received are composed by cash deposits of CERP Rouen SA shareholders (pharmacists), that bears interest at the interest rate of 3,5%.

Amounts due to related parties consist of Sanacorp subgroup cash pooling (€ 9.979 thousand), CERP Rouen subgroup liabilities (€ 28.236 thousand) and Millennium liabilities (€ 15.262 thousand).
Millennium liabilities relate to the distribution of dividends to the parent companies, resolved on April, 28 2008, for an amount of € 14.800 thousand, to interests accrued on the current accounts with parent companies, for an amount of € 457 thousand, and to other liabilities for an amount of € 5 thousand.

The related parties are detailed in the note 38.

Obligations in relation to personnel and social security are composed by Sanacorp subgroup liabilities for wage and church taxes (€ 1.679 thousand), provision for time credits (€ 891 thousand), liabilities for employees holidays not yet taken (€ 771 thousand).
With reference to CERP Rouen subgroup liabilities consist of wages & salaries (€ 16.932 thousand), social security (€ 4.336 thousand) and social security tax (€ 11.680 thousand).

Other current liabilities are composed by CERP Rouen subgroup liabilities to generics laboratories (€ 10.454 thousand) and rebates to be granted (€ 10.237 thousand). With reference to Sanacorp subgroup they are composed by VAT liability (€ 1.727 thousand) and member's loans (€ 2.069 thousand).
With reference to Millennium they are composed by liabilities for Supervisory Board emoluments (€ 53 thousand) and VAT liability (€ 3 thousand).

D. Notes to the income statement

As mentioned in paragraph *General information*, the 2008 profit and loss accounts related to twelve months period ending December, 31 2008 while previous year's figures were related to one month period from December, 1 to December, 31 2007; as a consequence the economic data are not comparable.

(19) Sales revenue

Revenue of the consolidated companies was mainly generated from the sales of drugs to German, French and Belgium pharmacies during the fiscal period 2008. Commercial rebates and discounts granted to customers are included at this level.

Revenue was recognised at fair value, when risks and rewards of ownership were transferred to the buyer, when the amount of revenue was measured reliably and when payment appeared probable.

(20) Other operating income

Other operating income included income from services, advertising cost allowances, cost refund, disposals of other non-current assets and income from the reversal of redundant provisions and valuation allowances. The major items of other operating income were as follows:

Amounts in € thousand	**2008**	**December 2007**
Revenue from advice to pharmacies, workshops and fees	19.967	1.087
Commissions from laboratories	13.052	1.462
Commissions from affiliated companies	4.202	514
Advertising cost allowances	3.054	268
Refund of transport and fuel costs	3.032	369
Revenue from sale of data/clearing unit	2.609	452
Reversal of provisions and valuation allowances	1.187	977
Other income	7.189	638
Total	**54.292**	**5.767**

Other operating income was recognised at fair value. The amount of income could be reliably measured. The inflow, if not received, was probable.

(21) Cost of raw materials, supplies and merchandise

Cost of raw materials, supplies and merchandise included commercial rebates and discounts granted by laboratories and specific French Social Security Tax for € 42.692 thousand (€ 3.648 thousand in December 2007 and € 42.630 thousand for the whole previous year).

(22) Personnel expense

Personnel expenses consist of wages and salaries costs, costs of social security, retirement benefits and other benefits, employee profit-sharing plan. Their break-down can be seen in the income statement.

(23) Other operating expenses

Other operating expenses included in particular costs of sub-contracted personnel, sub-contracted forwarding agents, rent, advertising, energy, maintenance as well as office and administration cost.

The major items of other operating expenses were as follows:

Amounts in € thousand	**2008**	**December 2007**
Shipping and freight	45.154	3.339
Cost of land and office space	14.981	1.061
IT, data transfer	7.079	762
Subcontracted labour, training fees	14.985	1.456
Allocation of allowances and impairment loss of receivables	939	116
Advertising cost, advice to pharmacies	9.890	1.055
Other non-personnel expenses	8.385	333
Non inventory supply	7.190	799
Taxes on wages and other taxes	7.438	577
Maintenance and repairs	4.335	410
Rental	-	201
Insurance premiums	1.837	198
Other expenses	3.991	960
Total	**126.204**	**11.267**

Other operating expenses were recognised at fair value. The amount of expenses could be measured reliably and the payment, if not yet made, could be reasonably assured.

(24) Amortisation and depreciation

Amortisation and depreciation developed as follows:

Amounts in € thousand	**2008**	**December 2007**
Intangible assets	4.206	405
Tangible assets	18.138	1.442
Restatements of provision	600	(26)
Total	**22.944**	**1.821**

(25) Income from equity investments and Finance income and costs

This item included primarily interest income from customer relationships and interest expenses relating to the financing of the business operation.

In addition the item included dividends received from other long-term investments and investors (€ 3.934 thousand), mainly composed by dividends from the investments in ANZAG (€ 3.871 thousand).

Interest income was recognised *pro rata temporis* taking into account the effective rate of return. Dividends were recognised as soon as the legal claim to payment arose.

This item included also the variation of fair value of the financial assets at fair value through profit or loss. The variation of the period was € 51 thousand.

(26) Income tax expense

Income taxes included German, French, Belgian and Italian taxes. This was the result of the fact, that all incomes were generated in these countries.

The income tax expense recognised amounted to € 17.506 thousand in the fiscal period 2008 and was by € 5.195 thousand upper than the expected income tax expense of € 22.701 thousand, the amount that would be computed considering the German tax rate of 38.65 %, the French tax rate of 33.33 %, the Belgium tax rate of 33.99 % and the Italian tax rate of 27,50 %.

The German tax rate comprised the corporation tax rate (25.00 %), the German solidarity surcharge (5.50 % applied to the income tax) and the trade tax rate. The trade tax rate is at a nominal 16.67 % (an effective 12.28 %).

The French tax rate applied is 33.33 % plus an additional contribution of 3.3 % on the taxes expenses calculated previously.
The Belgian tax rate applied is 33.99 %.

The Italian tax rate applied is 27,50 %.

The difference between income tax expense expected and recognised was accounted for by the following facts:

Amounts in € thousand	**2008**
Profit before tax	52.832
Income tax expense expected	22.701
Tax increase due to non-deductible expenses	(104)
Tax-exempt asset increases	(1.291)
Addition/reduction trade tax	354
Different rates for deferred taxes	4
Additional tax payments for previous years	391
Other differences	(4.549)
Income tax expense recognised	**17.506**
Effective tax rate	**33,14%**
Profit from ordinary activities	**52.832**
Income tax	**17.506**
Net profit for the year	**35.326**

The Other differences are mainly composed by the deferred taxes regarding the income from equity investments (dividends distribution to Millennium from subsidiaries) taxable at the moment of payment.

Deferred taxes were based on the application of current tax rates or tax rates already fixed for the assessment period and are presented as follows:

Amounts in € thousand	**2008**	**December 2007**
Deferred tax income	513	50
Deferred tax expense	(836)	(472)
Balance	**(323)**	**(422)**

The increase in deferred tax expense is accounted mainly for the significant decline in the pension provision and for the temporary taxation difference on the dividends distribution in Italy. This effect reduced deferred tax assets accordingly.

(27) Earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the company by the weighted average number of ordinary shares in issue during the year.

	2008
Profit attributable to equity holders of the company	35.327
Weighted average number of ordinary shares in issue (thousands)	2.765
Basic earnings per share (C per share)	**12,776**

Diluted earnings per share has the same calculation of basic earning per share.

E. Segment reporting

Segment information has not been disclosed as IAS 14 must be mandatorily applied only by enterprises whose debt or equity securities are publicly traded and those in the process of issuing such securities in public securities markets, and Millennium S.p.A. is not included in this case.

F. Notes to the cash flow statement

(28) Cash flows from operating activities

The cash flow statement was prepared in accordance with the indirect method and starts with the operating profit.

(29) Cash flows from investing activities

Net cash from investing activities comprises all investments and sales made in the reporting period.

(30) Net cash used in financing activities

Net cash used in financing activities in the reporting year was defined by the dividend, which was credited to the parent companies intercompany accounts and by the increase in current financial liabilities.

(31) Cash and cash equivalents at end of period

Cash and cash equivalents comprised cash and bank balances at each balance sheet date.

G. Other notes to the annual financial statements

(32) Financial instruments

a) Carrying amounts and fair values of financial instruments

The following table sets out the carrying amounts and fair values of the Group's financial instruments. Fair value is the amount for which the rights and/or obligations from such financial instrument would be exchanged between two parties in an arm's length transaction. Given the variety of factors the fair values shown are an indicator of the values actually realisable on the market.

Amounts in € thousand	**Carrying amount 31 Dec. 2008**	**Fair value 31 Dec. 2008**	**Carrying amount 31 Dec. 2007**	**Fair value 31 Dec. 2007**
Trade receivables	616.541	616.541	586.579	586.579
Cash and cash equivalents	2.575	2.575	5.152	5.152
Other financial assets:				
- Assets available for sale	52.657	52.657	103.205	103.205
- Assets at fair value through profit and loss	39.156	39.156	52.958	52.958
- Assets held to maturity	2.500	2.415	2.502	2.502
- Derivative financial instruments qualifying for hedge accounting	-	-	83	83
- Other receivables and assets	44.072	44.072	34.506	34.506
Total financial assets	**757.501**	**757.416**	**784.985**	**784.985**
Financial liabilities	154.537	155.299	130.810	130.680
Trade payables	388.707	388.707	387.585	387.585
Miscellaneous financial liabilities:				
- Financial liabilities recognised at fair value through profit or loss	1.465	1.465	1.124	1.124
- Derivative financial instruments qualifying for hedge accounting	1.109	1.109	-	-
- Other miscellaneous financial liabilities	184.553	184.553	157.696	157.696
Total financial liabilities	**730.371**	**731.133**	**677.215**	**677.085**

The fair values of the financial instruments were determined on the basis of the market information available on the balance sheet date and the following methods and assumptions:

Trade receivables and cash and cash equivalents

Given the short maturity of these financial instruments the fair values are assumed to equal the carrying amounts.

Other financial assets

Available-for-sale financial assets include:

- Equity shares measured at fair value. The equity shares recognised at fair value were measured on the basis of the quoted market price available on 31 December.
- Equity shares measured at cost. No fair value was determined for equity shares measured at cost, as there was no active market that could have established price quotations or market prices. These

are shares in enterprises not listed on a stock exchange, which, as there are no reliably determinable cash flows, were not measured by discounting expected future cash flows. In these cases, the fair values were assumed to equal the carrying amounts.

– Liability components. Most of the liability components were measured at the market prices quoted as of 31 December. Some of the fair values of these components were established by using valuation techniques which are based on market data; the fair value of a small part of the liability components was established by using valuation techniques which were not based on market data.

Assets at fair value through profit and loss:
Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term. Assets in this category are classified as current assets.

Assets held to maturity:
Held-to-maturity financial assets are non-derivative financial assets with fixed or determinable payments and fixed maturity that the group's management has the positive intention and ability to hold to maturity. If the group were to sell other than an insignificant amount of held-to-maturity financial assets, the whole category would be tainted and reclassified as available-for-sale. Held-to-maturity financial assets are included in non-current assets, except for those with maturity less than 12 months from the balance sheet date, which are classified as current assets.

Derivative financial instruments qualifying for hedge accounting:
Derivative contracts to hedge interest rate exposure. The fair values of the interest rate hedging instruments (e.g. interest rate swaps) were determined on the basis of discounted expected future cash flows using the market interest rates applicable to the remaining period to maturity of the financial instruments.

Other receivables and assets include:
Current other receivables and short-term borrowing. These financial instruments are recognised at cost. Given the short maturity of these financial instruments the fair values are assumed to equal the carrying amounts.

Financial liabilities.
The fair values of long-term loans are determined as the present values of estimated future cash flows. Interest rates customary in the market are used for discounting in relation to the respective maturity. Given their short maturity, the carrying amounts of current financial liabilities are assumed to be a reasonable approximation of fair value.

Trade payables.
Given the short maturity of these financial instruments the fair values are assumed to equal the carrying amounts.

Miscellaneous financial liabilities.
The financial liabilities at fair value through profit or loss include non-current obligations. The non-current liabilities are generally recognised at their present value in the balance sheet; it is assumed, the present values are assumed to equal the fair values of these financial instruments.

Derivative financial instruments qualifying for hedge accounting.
Derivative contracts to hedge interest rate exposure. The fair values of the interest rate hedging instruments (e.g. interest rate swaps) were determined on the basis of discounted expected future cash flows using the market interest rates applicable to the remaining period to maturity of the financial instruments.

Other miscellaneous financial liabilities. Given the short maturity of these financial instruments the fair values are assumed to equal the carrying amounts.

b) Net gains or losses

The following table presents the net gains or losses on financial instruments recognised in the income statement (less derivative financial instruments which qualify for hedge accounting):

Amounts in € thousand	**2008**	**December 2007**
Financial assets and liabilities recognised at fair value through profit or loss	(51)	100
Available-for-sale financial assets	-	
Loans and receivables	358	593
Financial liabilities measured at cost	157	-

The net gains or losses on the financial assets and liabilities recognised at fair value through profit or loss include interest expenses and income for these financial instruments along with the gains or losses on fair value changes.

Net gains or losses on available-for-sale financial assets include among other items income from equity investments and gains recognised on the disposal of these shares.

Net gains or losses on loans and receivables mainly include the amounts resulting from impairment losses and reversals.

c) Total interest income and expense

Total interest income and expense for financial assets or financial liabilities that are not measured at fair value through profit or loss, are as follows:

Amounts in € thousand	**2008**	**December 2007**
Total interest income	8.728	1.671
Total interest expense	(5.610)	(1.666)

d) Disclosures on derivative financial instruments, use of derivatives.

The Group designates cash flow hedges to secure interest rate risks. Changes in the fair value of these derivative financial instruments designated as effective cash flow hedges were recognised in equity.

The following derivatives were used to hedge the interest rate exposure:

Amounts in € thousand	up to 1 year		1 to 5 years		Average
Derivatives:	31 Dec. 2008	31 Dec. 2007	31 Dec. 2008	31 Dec. 2007	interest rate
Interest-rate swaps (nominal value)		10.000	25.000		3,97%

The market price of all the derivatives held totalled losses for € 1.109 thousand on the balance sheet date. There were no derivatives maturing in more than five years.

Interest rates will be fixed every six months over the entire term of the contracts. The Company receives a variable return at the respective 6-month EURIBOR and pays the fixed interest rate agreed. Thus, the respective volume corresponded in substance to a fixed-term loan. In addition, there are fixed-rate loans and variable interest income which further reduce the interest rate exposure.

(33) Risk management

Millennium risk policy in the use of financial instruments is to be regarded as very conservative. All derivative financial instruments are used solely for hedging an underlying transaction and are held to maturity. Risks on financial instruments arise from interest rate changes, defaults (credit risk) and a lack of liquidity. Management has established an appropriate risk management system to deal with each of these risks.

Given its activities Millennium was exposed to financial risks arising from changes in interest rates. Interest rate exposure is mainly to be seen in connection with current and non current liabilities to banks. All of these loans were granted on a variable basis plus a margin.
At 31 December 2008, if interest rates on borrowings had been 1% higher with all other variables held constant, before-tax profit for the year would have been Euro 508 thousand lower.

Millennium is not exposed to currency risks, since the purchases and sales of goods are almost all transacted in Euro.

The pharmaceutical wholesale market is heavily regulated by law. Hence, there is no commodity risk in its narrow sense. The purchase prices for prescription drugs are regulated. Selling prices are defined by a profit/price margin less discounts granted. An active accounts receivable management prevents Millennium from major default risks. The default risk depends mainly on the regulatory measures introduced by the government. There is no concentration of major default risks.

Credit risk is managed on a subgroup basis. Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to retail customers, including outstanding receivables and committed transactions. For banks and financial institutions, only independently rated parties with a minimum rating are accepted. Customers are not independently rated and risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The utilisation of credit limits is regularly monitored. However, credit risk of primary financial instruments is limited to their carrying amount which does not significantly differ from the carrying amount.

There is no liquidity risk at present. Millennium has available short-term credit lines to a sufficient extent to run its business. The market price risk of all financial instruments is regularly monitored.

(34) Contingent liabilities and other financial obligations

There were the following financial obligations not disclosed in the balance sheet:

Amounts in € thousand	**2008**
As a counterpart to financial liabilities in form of:	
- Mortgage	11.797
- Guarantee	149
As a counterpart to authorised overdraft credit:	
- Letter of intent	33.848
- Other bank guarantee	259
- Rental agreements	10.893
- Leases	-
Total	**56.946**

(35) Members of the Supervisory Board

Name	**Residence**
FUNKE JURGEN JOST HINRICH - Chairman	Wiesbaden - Germany
BERTHEUIL ALAIN PIERRE JAQUES - Vice Chairman	Franqueville Saint Pierr - France
BOUILLON CHRISTIAN ALAIN JEAN-LUC - Member	Saint Lo - France
ROUDIERES CORINNE HUGUETTE - Member	Salses Chateau - France
BARTETZKO NORBERT CASPAR EBERHARD - Member	Berlin - Germany
IVEN HOLGER KARL WALTER - Member	Lubeck - Germany
FIORITTI ALBERTO - Member	Bologna - Italy

(36) Members of Board of Directors

Name	Residence
KEROUEDAN YVES JEAN PIERRE - Chairman	Martain - France
RENNER MANFRED ROBERT - Vice Chairman	Tutzing - Germany
BRONCHAIN OLIVIER CHRISTIAN - Director	Rouen - France
LANG HERBERT – Director	Germering - Germany

(37) Remuneration of the Board of Directors and the Supervisory Board

For the fiscal year 2008 were resolved emoluments only for the Supervisory Board, for an amount of € 45 thousand.

(38) Related party disclosures

Transactions between the Company and its subsidiaries, which are to be considered related parties, were eliminated upon consolidation and will not be discussed in this paragraph.
As of 31 December 2008, Millennium S.p.A. owns 100 % of Sanacorp Pharmahandel GmbH and 100 % of CERP Rouen Sas. It owns 100% of the voting power. Therefore, control exists.
The following companies are classified as related parties as of 31 December 2008:

- German side

Firm Name	Domicile
Sanacorp Pharmaholding AG	Germany, Planegg
Sanacorp Grundstuecksverwaltung GmbH	Germany, Planegg
Sanacorp eG Pharmazeutische Grosshandlung	Germany, Planegg

- French side

Firm Name	Domicile
Astera S.A.	France, Rouen
Eurodep S.A.S.	France, Rouen
Premiere Ligne S.A.S.	France, Reims
Eurolease S.A.S.	France, Rouen
Centrale des Pharmaciens S.A.S.	France, Rouen
Sophese S.A.	France, Rouen
Isipharm S.A.	France, Rouen
Fadam E.u.r.l.	France, Rouen
Oxypharm S.A.	France, Rouen
Hado S.A.S.	France, Redon
Horizon Medical S.A.S.	France, Bourges
Prieur Medical S.A.S.	France, Angoulême
CERP France	France, Paris
CERP Martinique	Martinique, Le Lamentin

Related parties are the members of key management, supervisory bodies and members of their family of all related entities and/or the companies included in the subgroup financial statements.

The amounts of related party transactions are disclosed in the following table:

Amounts in € thousand	2008	Dec. 2007
Revenue		
- Turnover sale	7.912	418
- Other operating income	5.929	301
- Maintenance income	-	296
- Management service income	117	117
- Interest income	1.397	915
Total revenue	**15.355**	**2.047**
Purchase		
- Goods	29.587	71
- Rent	4.131	4.076
- Sublease	5.138	5.130
- Other services	2.034	-
- Interest expense	1.500	1.245
Total purchase	**42.390**	**10.522**

Amounts in € thousand	2008	Dec. 2007
Assets		
Trade receivables	-	9.013
Financial receivables	34.851	15.762
Total assets	**34.851**	**24.775**
Liabilities		
Trade liabilities	5.555	17.681
Financial liabilities	54.526	22.800
Total liabilities	**60.081**	**40.481**

The receivables from corporate board members do not contain any information on interest rates or other material conditions, because the amounts due related to the procurement of goods.

(39) Full-time employees

	2008 as of reporting date
Office-based staff	1.598
Blue-collar staff	2.298
Apprentices	89
Pre pensioned	10
Total	**3.995**

Part-time employment was recomputed as full-time-employment.

(40) Events after the balance sheet date

Sanacorp Pharmahandel GmbH signed an agreement on December, 22 2008 in order to acquire in FY 2009 the “von der Linde”-Group, Düsseldorf. Under this purchase agreement, Sanacorp GmbH will acquire all shares in von der Linde GmbH & Co. Immobilienverwaltung KG, which in turn is sole shareholder of the operating company v.d. Linde Arzneimittel GmbH. As at today, this acquisition is closed to be finalized, after the cartel authorities’ approval given by the relevant commission of the European Union on March 4, 2009. This proposed acquisition had obviously no impact on the financial position, cash flows and profit or loss of Sanacorp Pharmahandel GmbH in the financial year 2008. From the date of the acquisition, the "von der Linde"-Group will be fully consolidated in the FY2009 Millennium consolidated financial statements.

v.d. Linde Arzneimittel GmbH distributes pharmaceutical products to pharmacies from its branches in Düsseldorf and Herne, generating sales revenue in the financial year 2007/2008 of approximately EUR 890 million with a staff of 848. This transaction will strengthen the presence of Sanacorp GmbH in North Rhine-Westphalia. The acquisition is expected to generate earnings net of refinancing expenses as early as 2009. This acquisition will significantly increase Millennium financial debt in an amount equalling the purchase price.

Bologna, April, 1st 2009

The Chairman of the Board of Directors	The Vice Chairman of the Board of Directors
(Yves Jean Pierre Kerouedan)	(Manfred Robert Renner)

Millennium S.p.A.

Domiciled in Bologna, Piazza Galvani, 3
Share Capital Euro 282.865.000
Commercial Register number and Fiscal Code 02755811201
Bologna Business Register no. 464697

Management Report

On the

- Financial Statements as at December, 31st 2008
- Consolidated Financial Statements as at December, 31st 2008

Financial Statements as at December, 31st 2008

Shareholders and Members of Supervisory Board,

The Financial Statements as at December 31st, 2008 presented for your examination and approval by the Board of Directors, report a Net Profit amounting to 19.404.386 Euro, after taxes of 160.539 Euro.

This Management Report has been prepared covering financial information both on Millennium S.p.A.' statutory financial statements, prepared on a stand-alone basis in accordance with Italian law and accounting principles, and on Millennium consolidated financial statements, prepared in accordance with International Financial Reporting Standards ("IFRS").

General information

Millennium S.p.A (hereinafter, the "Company",) is an holding company domiciled in Bologna, jointly owned by the French Shareholder Astera S.A. (formerly named Coopérative d'Exploitation et de Répartition Pharmaceutiques - CERP) and the German Shareholder Sanacorp AG..

It was the responsibility of the Board of Directors of Millennium S.p.A. to conduct the Company's affairs in FY2008.
The Supervisory Board of Millennium S.p.A. monitored the Management Board's work and advised it regularly on the management of the Company in the year under review.

Operating conditions and development of the business

The purpose of Millennium S.p.A. is to hold and manage investments in companies whose business is directly or indirectly involved in activities of pharmaceuticals and para-pharmaceuticals wholesale.

Being an holding Company, profitability of Millennium S.p.A. on a stand-alone basis primarily depends on the dividend payments declared from its wholly-owned subsidiaries Sanacorp Pharmahandel GmbH and CERP Rouen SAS.

At a consolidated level, Millennium Group's profitability depends on the results of the operating business conducted by its operating entities, which are Sanacorp Pharmahandel GmbH in Germany and CERP Rouen S.A.S. in France and Belgium; an outlook of these business is reported as follows:

Germany

- **General economic environment in Germany**

The pharmaceutical market in Germany is heavily regulated and characterised by government intervention.
Pharmaceutical wholesalers are the joint between pharmaceutical manufacturers and pharmacies, delivering, efficiently and reliably, some 60.000 drugs and some 30.000 marginal goods from about 1.500 mostly pharmaceutical manufacturers to their customers in Germany. At present there are 14 fully assorted pharmaceutical wholesalers in Germany. Some 21.500 pharmacies are supplied from more than 110 branches with drugs and other products preferably offered in pharmacies.
The pharmaceuticals market has a number of special features which distinguish it from other commodities markets. The traditional rules of supply and demand are applicable to the pharmaceuticals market to a limited extent only. The individual user's need mostly depends on his or her medical practitioners' prescriptive behaviour. Hence, German pharmaceutical wholesale must have an unusually large product range in stock, although only part of it is regularly in demand.

- **Development of pharmaceutical wholesale**

The growth trend in pharmaceutical wholesale, which was discernible in 2007, continued in financial year 2008. Sales generated by German pharmaceutical wholesalers rose to a total of approximately € 23,1 billion in terms of the cost price for pharmacies. This is a year-on-year increase by approximately € 0,7 billion or 3,16 %.
Similar to the years before, the German pharmaceutical wholesale market was very competitive in 2008. This competition forced wholesalers to grant discounts, some of which were no longer justified in operational terms and burdened the earnings performance significantly, especially in the first half of 2008. The increased tendency towards direct deliveries from producer to pharmacy without the participation of pharmaceutical wholesalers put a strain on the earnings situation. Since the pharmaceutical wholesalers' traditional business model is based on combined costing, the expanding direct business in the segment of expensive, patented drugs is of particular importance. The discount agreements signed between the individual health insurance companies and pharmaceutical manufacturers on a variety of substances resulted in sales declines in the pharmaceutical wholesale due to lower price levels for the respective drugs. Due to these tendencies, the gross profit margin of domestic pharmaceutical wholesale companies was rather declining in the financial year 2008. The trends mentioned and the standards set by the pharmaceutical industry operating throughout Europe encouraged the concentration on the German pharmaceutical wholesale market, which was felt again in 2008.

- **Sales structure**

The increase in total sales is mainly accounted for by growth in the "pharmacy-only and prescription drugs" segment. This product range rose year on year by 3,43 %. In addition, the marginal goods segment reflected a sales increase by 4,68 %. The sales which the pharmaceutical wholesalers generated with OTC products remained on their last year's level, due also to the higher market share of the mail-order system now also supported by delivery points. The source of data of the Federal Association of German Pharmaceutical Wholesalers (PHAGRO) on the development of the German market are the monthly surveys of the Institut für Handelsforschung der Universität zu Köln (University of Cologne: trade research centre). Basis is the pharmacies' cost price net of VAT.

- **Development of the margin for pharmacy-only and prescription drugs**

The average margin which the pharmaceutical wholesalers achieved in the financial year 2008 with drugs subject to the Regulation on Prices of Drugs, was 6,07 %. The trend towards a slightly narrowing margin therefore continued in 2008.
The wholesale trade margin applies to all prescription-only drugs therefore comprising the largest part of pharmaceutical wholesale revenue. In view of the narrow margin, wholesalers may grant discounts in this segment only to a very limited extent.

France

- **General economic environment**

Similar to the German market, French pharmaceutical wholesalers are subject to government intervention and regulation. Some 22.500 pharmacies in France supply its population with drugs and pharmaceutical products. Other than German pharmacists, the pharmacists in France are not allowed to settle wherever they want; instead, the number and locations of pharmacies are determined by the government. The average revenue generated by a pharmacy amounts to about € 1.5 million annually. Most of the pharmacies are supplied from some 180 wholesale warehouses in France. These are operated by pharmaceutical wholesale groups selling their goods in the whole of Europe and by a number of co-operative pharmaceutical wholesalers such as Astera S.A.

- **Development of pharmaceutical wholesale**

Total sales with refundable drugs remained largely unchanged in the financial year 2008 on the French market. In terms of the cost price for pharmacies, they stood at approximately € 17,3 billion which is the same as last year. In percentage terms, this is a marginal plus of 0.04 %. In 2007 they had been up by as much as 2,93 %.
In the financial year 2008, revenue from direct sales of refundable drugs in France totalled € 3,2 billion. This is an increase by some € 0,1 billion compared with the financial year 2007. The direct distribution to total sales ratio for refundable drugs rose from 15,38 % in 2007 to 15,75 %. This is an increase in direct distribution by 2,85 %.
As regards the generics business which is traditionally characterised by direct distribution, the French pharmaceutical wholesalers continued the last years' trends and achieved further growth. The share of the generics business settled by pharmaceutical wholesalers was 41,3 % in 2007, rising to as much as 46,8 % in 2008.

- **Development of the margin for refundable drugs**

The average trade margin for refundable drugs in France dropped from 7,87 % to 7,49 % in the financial year 2008. The reason for this decline was primarily a decree to readjust the respective margins, which was published on March 3, 2008.

Belgium

- **General economic environment**

There are some 5.200 pharmacies in Belgium at the moment. CERP S.A. is supplier for 850 customers. Drug dispensing is state-controlled and only pharmacies are allowed to do it.
The margin for refunded drugs is fixed by the government and to this day is the only remuneration of the pharmacist.
The pharmacies are supplied from 30 wholesale warehouses altogether.

- **Development of pharmaceutical wholesale**

Total sales on the Belgian market rose from € 3,2 billion to € 3,4 billion in the financial year 2008. This is a year-on-year increase by 5,87 %.

Assessment of the holding's business development

The business development of Millennium S.p.A. in the financial year 2008 was in line with the Board of Directors' expectations.
As projected, Millennium recognised dividend income from subsidiaries in the financial year 2008 amounting to € 20.000 thousand.

- **Assessment of the operating companies' development in Germany**

Revenues generated by Sanacorp Pharmahandel GmbH were slightly on the decline in the financial year 2008 and totalled € 2.661.078 thousand down from € 2.728.577 thousand in the previous year. Thus, the sales development of Sanacorp Pharmahandel GmbH in the financial year 2008 lagged behind the market as a whole, which reflected an increase by 3,16 %. The reason for this decline was

the focus on the company's earnings performance. The decline is put into perspective, however, by strong growth in the financial year 2007 due to a special effect. This effect induced noteworthy customer migrations. The company's market share by the end of the financial year 2008 was 12,5 %.
The earnings orientation mentioned allowed the company to stabilise its gross profit margin in 2008. It rose from 5,89 % to 5,93 %. In order to keep the high service level and supply quality of the company, the Management felt obliged to charge a service fee as of 1 June 2008. This fee and the income from the successful "meine apotheke"-campaign caused other operating income to increase significantly to € 32.360 thousand. Gross profit rose as well, by € 5.287 thousand to € 190.282 thousand. Profit from ordinary activities of Sanacorp Pharmahandel GmbH rose from € 16.024 thousand to € 18.372 thousand in the reporting year. HGB net income for the year amounted to € 13.812 thousand up from € 12.899 thousand.

- **Assessment of the operating companies' development in France and Belgium**

Sales generated by CERP Rouen S.A.S. in France and Belgium in the financial year 2008 totalled € 3.225.919 thousand. This is an increase by 5,20 % compared with the previous year when the Company generated sales of € 3.066.543 thousand. The market share in France developed favourably as well, rising from 14,3 % in the last year to 15,0 %. CERP Rouen S.A. operating in Belgium increased its sales in the financial year 2008 by 8,04 % to € 291.971 thousand. The company's market share was also encouraging in the reporting year rising from 8,0 % to 8,2 %.

Government intervention in health policy on the French market burdened the results of operations of the CERP Rouen S.A.S. Group in 2008. The sales increase in France and Belgium and measures taken at short notice to improve earnings contributed to offsetting part of the income losses. At € 35,796 thousand, the profit from ordinary activities did not quite reach its 2007 level (€ 39.109 thousand). Net profit of CERP Rouen S.A.S. subgroup amounted to € 22.767 thousand in the reporting year. It was € 25.533 thousand in the previous year.

Financial indicators - Information pursuant to art. 2428 comma 2 of the Italian Civil Code

Pursuant to art. 2428 of the Italian Civil Code, the following tables contain the main financial indicators:

Non-current asset financing margins and ratios		
Primary structure margin	*Equity - Non-current asset*	€ 892.480
Primary structure ratio	*Equity / Non-current asset*	100%
Secondary structure margin	*(Equity + Non-current financial liabilities) - Non-current asset*	€ 892.480
Secondary structure ratio	*(Equity + Non-current financial liabilities) / Non-current asset*	100%

Financial structure ratios		
Global liabilities ratio	*(Non-current liabilities + Current liabilities) / Equity*	7,46%
Financial liabilities ratio	*Financial liabilities / Equity*	3,11%

Profitability ratios		
Net Return on Equity	*Profit for the year / Equity*	3,95%
Gross Return on Equity	*Profit before taxes on income / Equity*	3,98%
Return on investment	*Gross profit / Net working capital*	-1,78%

Liquidity indicators		
Current margin	*Current asset - Current liabilities*	€ 892.480
Current ratio	*Current asset / Current liabilities*	103%
Treasury margin	*(Cash and cash equivalent + receivables) - Current liabilities*	€ 892.480
Treasury ratio	*(Cash and cash equivalent + receivables) / Current liabilities*	103%

Research and development - Information pursuant to art. 2428 comma 3 n. 1 of the Italian Civil Code

Pursuant to art. 2428 of the Italian Civil Code, it is confirmed that Millennium, being an holding Company, has not performed any research and development activities.

Relations with related parties - Information *pursuant to* art. 2428 comma 3 n. 2 of the Italian Civil Code

With regard to the information required about transactions with related companies (parent companies, subsidiaries, affiliated companies and related subsidiaries), see below.

- **Balance Sheet data**

Amounts in € thousand	Description	Sanacorp Pharmahandel GmbH	CERP Rouen SAS	Total
Accounts receivable from subsidiaries	2007 - Dividends	6.003	7.716	13.719
Accounts receivable from subsidiaries	2008 - Dividends	7.890	10.000	17.890
Accounts receivable from subsidiaries	2008 - Interest	284	371	655
Total Accounts receivable from subsidiaries as at December, 31st 2008		**14.177**	**18.087**	**32.264**

Amounts in € thousand	Description	Sanacorp AG	ASTERA SA	Total
Accounts payable to parent companies	2008 - Dividends	7.400	7.400	14.800
Accounts payable to parent companies	2008 - Interest	229	227	456
Accounts payable to parent companies	2007 - Miscellaneous	3	3	6
Total Accounts payable to parent companies as at December, 31st 2008		**7.632**	**7.630**	**15.262**

"Miscellaneous" amounts due to Sanacorp AG and ASTERA Rouen SA refer to payables due to shareholders for payments, which are of an amount not material, that are up to Millennium S.p.A., done by the shareholders themselves.

Profit and Loss data

Amounts in € thousand	Description	Sanacorp Pharmahandel GmbH	CERP Rouen SAS	Total
Income from investments in subsidiaries	2008 - Dividends	10.000	10.000	20.000
Other income from subsidiaries	2008 - Interest	284	371	655
Total Financial Income from subsidiaries as at December, 31st 2008		**10.284**	**10.371**	**20.655**

Amounts in € thousand	Description	Sanacorp AG	ASTERA SA	Total
Interest to parent companies	2008 - Interest	229	228	457
Total Financial expenses as at December, 31st 2008		**229**	**228**	**457**

Own shares and shares/quotas held in parent companies - Information *pursuant to* art. 2428 comma 3 n. 3 e n.4 of the Italian Civil Code

Millennium S.p.A. does not hold any own shares at year end and has not bought or sold during the financial year 2008 any shares in the parent companies, whether directly or via trust companies or other intermediaries.

Significant events subsequent to year end companies - Information pursuant to art. 2428 comma 3 n. 5 of the Italian Civil Code

Sanacorp Pharmahandel GmbH signed an agreement on December, 22 2008 in order to acquire in FY 2009 the "von der Linde"-Group, Düsseldorf. Under this purchase agreement, Sanacorp GmbH will acquire all shares in von der Linde GmbH & Co. Immobilienverwaltung KG, which in turn is sole shareholder of the operating company v.d. Linde Arzneimittel GmbH. As at today, this acquisition is closed to be finalized, after the cartel authorities' approval given by the relevant commission of the European Union on March 4, 2009. This proposed acquisition had obviously no impact on the financial position, cash flows and profit or loss of Sanacorp Pharmahandel GmbH in the financial year 2008. From the date of the acquisition, the "von der Linde"-Group will be fully consolidated in the FY2009 Millennium consolidated financial statements.

v.d. Linde Arzneimittel GmbH distributes pharmaceutical products to pharmacies from its branches in Düsseldorf and Herne, generating sales revenue in the financial year 2007/2008 of approximately EUR 890 million with a staff of 848. This transaction will strengthen the presence of Sanacorp GmbH in North Rhine-Westphalia. The acquisition is expected to generate earnings net of refinancing expenses as early as 2009. This acquisition will significantly increase Millennium financial debt in an amount equalling the purchase price.

Forecast for operations - Information *pursuant to* art. 2428 comma 3 n. 6 of the Italian Civil Code

The forecasted profitability in FY2009 of Millennium S.p.A. on a stand-alone basis, depends on the dividends that will be declared by Sanacorp Pharmahandel GmbH and CERP Rouen SAS in 2009; these subsidiaries are expected to be profitable in 2009.

Derivatives - Information *pursuant to* art. 2428 comma 3 n. 6-bis of the Italian Civil Code

Millennium S.p.A. does not use "derivative" financial instruments as part of its ongoing activities and did not hold any at the end of the financial year.

Security planning document

Pursuant to point 26 of attachment B to Decree 196/2003 "Code for the protection of personal data", the Directors confirm that the Company has already taken the measures for the protection of personal data required by Decree 196/2003, on the basis and with the timing determined therein.

Allocation of the results for the year

Dear Shareholders and Members of Supervisory Board,

Before conclusion and your decisions in this regard, we would like to confirm that the draft financial statements on a stand-alone basis closed on December 31, 2008 submitted for your examination and approval in this meeting, have been drafted in respect of the legislation in force and according to Italian Law.

According to the article 35 of Millennium Bylaws which states that “The net profits resulting from the financial statements, reduced by at least 5% (five percent) allocated to the statutory reserve until it reaches a fifth of the registered capital, shall be divided among the Shareholders and distributed to them in proportion to the equity held by each one of them, unless the Shareholders’ meeting resolves on an additional allocation of funds to the extraordinary reserve.” and considering that the Legal Reserve just reached during FY2008 a fifth of the registered capital, in submitting the financial statements for FY2008 for approval by the meeting, we propose to allocate the statutory profits amounting to € 19.404.386 as follows:

- the amount of € 19.000.000 to dividends to Shareholders
- The residual amount of € 404.386 to Retained earnings brought forward.

Consolidated Financial Statements as at December, 31st 2008

The Consolidated Financial Statements as at December 31st, 2008 prepared in accordance with IFRS presented for your examination and approval by the Board of Directors, report a Net Profit amounting to € 35.326 thousand, after taxes of € 17.506 thousand.
Considering that the Company has been incorporated in 2007, the comparative data of the Consolidated Income Statements include the operations starting from December 1st, 2007 (date of contribution in kind from Shareholders of the investments in subsidiaries).

Financial data

The following table shows the Consolidated Income Statements key figures:

Amounts in € thousand	**2008**	**December 2007**
Revenues	5.953.036	499.378
Gross Profit	378.650	33.581
Gross Operating Margin	68.643	7.405
Operating Profit	45.699	5.584
Profit for the year	**35.326**	**3.574**

Amounts in € thousand	**2008**	**December 2007**
Equity holders of the company	35.327	3.572
Minority interest	(1)	2
Profit for the year	**35.326**	**3.574**

The following table shows the Consolidated Balance Sheet key figures:

Amounts in € thousand	**December, 31st 2008**	**December, 31st 2007**
Non-current assets	220.121	267.853
Current assets	1.134.779	1.094.653
Total assets	**1.354.900**	**1.362.506**
Equity	509.214	542.212
Non-current liabilities	69.766	69.053
Current liabilities	775.920	751.241
Total equity and liabilities	**1.354.900**	**1.362.506**

The following table shows the breakdown of Equity:

Amounts in € thousand	**December, 31st 2008**	**December, 31st 2007**
Share capital	282.865	50.000
Share premium	132.518	421.172
Legal reserve	56.573	-
Other reserves	(18.197)	(6.273)
Available for sale investments	21.234	73.134
Cash flow hedge	(1.109)	83
Profit for the period	35.327	3.572
Group's Equity	**509.211**	**541.688**
Minority reserve	4	522
Minority Profit for the period	(1)	2
Total Equity	**509.214**	**542.212**

The following table sets out the carrying amounts and fair values of the Group's financial instruments.

Amounts in € thousand	Carrying amount 31 Dec. 2008	Fair value 31 Dec. 2008	Carrying amount 31 Dec. 2007	Fair value 31 Dec. 2007
Trade receivables	616.541	616.541	586.579	586.579
Cash and cash equivalents	2.575	2.575	5.152	5.152
Other financial assets:				
- Assets available for sale	52.657	52.657	103.205	103.205
- Assets at fair value through profit and loss	39.156	39.156	52.958	52.958
- Assets held to maturity	2.500	2.415	2.502	2.502
- Derivative financial instruments qualifying for hedge accounting	-	-	83	83
- Other receivables and assets	44.072	44.072	34.506	34.506
Total financial assets	**757.501**	**757.416**	**784.985**	**784.985**
Financial liabilities	154.537	155.299	130.810	130.680
Trade payables	388.707	388.707	387.585	387.585
Miscellaneous financial liabilities:				
- Financial liabilities recognised at fair value through profit or loss	1.465	1.465	1.124	1.124
- Derivative financial instruments qualifying for hedge accounting	1.109	1.109	-	-
- Other miscellaneous financial liabilities	184.553	184.553	157.696	157.696
Total financial liabilities	**730.371**	**731.133**	**677.215**	**677.085**

Relations with related parties

The following companies are identified as related parties of Millennium Group as of December 31, 2008:

- German side

Firm Name	Domicile
Sanacorp AG	Germany, Planegg
Sanacorp Grundstuecksverwaltung GmbH	Germany, Planegg
Sanacorp eG Pharmazeutische Grosshandlung	Germany, Planegg

- French side

Firm Name	Domicile
ASTERA S.A.	France, Rouen
Eurodep S.A.S.	France, Rouen
Premiere Ligne S.A.S.	France, Reims
Eurolease S.A.S.	France, Rouen
Centrale des Pharmaciens S.A.S.	France, Rouen
Sophese S.A.	France, Rouen
Isipharm S.A.	France, Rouen
Fadam E.u.r.l.	France, Rouen
Oxypharm S.A.	France, Rouen
Hado S.A.S.	France, Redon
Horizon Medical S.A.S.	France, Bourges
Prieur Medical S.A.S.	France, Angoulême
CERP France	France, Paris
CERP Martinique	Martinique, Le Lamentin

With reference to the information required about transactions with related parties, occurred on an arm length's basis, see tables below:

- **Balance Sheet data**

Amounts in € thousand	2008	Dec. 2007
Assets		
Trade receivables	-	9.013
Financial receivables	34.851	15.762
Total assets	**34.851**	**24.775**
Liabilities		
Trade liabilities	5.555	17.681
Financial liabilities	54.526	22.800
Total liabilities	**60.081**	**40.481**

- **Profit and Loss data**

Amounts in € thousand	2008	Dec. 2007
Revenue		
- Turnover sale	7.912	418
- Other operating income	5.929	301
- Maintenance income	-	296
- Management service income	117	117
- Interest income	1.397	915
Total revenue	**15.355**	**2.047**
Purchase		
- Goods	29.587	71
- Rent	4.131	4.076
- Sublease	5.138	5.130
- Other services	2.034	-
- Interest expense	1.500	1.245
Total purchase	**42.390**	**10.522**

Risk report

Environmental and market risk

Being an holding company, Millennium S.p.A. is exposed to the risk of impairment of its investments in subsidiaries. Investments' carrying amount values were assessed by Management at year-end and no impairment was considered necessary, given the profitability of the subsidiaries.

The main risk on the pharmaceutical market is seen in the government intervention into the local health care system. Usually, the financing of the social systems depends on the macroeconomic development in the respective country.
The bleaker economic prospects expected for Germany will affect the health market with delay. A quick intervention by the current government into the health care system does not seem very likely as there are parliamentary elections in the autumn of 2009. Changes to the Regulation on Drug Prices being discussed could affect the pharmaceutical wholesale industry for the short term. Further government intervention should not be ruled out, however.
Similar to Germany, government intervention cannot be ruled out in France and Belgium, either.
Lifting the ban on third-party ownership of pharmacies could result in competitors with sufficient capital operating pharmacy chains. Sanacorp and CERP Rouen as pharmacist-controlled entities will not form chains of their own. By developing certain campaigns independent pharmacies could be enabled to join forces against chains. Market shares could be won in this process. According to the Advocate

General at the European Court of Justice the German ban on third-party ownership of pharmacies does not violate European law. Should the European Court support this opinion, this would strengthen the position of cooperative pharmaceutical wholesalers such as Sanacorp and CERP Rouen and their customers.
Another risk in pharmaceutical wholesale is the emergence of manufacturers' direct-to-pharmacy supply. This affects in particular attractive product ranges. This impairs the wholesalers' combined costing policy.
There is a market risk for pharmaceutical wholesalers with regard to the discounts granted to pharmacies which are hardly justifiable in operational terms. This caused a severe setback in the earnings performance.
The adverse effects on income described could result in pricing adjustments or a deterioration of service. An accounts receivable management is in place to counteract the decline in the gross profits of pharmacies.

Financial and capital market risks

Given the business volume to be funded by the money and capital markets, the wholesale business is directly affected by the trends in the financial markets. Derivatives are used as a hedge of the exposure to interest rate changes; their use is monitored closely and on a timely basis. Detailed information on the type and scope of the financial instruments used is given under "Risks arising from financial instruments". In addition, capital expenditure for land and buildings of our branches and equity investments is generally financed on a long-term basis. By granting long periods of credit and large prepayments, as this is customary on the French market, the financial and capital market risk may be considerably reduced.
The regular monitoring of credit lines and the long-term co-operation with a large number of banks help to keep a liquidity risk at bay.
Liquidity surpluses are safely invested in the respective key-relationship banks. To do these investments we only consider banks with first-class credit rating.
The operating companies will not be able to avoid an adjustment of margins for current financing due to the effects of the current financial crisis. This trend is more than offset by a lower interest rate level today.

Operating risk

Risk potential is inherent especially in accounts receivable as a result of a customer's liquidity problems or a deterioration of his creditworthiness. A permanent and timely accounts receivable management is in place to enable swift reaction, if a customer has any payment difficulties. In addition, there is a Sanacorp Management guideline on the prolongation of goods supplies to public pharmacies and on large-scale sales. These criteria are strict and require additional collateral for periods to maturity of more than one year. There is a positive correlation between the default risk and the interest rate risk.
Operating risk potential is also inherent in the inventory management of drugs. Fire or other damage may interrupt the operation of a branch for a long time. Regular controls by the company's safety management and public authorities, the use of modern fire alarm systems and the insurance of the inventory help to limit these risks. A network of branches ensures the availability of inventories for the customers at all times; sales may be transferred from other branches, should the operation of one branch break down.

Risk of research and development

In order to guarantee technical improvement of operational processes IT systems are constantly modified or replaced. Implementation in a live environment can lead to a partial or full system failure. Losses of sales and profit may be the result. To reduce this risk, the systems are carefully tested before implementation and are not implemented in several branches at the same time. After implementation of the systems, they are regularly maintained and adjusted to new environments. In addition, the network of branches ensures a timely supply of customers from the closest location.

Legal risk

In some cases risks may arise from changes in company or tax law. This risk is kept to a minimum by providing in-house analyses and by maintaining close contact with external lawyers and tax advisors.

Risks arising from financial instruments

The risk policy in the use of financial instruments is to be regarded as very conservative. All derivative financial instruments are used solely for hedging an underlying transaction and are held to maturity.
The risk exposure from financial instruments arises from interest rate changes, defaults and a lack of liquidity. Management has established an appropriate risk management system to deal with each of these risks.
Given their activities, operating companies were exposed to financial risks arising from changes in interest rates. Interest rate exposure is mainly to be seen in connection with current liabilities to banks. All of these loans were granted on a variable basis plus a margin. Derivatives were used to hedge the interest rate exposure.
The operating entities are not exposed to currency risks, since the purchases and sales of goods are almost all transacted in Euro.
The pharmaceutical wholesale market is heavily regulated by law. Hence, there is no commodity risk in its narrow sense. The purchase prices for prescription drugs are regulated. Selling prices are defined by a profit/price margin less discounts granted. Given active accounts receivable management prevents, the operating companies are not exposed to major default risks. The default risk depends mainly on the regulatory measures introduced by the government. There is no concentration of major default risks.
The default risk of primary financial instruments is limited to their carrying amount.
There is no liquidity risk at present. The operating companies have available short-term credit lines to a sufficient extent.
The market price risk of all financial instruments is regularly monitored.

Report on expected developments

In view of the demographic development and further innovation on the pharmaceutical market, the Management Board remains optimistic as to the further development of Millennium Group and the pharmaceutical wholesalers operating under its roof.

We thank you for your confidence in us and invite you to approve the financial statements as presented.

Bologna, March, 31st 2009

The Chairman of the Board of Directors	The Vice Chairman of the Board of Directors
(Yves Jean Pierre Kerouedan)	(Manfred Robert Renner)