



Committed to health

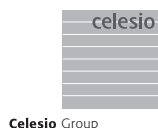
Interim Report 1st Half-Year 2007

celesio
the healthcare group



Cesio Group

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Highlights

- Celesio continued its positive development in a changing pharmaceutical market. Celesio increased revenue by 5.5 percent and pre-tax profit by 5.7 percent
- Celesio Wholesale streamlined its branch network in France and Portugal, increasing productivity as a result
- Celesio Pharmacies acquired 90 percent of DocMorris, Germany's best known pharmacy brand and Europe's largest mail order pharmacy
- In the first half of the year Celesio acquired 95 pharmacies, including 84 in the United Kingdom
- Celesio is optimistic for the whole of 2007. Profit before tax is to increase over the prior year for the 21st year in succession. Operating profit (EBITDA) will grow more strongly than revenue





Celesio Shares

Celesio shares in the 1st half-year

		2006*	2007	Change in euros %	Change in local currency %
Earnings per share	€	1.21	1.27	5.2	4.3
EBITDA per share	€	2.30	2.48	8.0	7.1
EBIT per share	€	2.00	2.16	8.2	7.3
Cash flow per share	€	1.64	1.66	1.2	0.4
Shareholders' equity per share	€	13.98	16.10	15.2	–
Share price (last trading day)	€	35.54	48.14	35.6	–
Number of outstanding shares (last trading day)	m	170.1	170.1	–	–
Market value (last trading day)	€ m	6,044.5	8,188.6	35.6	–

* Adjusted for the share split 1:2

Celesio is operating successfully in the attractive pharmaceutical market which is independent of economic trends. The positive expectations of the market and of Celesio were reflected in the performance of the Celesio share in the first half of the current fiscal year.

The price of the Celesio share has risen by 18.5 percent since the beginning of the period under review, hence showing better growth than the MDAX. In April the Celesio share price climbed to an all-time high of 54.55 euros. The half-year closing price on 30 June was 48.14 euros. This represented an increase of 35.6 percent compared with the closing price for the first half of 2006. In the period under review market capitalisation of Celesio AG exceeded the 9 billion euros mark for the first time.

The increase in average trading volume is evidence that the share split in July 2006 has made the Celesio share even more attractive to investors. In the first half of 2007 on average 469,547 shares valued at 21,958,701 euros were traded each trading day. In the first half of 2006, i.e. before the share split, the average daily turnover in shares was 318,854 valued at 12,008,537 euros.



Celesio Shares

At the end of June Celesio ranked No. 37 on the DAX, thus being one of the MDAX heavyweights. Celesio is also listed in the internationally recognised sustainability index FTSE4Good Europe. This highlights the high level of the group's social and socio-political commitment.

Celesio sought dialogue with institutional investors also in the period under review. In a total of twelve road shows, ten in Europe and two in the USA, the management board and staff from the Investor Relations department had intensive discussions with current and potential investors. The subjects covered included business development, corporate strategy, future perspectives and the long-term opportunities offered by the DocMorris acquisition.

Celesio is continually extending contact with private investors. In the period under review the company took part in the 8. Berliner Aktienforum der Deutschen Schutzvereinigung für Wertpapierbesitz und der Börse Berlin-Bremen [8th Berlin Shares Forum of the German Association for Shareholders and the Berlin-Bremen Stock Exchange]. Furthermore, Celesio participated in the information evening held by the Volksbank Pforzheim and the Schutzgemeinschaft der Kapitalanleger [Capital Investors' Protection Association] in order to gain private investors for Celesio shares from this region.

Interim Management Report

Business Review

Celesio increased its revenue in the first half of 2007 by 5.5 percent. Operating profit showed an 8.0 percent improvement. The figures demonstrate that the company continued its positive development in a strongly changing market.

Dynamic market environment offers opportunities

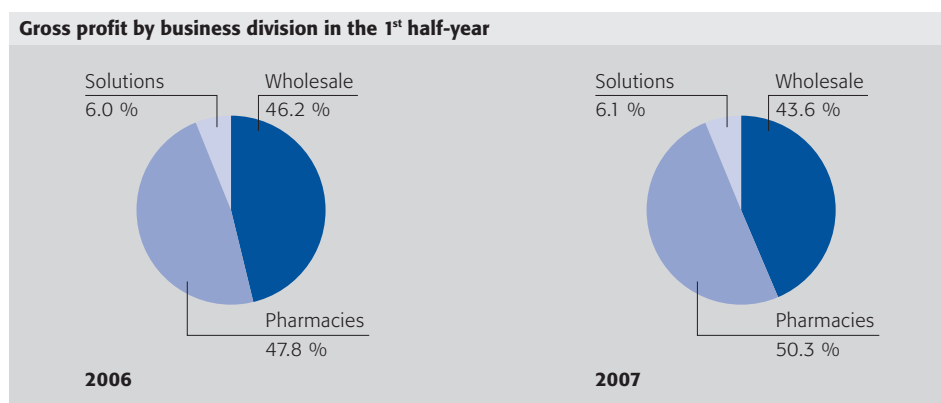
Service and quality awareness on the part of pharmacists and patients is increasing. Pharmaceutical manufacturers are increasingly demanding more comprehensive, sometimes also new logistics, sales and marketing solutions of their service providers. Also, political bodies such as the European Commission are calling for liberalisation of the pharmacy markets. Demographic development, too, is driving change in the pharmaceutical market. This offers Celesio opportunities and allows new, attractive business models.

Increase in revenue and gross profit

The Celesio Group increased revenue by 5.5 percent (5.1 percent in local currency) to 11,214.2 million euros in the first six months of the current fiscal year. This increase is attributed in particular to the Danish companies K.V. Tjellesen and Max Jenne which were taken over in the middle of last year, the persistent good development of the Pharmacies division and acquisition of pharmacies. Celesio Wholesale was faced with particular challenges, among them the reaction by some German pharmacists to the acquisition of DocMorris. Added to this, a manufacturer in the United Kingdom switched its distribution to direct sales at the beginning of March. Government measures particularly in Germany, France and the United Kingdom also affected market and revenue growth in Wholesale. Adjusted to take account of exchange rate effects and acquisitions, growth within the group was 1.0 percent.

Gross profit increased by 6.1 percent (5.3 percent in local currency) to 1,262.2 million euros, thereby exceeding revenue growth. The gross profit margin showed an improvement in the first half of 2007 of 11.19 percent to 11.26 percent. This is due particularly to the increased share of gross profit by Celesio Pharmacies. Furthermore the Movianto business unit contributed to the absolute increase in the gross profit of the Celesio Group. Wholesale by contrast was under pressure from government measures and persistently keen competition, particularly in Germany.

Business Review



Net expenses from Other expenses and income grew in line with revenue. On the one hand Wholesale kept expenses strictly under control. On the other hand the increase in the number of pharmacies and new openings in the Pharmacies division caused an increase in Other expenses. Other income increased due in part to advertising subsidies.

Personnel expenses also rose in proportion to revenue. The inclusion of the companies Max Jenne and K.V. Tjellesen as well as the pharmacies acquired in 2006 and 2007 contributed to the absolute increase in Personnel expenses. The expenditure on pensions including interest expense totalled 3.5 percent of Personnel expenses.

Net income from investments includes the dividends from the holding in Andreae-Noris-Zahn AG. This item in addition includes the pro rata profit of pharmexx. The profit of pharmexx developed positively in the first half of the current fiscal year, as anticipated. Furthermore, net income from investments also includes once-only income from the sale of a holding in Croatia as well as other financial assets not essential to operations.

EBITDA, Earnings Before Interest, Taxes, Depreciation and Amortisation, rose by 8.0 percent (7.1 percent in local currency) to 421.6 million euros. This is due essentially to the improved gross profit margin and the increase in net income from investments. At 3.76 percent return on sales based on EBITDA, was 9 basis points up on the comparable period for 2006.

Depreciation and amortisation increased slightly as the result of the acquisitions and the investments of the prior years in all three divisions.

Business Review

Interest result deteriorated as expected by comparison with the same period last year. This was due to a rise in market interest and higher average indebtedness. Other financial result fell by 1.1 million euros to 1.4 million euros as the result of timing differences in currency and interest derivatives.

Profit before tax showed an improvement of 5.7 percent (4.8 percent in local currency) amounting to 308.0 million euros.

The tax ratio rose from 29.0 percent in the first half of 2006 to 29.4 percent in the period under review. This development is attributable in particular to lower tax revenue not relating to the period under review as compared with the prior year.

Net profit rose to 217.5 million euros, hence an improvement of 5.2 percent (4.3 percent in local currency). Earnings per share totalled 1.27 euros, an increase compared with the prior year of 0.06 euro or 5.2 percent.

Celesio Group in the 1st half-year

	2006		2007		Change in euros %	Change in local currency %
	€ m	% of revenue	€ m	% of revenue		
Revenue	10,631.0	100.00	11,214.2	100.00	5.5	5.1
Gross profit	1,190.1	11.19	1,262.2	11.26	6.1	5.3
EBITDA	390.4	3.67	421.6	3.76	8.0	7.1
EBIT	340.2	3.20	368.2	3.28	8.2	7.3
Profit before tax	291.4	2.74	308.0	2.75	5.7	4.8
Net profit	206.8	1.95	217.5	1.94	5.2	4.3
Cash flow	278.2	–	281.6	–	1.2	0.4

Solid balance sheet allows further growth

In the first half of the current fiscal year Celesio had a solid balance sheet structure. The equity ratio at 32.3 percent was just short of the value as at 31 December 2006. Gearing increased slightly to 0.77.

Total assets rose between January and June 2007 by 6.9 percent to 8,475.5 million euros. This rise is due in particular to the acquisition of 95 pharmacies and the Doc-Morris Group. Changes in the currency spot rates reduced total assets by 6.9 million euros.

Business Review

On 30 June 2007, at 3,882.8 million euros, Non-current assets exceeded the value at the end of the 2006 fiscal year by 436.0 million euros. Acquisitions were the main reason for this increase. In the period under review Celesio's investments and acquisitions that were cash effective stood at 432.9 million euros. They were financed largely from cash flow. Depreciation and amortisation totalled 53.4 million euros. Of this, 5.6 million euros related to Intangible assets and 47.8 million euros to Property, plant and equipment.

Net current assets (Current assets minus Current liabilities excluding Financial liabilities) fell by comparison with 31 December 2006 by 34.5 million euros to 1,278.1 million euros. Inventories rose by 49.1 million euros. Trade receivables also increased. This is due to acquisitions and the increased revenue. Compared to the end of the prior year, trade payables increased in Germany and France, in particular, due to the balance sheet date. Liabilities increased as a result of the acquisition of 95 pharmacies and the Doc-Morris Group.

Income tax liabilities increased slightly as at 30 June 2007. Other liabilities rose above all as the result of purchase price liabilities associated with the acquisitions and also due to interperiod tax allocation.

Pension provisions and Other non-current provisions rose slightly. The proportion of Pension provisions in total assets amounted to 1.7 percent.

The increase in Deferred tax liabilities was largely the result of additions relating to acquisitions.

Shareholders' equity increased, despite dividend payments totalling 128.7 million euros, by 110.3 million euros to 2,738.3 million euros. Net profit in the sum of 217.5 million euros contributed to this development. Other comprehensive income also showed a rise. The market value of derivatives in particular, which Celesio uses exclusively to hedge interest and currency risks, showed a positive change. Furthermore, the effects of the currency conversion caused a rise in shareholders' equity of 3.4 million euros. Minority interests decreased to 13.9 million euros, chiefly as the result of the acquisition of further shares in one of Celesio's Danish companies. This represents a fall of 5.2 million euros.

Financial liabilities increased between January and June 2007 by 219.2 million euros compared with the prior year due to acquisitions. As part of the further diversification and optimisation of the financing structure, Celesio placed promissory notes equivalent to around 370 million euros in the period under review. This measure involving loan capital served general corporate financing and has so far been the largest transaction in this market segment in Germany. In addition, promissory notes totalling 188 million euros were paid back prematurely.

Business Review

Investments in operating business financed from cash flow

Cash flow increased in the first half of 2007 to 281.6 million euros, representing a rise of 1.2 percent (0.4 percent in local currency) compared with the value last year. Celesio was able to finance investments in the operating business and a part of the acquisitions from cash flow. Free cash flow decreased to – 228.3 million euros due in particular to the acquisitions and investments in new openings in the Pharmacies division. The portion of acquisitions which was not yet cash effective on 30 June 2007 is shown under Other.

Cash flow in the 1st half-year

	2006 € m	2007 € m
Cash flow	278.2	281.6
Dividends paid	– 120.3	– 128.7
Cash flow after dividends paid	157.9	152.9
Income from the disposal of non-current assets	14.4	18.5
Investments in the operating business	– 64.1	– 54.6
Free cash flow before acquisitions and change in net working capital	108.2	116.8
Change in net working capital	– 22.5	33.3
Acquisitions and new openings	– 114.3	– 461.3
Proceeds from the disposal of subsidiaries	3.5	0.0
Other	2.5	82.9
Free cash flow	– 22.6	– 228.3

Forecast

Celesio will continue to grow in the second half of the current fiscal year and exploit the opportunities arising from the current changes in the pharmaceutical markets.

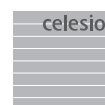
The Celesio management board is convinced that the European pharmaceutical market will remain a growth market. Experts anticipate an increase of around 5 percent for 2007, not taking into account the effects of government measures. Market growth will be stronger in the countries of Eastern Europe than in Western Europe.

Government measures in Germany, France and the United Kingdom will affect market growth and with it revenue growth. Measures introduced in 2006 will affect the whole year for the first time in 2007. It can also be assumed that the Gesetz zur Stärkung des Wettbewerbs in der gesetzlichen Krankenversicherung [Law to strengthen competition in statutory health insurance] which came into force on 1 April in Germany will have a negative impact. Even if the effects of the reform cannot be predicted fully yet, initially they will negatively impact on the profit growth of Celesio Wholesale.

The management board expects Celesio Wholesale to grow in line with the comparable market in 2007, without taking special items into account. Two effects in particular will be a burden. Firstly, German pharmacy associations and subsequently pharmacy customers of the German wholesaler reacted to the acquisition of DocMorris by Celesio. A negative reaction by some of the German wholesaler's customers to the purchase of DocMorris was anticipated by the management board. However, the management board also anticipates that Celesio Wholesale in Germany will regain its original market position. Secondly, a manufacturer in the United Kingdom changed its distribution system. Since the beginning of March it has been delivering its medicines directly to the pharmacies and consequently no longer also via Celesio's British wholesaler.

The management board expects organic growth ahead of the comparable market for Celesio Pharmacies. Acquisitions and new openings will further strengthen the division. In addition, the acquisition of DocMorris is an important strategic step for the Pharmacies division.

There is great growth potential for the Celesio Solutions division in the medium- and long-term. The Movianto business unit will continue to make full use of these opportunities by expanding its range of services and storage capacity. The profit of the service provider pharmexx, in which Celesio has a strategic holding, will according to the management board continue to develop positively.



Celesio Group

Forecast

Celesio plans to invest between 150 and 170 million euros in the existing business in 2007. This mainly relates to replacement investment, improving the branch network of Celesio Wholesale, modernising existing locations of Celesio's pharmacies, and further improving the information technology in all divisions.

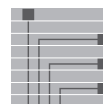
Celesio will continue to expand the Pharmacies division through acquisitions and new openings in attractive locations. In Wholesale – just as in the Solutions division – Celesio will utilise every sensible acquisition opportunity to open up new attractive markets.

For the 2007 fiscal year the Celesio management board expects revenue growth to be generally ahead of market growth after government measures, without taking into account the mentioned special items in the wholesale business. The gross profit margin will improve compared with the prior year due to the pharmacy business which has higher margins than Wholesale, and due to the increasing absolute contribution of Celesio Solutions. The operating profit (EBITDA) will grow more strongly than revenue. Celesio will therefore increase operating profitability once more.

In the first half of 2007 Celesio made a strategically important acquisition with the purchase of DocMorris and hence set the course for future successful development. This, together with the rise in interest level, leads as expected to higher financing costs and hence affects the growth rate of profit before tax in the second half of the year. Also for this reason the growth rate of profit before tax will be considerably lower in the third quarter of 2007 than the growth rate for the whole fiscal year.

The first three quarters of the current year will in addition be affected by the government measures from 2006. The full-year effect is being felt for the first time in 2007. The absence of negative special items from the 2006 fiscal year is likely to lead to a disproportionate increase in profit in the fourth quarter of 2007.

Profit before tax will show an increase over the prior year for the 21st year in succession. It is not yet possible to predict reliably whether the growth rate of the prior year will be reached. The Celesio management board is convinced, however, that taking an average over several years profit before tax will grow in double digits.



Cesio Wholesale

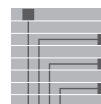
Cesio Wholesale

1st half-year

Countries	Revenue 2006	Revenue 2007	Revenue Change in euros	Revenue Change in local currency	Number of branches 2007
	€ m	€ m	%	%	
France	3,588.2	3,611.6	0.6	0.6	50
Germany	1,814.7	1,838.6	1.3	1.3	20
United Kingdom	1,730.7	1,663.2	- 3.9	- 5.6	19
Austria	457.4	479.1	4.7	4.7	7
Portugal	239.9	244.9	2.1	2.1	7
Norway	218.4	237.9	8.9	11.8	3
Denmark	-	207.3	-	-	4
Belgium	196.0	195.1	- 0.4	- 0.4	5
Slovenia*	157.3	171.3	8.9	8.1	9
Ireland	144.7	162.4	12.3	12.3	3
Czech Republic	93.5	112.0	19.8	18.4	3
Italy	66.7	66.6	- 0.1	- 0.1	1
Total	8,707.5	8,990.0	3.2	2.9	131

* Including the subsidiaries in Croatia and Romania

**Fast, safe, reliable:
Supplying pharmacies
everywhere with
everything they need**



Celesio Wholesale

Celesio Wholesale

Celesio Wholesale increased revenue and operating profit in the period under review. The business development of the division was marked by the development in Germany and the United Kingdom as well as by government measures.

Danish wholesalers strengthen revenue

Government measures particularly in France, Germany and the United Kingdom dampened market and revenue growth. Excluding two burdening effects, in the period under review Celesio Wholesale grew in line with the comparable market. One of these effects is attributable to the takeover of the DocMorris Group. Some German wholesale customers transferred their business as a reaction to the acquisition. Another effect was negatively felt in the United Kingdom. Here the switch in the type of distribution system by one manufacturer had an impact. Since March this manufacturer has been delivering its medicines directly to pharmacies and no longer therefore also via Celesio's British wholesaler. Celesio Wholesale is working hard on offsetting the effects and strengthening the positioning in these markets.

Revenue of Celesio Wholesale rose by 3.2 percent (2.9 percent in local currency) to 8,990.0 million euros. The Danish companies K.V. Tjellesen and Max Jenne acquired in 2006 made a positive contribution to this development. Excluding these two companies, revenue growth was 0.9 percent (0.6 percent in local currency).

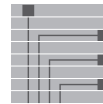
In Norway, Slovenia, Ireland and the Czech Republic Celesio Wholesale outperformed the market. In Norway and Slovenia business with hospitals showed a marked improvement.

In France, the United Kingdom, Austria and Portugal revenue from generic products increased markedly. Celesio Wholesale will increase its market share in this segment and so benefit disproportionately from the continuing strong growth in this segment. A prerequisite for this is working closely with leading manufacturers of generic products.

In the period under review, gross profit of Celesio Wholesale was almost at the same level as the prior year, with 550.0 million euros. The gross profit margin declined by 20 basis points to 6.12 percent in particular as the result of keener competition in Germany.

Consistent cost management meant that costs in the first half of 2007 developed less strongly than revenue. Celesio Wholesale achieved the greatest savings in France, in particular with improved processes in the branches and with a reorganisation of schedules – without detriment to the high quality of service.

EBITDA of Celesio Wholesale rose from 214.8 million euros to 215.3 million euros.



Celesio Wholesale

Celesio Wholesale

Price cuts dampen market growth

Price cuts in France, Germany, the United Kingdom, Portugal and Ireland along with the exclusion of some expensive medicines from reimbursement in France dampened business development in Wholesale in the first half of the year.

New regulations came into force in Germany on 1 April with the Gesetz zur Stärkung des Wettbewerbs in der gesetzlichen Krankenversicherung [Law to strengthen competition in statutory health insurance]. The savings associated with this will initially negatively impact on the profit development of Celesio Wholesale. A conclusive assessment of the effects is not yet possible at present however.

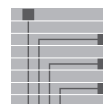
More efficient branches in France and Portugal

In France OCP continued the restructuring of its branch network. A new branch was opened in Peronne at the end of May. OCP is combining the activities of three branches in this new location.

A new branch was also opened in Portugal. It combines the business of what was previously two branches. The slimmer branch structure in France and Portugal ensures higher productivity whilst retaining the same high quality of service.

Added value for pharmacies

In its capacity as a highly efficient wholesaler, the division is also continually expanding the range of services available to pharmacies, in order to enhance the profitability of its customers in the long-term. Across Europe, thousands of pharmacies are making use of Celesio Wholesale's customer loyalty programmes. In France, for example, OCP was able to attract further pharmacies with its Pharmactiv offer. In Germany, Celesio offers independent pharmacies a comprehensive service as part of the Commitment customer loyalty programme from GEHE Pharma Handel – a programme that can boast many years of success. Furthermore, thanks to a brand partnership offered by DocMorris, German pharmacies have the opportunity to position themselves on the market using Germany's best-known pharmacy brand. This partnership rounds off Celesio's range of services for independent pharmacists in Germany. Pharmacists are free to select the most appropriate solution to fit their needs – whether this be distribution, the Commitment model or a DocMorris brand partnership.



Celesio Wholesale

Celesio Wholesale

Celesio Wholesale in the 1st half-year

	2006		2007		Change in euros %	Change in local currency %
	€ m	% of revenue	€ m	% of revenue		
Revenue	8,707.5	100.00	8,990.0	100.00	3.2	2.9
Gross profit	550.3	6.32	550.0	6.12	- 0.1	- 0.4
EBITDA	214.8	2.47	215.3	2.39	0.2	- 0.2
EBIT	189.7	2.18	189.6	2.11	- 0.1	- 0.5



Celesio Pharmacies

Celesio Pharmacies

1st half-year

Countries	Revenue 2006	Revenue 2007	Revenue Change in euros	Revenue Change in local currency	Number of pharmacies 2007
	€ m	€ m	%	%	
United Kingdom	1,100.8	1,199.4	9.0	7.0	1,650
Norway	186.9	203.2	8.7	11.6	142
Italy	108.4	108.3	- 0.1	- 0.1	163
Netherlands*	70.3	97.9	39.2	39.2	59
Ireland	57.8	62.0	7.3	7.3	60
Belgium	47.9	53.0	10.7	10.7	93
Czech Republic	18.2	19.3	5.9	4.6	42
Total	1,590.3	1,743.1	9.6	8.6	2,209

* Incl. the DocMorris Group since 31 May 2007

Our pharmacies:
Advice and care in everything to do
with medicines and health



Celesio Pharmacies

The further development of the existing business as well as acquisitions and new openings were the foundation for the good growth of Celesio Pharmacies in the first half of 2007. Operating profit grew more strongly than revenue.

Revenue rises by 9.6 percent, operating profit by 14.8 percent

The Celesio Pharmacies division outperformed the comparable market in the first half of 2007. In almost all countries, however, market growth was curbed as the result of government measures.

Revenue increased by 9.6 percent (8.6 percent in local currency) to 1,743.1 million euros. Organic growth, the acquired pharmacies and DocMorris contributed to the increase in revenue. DocMorris has been consolidated since 31 May 2007. Adjusted for acquisitions, new openings and the disposal of pharmacies, revenue rose by 4.5 percent (3.5 percent in local currency).

Lloydspharmacy in the United Kingdom showed considerable growth. The National Health Service has placed pharmacy remuneration under further pressure, but the increased demand for non-prescription medicines and devices used for diagnoses drove the positive business development. The Lloydspharmacy blood pressure monitors, for example, were particularly well received by customers. By the end of June 2007 Lloydspharmacy sold more than 900,000 of these devices since the product's introduction in August 2006.

Vitusapotek in Norway also grew ahead of the market. The non-prescription medicines segment in particular has grown considerably. In the Netherlands and Ireland the division has shown a sharp increase in all product categories.

Gross profit of Celesio Pharmacies amounted to 635.1 million euros – an increase of 11.7 percent (10.6 percent in local currency) compared with the same period last year. The gross profit margin increased by 69 basis points to 36.44 percent. The broader range of services, the greater proportion of generic products in the product mix and improved purchase conditions were significant factors in this.

Celesio Pharmacies kept costs strictly under control, therefore increasing EBITDA more strongly than gross profit and revenue. EBITDA rose by 14.8 percent (13.5 percent in local currency) to 214.1 million euros.



Celesio Pharmacies

Celesio Pharmacies

Challenges as the result of government measures

Dealing with government measures is part of everyday business for Celesio Pharmacies. Celesio Pharmacies meets these challenges by expanding its range of services. Furthermore the business division is extending its product range related to healthcare and diagnoses of illnesses. Celesio Pharmacies compensates for negative effects in some countries also by means of geographical diversification.

Price cuts for generic products dampened development in the United Kingdom, Norway and Ireland. In Italy and the Netherlands, too, price cuts burdened revenue growth. Added to this, the market for non-prescription medicines in Italy has been liberalised since July 2006. It is now also possible to sell non-prescription medicines outside pharmacies under the supervision of pharmacists.

Increasing demand for services

Pharmacy services are increasingly expected and in demand by consumers and patients. In the United Kingdom Lloydspharmacy is leading with pharmacy-specific services. In addition to blood pressure, diabetes and cholesterol tests, pharmacists at Lloydspharmacy also conduct extensive consultations with patients about their medication. Lloydspharmacy had advised 275,000 patients in England and Wales in this way between July 2005 and the end of June 2007. Furthermore, since July 2006 more than 110,000 patients have made use of the Lloydspharmacy Minor Ailment Service in Scottish pharmacies. Anyone who is exempt from prescription charges can use this service and take advice directly from the pharmacist in the event of minor ailments such as colds. If necessary the pharmacist may dispense medicine and he will have the cost reimbursed by the National Health Service.



Celesio Pharmacies

Pharmacies rewarded

In the annual ranking of the renowned independent organisation Apotheeken Monitoring Program in the Netherlands, Lloyds Apotheek Bachlaan was awarded the title Best Pharmacy of the year 2006. Leading up to this, mystery shoppers had visited 450 Dutch pharmacies six times to evaluate how the pharmacies are furnished and how the staff deal with customers and advise them. Furthermore, Lloyds Apotheek Vathorst reached fifth place in this quality test.

Close to doctors and patients

Celesio has its pharmacies everywhere where patients need to be supplied with medicines quickly and reliably, for example in health centres. It is for this reason that Celesio Pharmacies develops health centres together with doctors and health authorities. This establishment includes doctors' practices, pharmacies and in some cases other healthcare providers. For patients this means all-round medical care and short channels. Celesio Pharmacies benefits from the close proximity to the source of prescriptions. In the first half of 2007 Celesio was involved in the planning and construction of 20 health centres in the United Kingdom, Norway and the Netherlands.

Consistent improvement in market position

On 30 June 2007 Celesio was operating 2,209 pharmacies in seven European countries. In the period under review Celesio Pharmacies extended its pharmacy portfolio considerably. The division acquired 95 pharmacies, opened 20 and closed 6 pharmacies.

The most important acquisition in the first half-year was the takeover of DocMorris, Germany's best-known pharmacy brand. For Celesio, in view of a possible liberalisation also of the German pharmacy market, this is a strategically significant and forward-looking step. In addition to the wide range of products available to consumers from its mail-order pharmacy business, DocMorris offers German pharmacists the opportunity to enter into a brand partnership. Through the use of a strong brand, the aim is to strengthen the position of independent pharmacies, with the focus on pharmacists as healthcare professionals. The DocMorris brand-partner pharmacies are to be characterised by high quality advice, reliable service and fair prices. By the end of 2007, Celesio intends to have concluded 100 contracts with DocMorris brand partners in Germany, and within five years there are to be 500 brand-partner pharmacies in Germany.

With the acquisition of 84 pharmacies Lloydsparmacy strengthened its presence in the United Kingdom. Of these, the 34 pharmacies of the Independent Pharmacy Care Centres chain were consolidated at the end of the second quarter and will therefore only be effective from the third quarter.



Celesio Pharmacies

Celesio is observing the discussions on the liberalisation of European pharmacy markets very closely. The government in Portugal wants to change the basic conditions for ownership of pharmacies. Added to this, the Swedish government is reviewing the liberalisation of the pharmacy market. By the end of the year a government committee is to draw up proposals for the dissolution of the existing government pharmacy monopoly and for a liberalised Swedish pharmacy market. In addition, the EU Commission has initiated infringement proceedings against Austria, Spain and France and called for these countries to develop their national legal framework for the ownership and operation of pharmacies to comply with the treaty, in particular to permit multiple and third-party ownership of pharmacies. Two cases mainly concerned with the reconciliation of third-party ownership with European Community law are pending at the European Court of Justice. One case concerns infringement proceedings against Italy. The other case is a preliminary ruling procedure with regard to the German legal rules prohibiting third-party ownership. These changes in the pharmacy markets argued under European law and driven by the European Commission can hold growth opportunities. Celesio intends to use these if the underlying economic and political conditions are reliable and attractive.

Celesio Pharmacies in the 1st half-year

	2006		2007		Change in euros %	Change in local currency %
	€ m	% of revenue	€ m	% of revenue		
Revenue	1,590.3	100.00	1,743.1	100.00	9.6	8.6
Gross profit	568.4	35.75	635.1	36.44	11.7	10.6
EBITDA	186.5	11.73	214.1	12.28	14.8	13.5
EBIT	165.3	10.40	190.3	10.91	15.1	13.7



Celesio Solutions

Celesio Solutions

1st half-year

Business unit	Gross profit 2006	Gross profit 2007	Gross profit change in euros	Gross profit change in local currency
	€ m	€ m	%	%
Movianto	71.3	77.1	8.1	7.3

**Growth driver:
Innovative services
relating to medicines**



Celesio Solutions

Celesio Solutions has made good progress in providing a comprehensive, all-round range of services for pharmaceutical manufacturers. Movianto and pharmexx offer distribution, logistics, storage, sales, marketing and personnel solutions and have developed well in the first half of this year.

Movianto gross profit increases

Movianto increased gross profit* in the first six months of the current fiscal year by 8.1 percent (7.3 percent in local currency) to 77.1 million euros. Movianto developed particularly well in Germany, Spain and the Czech Republic. In these markets Movianto concluded new contracts and expanded existing business. Also the consolidation of the logistics division of the Danish company K.V. Tjellesen contributed to this growth.

pharmexx, one of the world's leading providers of sales and marketing solutions for the pharmaceutical industry, increased its profit in the first half of the current fiscal year. Celesio's 30-percent holding in the company therefore made a positive contribution to the operating profit of the division. EBITDA of Celesio Solutions reduced by 10.5 percent (11.1 percent in local currency) to 10.4 million euros. The cause was the cost involved for the further expansion of the Movianto network and also investments to optimise and standardise processes.

Customer service improved

In Ireland Movianto introduced a voice control system to improve warehouse management in the long term.

In the first half of 2007 Movianto further extended its European Key Account Management. With this, customer support for transborder services is centralised. Movianto also made good progress with the building up of a standardised European quality management system.

Since the first quarter of 2007 Movianto is installing a group-wide accessible IT platform. It allows customers throughout Europe, round the clock access to stock lists, the status of their orders and sales statistics. This service is becoming widely accepted.

* For Movianto it is the absolute gross profit that is the measure of success rather than revenue, as customers generally pay on the basis of services rendered. Only in isolated cases is trading revenue involved. Gross profit is derived from total remuneration for services rendered and margins from trading revenue. Due to the particular structure of revenue, the gross profit ratio is not representative for the business unit Movianto.



Celesio Solutions

Celesio Solutions

Movianto is becoming a strong European brand

Celesio Solutions is pursuing the aim of establishing Movianto as one of the leading European brands for services for the pharmaceutical industry. That is why Movianto presented its services portfolio at important international conferences held by the pharmaceutical industry. For instance, Movianto took part in one of the world's most important conferences for pharmaceutical logistics, Logipharma in Geneva, Switzerland. The business unit also attended Bio2007, the world's largest conference for biopharmacy, in Boston, USA.

By September 2007 all the companies of the business unit throughout Europe are to trade under the brand name Movianto.

pharmexx on expansion course

Since Spring 2006 Celesio together with pharmexx has been involved in sales and marketing support for pharmaceutical manufacturers. pharmexx provides its customers with qualified sales staff for a limited period or for a specific task. pharmexx has earned itself an excellent reputation in the industry with its sales staff. At the end of the period under review the service provider was operating in 24 countries. pharmexx intends to increase its market presence in the future too – in Europe and beyond.

Celesio Solutions in the 1st half-year

	2006		2007		Change in euros %	Change in local currency %
	€ m	% of gross profit	€ m	% of gross profit		
Gross profit	71.3	100.00	77.1	100.00	8.1	7.3
EBITDA	11.7	16.34	10.4	13.53	- 10.5	- 11.1
EBIT	9.0	12.62	7.4	9.59	- 17.9	- 18.4

Interim Statements

Income Statement for the 1st Half-Year of the Celesio Group

	2 nd quarter		1 st half-year	
	2006 € m	2007 € m	2006 € m	2007 € m
Revenue	5,324.4	5,576.7	10,631.0	11,214.2
Own work capitalised	0.8	0.1	1.4	0.2
Total operating performance	5,325.2	5,576.8	10,632.4	11,214.4
Cost of raw materials, consumables and supplies, and of purchased goods	4,718.3	4,943.5	9,442.3	9,952.2
Gross profit	606.9	633.3	1,190.1	1,262.2
Other expenses and income	- 122.9	- 121.2	- 243.1	- 252.5
Personnel expenses	283.0	301.6	561.9	600.6
Income from associates accounted for using the equity method	0.4	0.3	0.9	1.1
Net income from other investments	1.1	8.9	4.4	11.4
EBITDA	202.5	219.7	390.4	421.6
Amortisation of intangible assets and depreciation of property, plant and equipment	25.9	27.0	50.2	53.4
EBIT	176.6	192.7	340.2	368.2
Interest expenses	26.3	34.3	54.2	65.3
Interest income	2.2	3.7	5.7	6.5
Other financial result	- 0.3	0.8	- 0.3	- 1.4
Profit before tax	152.2	162.9	291.4	308.0
Income taxes	44.3	47.9	84.6	90.5
Net profit	107.9	115.0	206.8	217.5
Profit attributable to minority interests	0.8	1.3	1.7	2.1
Profit attributable to equity holders of Celesio AG	107.1	113.7	205.1	215.4
Earnings per share – basic	€ 0.63	€ 0.67	€ 1.21	€ 1.27
Earnings per share – diluted	€ 0.63	€ 0.67	€ 1.21	€ 1.27

Balance Sheet at 30/06/2007 of the Celesio Group

	31/12/2006 € m	30/06/2007 € m
Assets		
Non-current assets		
Intangible assets	2,569.8	3,020.9
Property, plant and equipment	636.8	634.8
Investments accounted for using the equity method	55.5	55.0
Other financial assets	134.8	139.2
Income tax receivables	3.5	3.6
Deferred tax assets	46.4	29.3
	3,446.8	3,882.8
Current assets		
Inventories	1,645.9	1,695.0
Trade receivables	2,503.3	2,585.8
Income tax receivables	65.3	53.8
Other receivables and other assets	255.6	250.6
Cash and cash equivalents	9.6	7.5
	4,479.7	4,592.7
Total assets	7,926.5	8,475.5

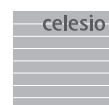
	31/12/2006 € m	30/06/2007 € m
Equity and liabilities		
Shareholders' equity		
Issued capital	217.7	217.7
Capital reserves	1,113.0	1,113.0
Revenue reserves	1,148.9	1,236.7
Revaluation reserves	129.3	157.0
Minority interests	19.1	13.9
	2,628.0	2,738.3
Liabilities		
Non-current liabilities		
Financial liabilities	1,727.4	1,940.6
Pension provisions	139.5	140.0
Other non-current provisions	34.9	35.2
Other liabilities	5.3	30.8
Deferred tax liabilities	55.7	101.4
	1,962.8	2,248.0
Current liabilities		
Financial liabilities	168.6	174.6
Trade payables	2,447.5	2,535.3
Other current provisions	146.1	128.7
Income tax liabilities	130.3	141.4
Other liabilities	443.2	509.2
	3,335.7	3,489.2
Total equity and liabilities	7,926.5	8,475.5

Cash Flow Statement for the 1st Half-Year of the Celesio Group

	2006 € m	2007 € m
Net profit	206.8	217.5
Depreciation and amortisation/write-up of property, plant and equipment and intangible assets	50.2	53.4
Net result from disposal of non-current assets	- 3.6	- 8.3
Non-cash changes in net working capital	26.2	18.4
Other non-cash income and expenses	- 1.4	0.6
Cash flow	278.2	281.6
Change in operating assets	122.0	- 77.8
Change in operating liabilities	- 144.5	111.1
Net cash flow from operating activities	255.7	314.9
Proceeds from the disposal of non-current assets	14.4	18.5
Investment in non-current assets	- 115.2	- 63.8
Proceeds from the disposal of subsidiaries	3.5	0.0
Cash paid for acquisitions of subsidiaries	- 60.7	- 369.1
Net cash flow from investing activities	- 158.0	- 414.4
Dividends paid to shareholders	- 120.3	- 128.7
Proceeds from borrowings	208.6	567.1
Repayment of borrowings	- 188.5	- 341.0
Net cash flow from financing activities	- 100.2	97.4
Net change in cash and cash equivalents	- 2.5	- 2.1
Net foreign exchange difference	0.0	0.0
Cash and cash equivalents at the beginning of the period	8.1	9.6
Cash and cash equivalents at the end of the period	5.6	7.5

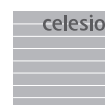
Statement of Shareholders' Equity for the 1st Half-Year of the Celesio Group

	Issued capital	Capital reserves	Revenue reserves	Revaluation reserves		Shareholders of Celesio AG	Minority interests	Shareholders' equity
	€ m	€ m	€ m	Translation reserve	Other comprehensive income			
	€ m	€ m	€ m	€ m	€ m	€ m	€ m	€ m
01/01/2007	217.7	1,113.0	1,148.9	104.4	24.9	2,608.9	19.1	2,628.0
Dividends	0.0	0.0	- 127.6	0.0	0.0	- 127.6	- 1.1	- 128.7
Currency adjustments	0.0	0.0	0.0	3.4	0.0	3.4	0.0	3.4
Net profit	0.0	0.0	215.4	0.0	0.0	215.4	2.1	217.5
Revaluation of financial instruments	0.0	0.0	0.0	0.0	24.3	24.3	0.0	24.3
Changes to consolidated group/others	0.0	0.0	0.0	0.0	0.0	0.0	- 6.2	- 6.2
30/06/2007	217.7	1,113.0	1,236.7	107.8	49.2	2,724.4	13.9	2,738.3
01/01/2006	217.7	1,113.0	845.5	88.5	11.4	2,276.1	8.1	2,284.2
Dividends	0.0	0.0	- 119.1	0.0	0.0	- 119.1	- 1.2	- 120.3
Currency adjustments	0.0	0.0	0.0	- 8.9	- 0.1	- 9.0	0.0	- 9.0
Net profit	0.0	0.0	205.1	0.0	0.0	205.1	1.7	206.8
Revaluation of financial instruments	0.0	0.0	0.0	0.0	15.5	15.5	- 0.1	15.4
Changes to consolidated group/others	0.0	0.0	0.2	0.0	0.0	0.2	0.0	0.2
30/06/2006	217.7	1,113.0	931.7	79.6	26.8	2,368.8	8.5	2,377.3



Segment Reporting for the 1st Half-Year of the Celesio Group by Business Division

	Celesio Wholesale		Celesio Pharmacies		Celesio Solutions		Others		Consolidation		Group	
	2006 € m	2007 € m	2006 € m	2007 € m	2006 € m	2007 € m	2006 € m	2007 € m	2006 € m	2007 € m	2006 € m	2007 € m
Revenue	8,707.5	8,990.0	1,590.3	1,743.1	456.7	646.6	0.0	0.0	- 123.5	- 165.5	10,631.0	11,214.2
External revenue	8,707.5	8,990.0	1,590.3	1,743.1	333.2	481.1	0.0	0.0	0.0	0.0	10,631.0	11,214.2
Inter-segment revenue	0.0	0.0	0.0	0.0	123.5	165.5	0.0	0.0	- 123.5	- 165.5	0.0	0.0
EBITDA	214.8	215.3	186.5	214.1	11.7	10.4	- 22.6	- 18.2	0.0	0.0	390.4	421.6
Segment profit from operations	188.9	189.0	165.2	190.2	9.0	7.0	- 23.8	- 19.1	0.0	0.0	339.3	367.1
Income from associates accounted for using the equity method	0.8	0.6	0.1	0.1	0.0	0.4	0.0	0.0	0.0	0.0	0.9	1.1
EBIT	189.7	189.6	165.3	190.3	9.0	7.4	- 23.8	- 19.1	0.0	0.0	340.2	368.2



Celesio Group

Notes

Accounting principles and valuation policies

The consolidated interim statements for Celesio AG for the first half of 2007 have been drawn up on the basis of the International Accounting Standard (IAS) 34. In so doing, all the relevant International Financial Reporting Standards (IFRS) of the International Accounting Standards Board (IASB), London and all interpretations of the International Financial Reporting Interpretation Committee (IFRIC) required as of 30 June 2007 have been taken into account. The accounting standards applied to prepare the interim statements largely correspond to those that were applied for the consolidated financial statements for the year ended 31 December 2006. The interim statements are therefore to be read in conjunction with the consolidated financial statements of Celesio AG for the 2006 fiscal year. The standards and interpretations that were legally required to be applied as of 1 January 2007 did not have any significant effect on the interim statements.

Consolidated Group

In the first half of 2007 numerous pharmacies – mainly in the United Kingdom – were consolidated for the first time in the Celesio Pharmacies division. In addition, on 31 May 2007 the DocMorris Group was included in the group financial statements for the first time, based on provisional figures.

The inclusion of these companies for the first time does not affect comparability with the previous year.

Employees

At the end of the first half of 2007 Celesio employed 36,958 members of staff (head count) compared with 35,130 in the prior year.

Notes

Notes to segment reporting

Segmentation at Celesio has been performed in accordance with IAS 14. It is based on the internal organisational and reporting structures of the company. The same accounting standards are used as those employed for the group.

The internal organisation and reporting structure of Celesio is based on the business divisions Celesio Wholesale, Celesio Pharmacies, Celesio Solutions and Others. The Celesio Wholesale division includes the wholesale activities of Celesio with third-party customers. The Celesio Pharmacies division represents all activities related to the provision of services in Celesio's pharmacies. This covers the entire logistics chain from purchasing goods from the manufacturer to their delivery to the end consumer. The Celesio Solutions division comprises the provision of logistics services for pharmaceutical manufacturers within the Movianto business unit as well as strategic cooperation with pharmexx. The activities of the group's parent company Celesio AG and other non-operational companies are posted to Others. The consolidation measures between the business divisions are shown separately. The operating segmental profit in accordance with IAS 14 corresponds to the EBIT without taking into account the income from associates accounted for using the equity method.

Responsibility Statement

To the best of our knowledge, and in accordance with the applicable reporting principles for interim financial reporting, the interim consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the group, and the interim management report of the group includes a fair review of the development and performance of the business and the position of the group, together with a description of the principal opportunities and risks associated with the expected development of the group for the remaining months of the financial year.

Stuttgart, 31 July 2007

The Management Board

A handwritten signature in blue ink, appearing to read "F. Oesterle".

Dr Fritz Oesterle

A handwritten signature in blue ink, appearing to read "Stefan Meister".

Stefan Meister

A handwritten signature in blue ink, appearing to read "W. Mähr".

Wolfgang Mähr

A handwritten signature in blue ink, appearing to read "Felix A Zimmermann".

Dr Felix A Zimmermann



Review Report

To Celesio AG, Stuttgart

We have reviewed the condensed consolidated interim financial statements – comprising the balance sheet, income statement, cash flow statement, statement of changes in equity and selected explanatory notes – together with the interim group management report of Celesio AG, Stuttgart, for the period from 1 January to 30 June 2007 which are components of the half-year financial report pursuant to § (Article) 37w WpHG ("Wertpapierhandelsgesetz": German Securities Trading Act). The preparation of the condensed consolidated interim financial statements in accordance with the IFRS applicable to interim financial reporting as adopted by the EU and of the interim group management report in accordance with the provisions of the German Securities Trading Act applicable to interim group management reports is the responsibility of the parent Company's Board of Managing Directors. Our responsibility is to issue a review report on the condensed consolidated interim financial statements and on the interim group management report based on our review.

We conducted our review of the condensed consolidated interim financial statements and the interim group management report in accordance with German generally accepted standards for the review of financial statements promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany) (IDW). Those standards require that we plan and perform the review so that we can preclude through critical evaluation, with moderate assurance, that the condensed consolidated interim financial statements have not been prepared, in all material respects, in accordance with the IFRS applicable to interim financial reporting as adopted by the EU and that the interim group management report has not been prepared, in all material respects, in accordance with the provisions of the German Securities Trading Act applicable to interim group management reports. A review is limited primarily to inquiries of company personnel and analytical procedures and thus provides less assurance than an audit. Since, in accordance with our engagement, we have not performed a financial statement audit, we cannot express an audit opinion.

Review Report

Based on our review, no matters have come to our attention that cause us to presume that the condensed consolidated interim financial statements have not been prepared, in all material respects, in accordance with the IFRS applicable to interim financial reporting as adopted by the EU nor that the interim group management report has not been prepared, in all material respects, in accordance with the provisions of the German Securities Trading Act applicable to interim group management reports.

Stuttgart, 31 July 2007

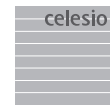
PricewaterhouseCoopers
Aktiengesellschaft
Auditors

A handwritten signature in blue ink, appearing to read "Wagner".

(Wagner)
Auditor

A handwritten signature in blue ink, appearing to read "W. Wißfeld".

(Wißfeld)
Auditor



Celesio Group

Financial Calendar

Balance Sheet Press Conference, Stuttgart	15 March 2007
Celesio Analysts' and Investors' Conference, Dresden	19 March 2007
International Bankers Day, Dresden	20 March 2007
Annual General Meeting 2007, Stuttgart	26 April 2007
Dividend payment	27 April 2007
Interim report 1 st quarter 2007	14 May 2007
Interim report 1 st half-year 2007	9 August 2007
Interim report 1 st – 3 rd quarter 2007	13 November 2007

Subject to amendment



Contacts

Websites

Celesio AG and companies in the Celesio Group

www.celesio.com

Celesio Wholesale

Austria	www.herba-chemosan.at
Belgium	www.pharmabelgium.be
Czech Republic	www.gehe.cz
Denmark	www.maxjenne.dk www.tjellesen.dk
France	www.point.ocp.fr
Germany	www.gehe.de
Norway	www.nmd.no
Slovenia	www.kemofarmacija.si
United Kingdom	www.aah.com

Celesio Wholesale offers access- protected business-to-business-solutions for pharmacies

Austria	www.herba-point.at
Germany	www.gehe-point.de
Italy	www.afmpoint.it
United Kingdom	www.aah-point.com

Celesio Pharmacies

Belgium	www.lloydspharma.be
Czech Republic	www.lloyds.cz
Ireland	www.unicarepharmacy.ie
Italy	www.admentaitalia.it
Netherlands	www.lloydsapotheken.nl www.docmorris.nl
Norway	www.vitusapotek.no
United Kingdom	www.lloydspharmacy.co.uk www.johnbellcroyden.co.uk

Celesio Solutions

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pharmexx	www.pharmexx.com

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celesio
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