Provimi S.A.

Semi-annual report

and

Condensed interim consolidated financial statements

30 June 2009

This document is a free translation from the French original “Rapport semestriel et Comptes consolidés résumés intermédiares au 30 juin 2009 ”

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Group Overview

On 27 August 2009, the Board of Directors authorised the issue of the condensed interim consolidated financial statements as at 30 June 2009.

***(in** million €)*	**30.06.2009**	**30.06.2008**	**Change**
Revenues	**840.6**	1,095.6	(23.3) %
Profit from operations before other operating income/(expense)	**49.1**	56.0	(12.3)%
Profit from operations	**(19.1)**	53.0	
Net income - Group share	**(53.9)**	50.0	
Earnings per share	**(2.07)**	1.92	

Revenues decreased by (23.3) % to EUR 840.6 million, which was largely due to lower sales prices resulting from decreased raw material costs. The net impact of acquisitions and divestments was EUR (29.8) million negative, while unfavourable exchange rates had a negative effect of EUR (69.9) million. On a like-for-like[1] basis, sales decrease was (17.3) %.

Profit from operations before other operating income/(expense) decreased to EUR 49.1 million. Exchange rates had a negative effect of EUR (2.3) million. On a like-for-like basis, profit from operations decreased by (9.0) % over the period.

Other operating income/(expense): Other operating income and expense amounting to a loss of EUR (68.2) million (2008: EUR (3.0) million loss) include items of a significant and unusual nature. These items mainly relate to goodwill impairment losses and Group expenses made for reorganisation programmes within European feed activities in order to adapt to changing markets.

Net financial costs increased to EUR (28.9) million (2008: EUR (28.1) million), although financial interest expenses on gross financial debt decrease by EUR (8.2) million. This positive impact was mainly offset by an increase of net other financial expenses of EUR 9.5 million (mainly caused by unfavourable fair value impacts on the financial instruments).

As a result of the above, the **net result – Group share** decreased to loss of EUR (53.9) million (2008: profit of EUR 50.0 million).

The tax charge amounts to EUR 4.4 million at 30 June 2009 (EUR 12.0 million in 2008). Adjusted for the impact of the goodwill impairment adjustment, the effective tax rate amounts to 64.4% (48.2% in 2008) and is mainly due to the effect of not recognising deferred tax assets for losses generated by certain group companies.

Shareholders equity - Group share decreased by EUR (64.7) million (2008: increase of EUR 55 million), mainly reflecting the Group's net loss of EUR (53.9) million (2008: net income of EUR 50.0 million), announced dividends of EUR 8.8 million (H1 2008: nil) and decrease in the currency translation reserve of EUR (1.8) million (2008: increase of EUR 5.0 million).

Net debt decreased by EUR (32.7) million compared to 31 December 2008.

[1] 'like-for-like' –comparable scope, excluding acquisitions, divestments and discontinued operations

Segments*

(in EUR million)	**Revenues**			**Net Operating Income (NOI) Management**		
	H1 2009	**H1 2008**	**Change**	**H1 2009**	**H1 2008**	**Change**
Animal Nutrition France / Switzerland	**102.2**	110.3	(7.3)%	**8.2**	8.5	(3.5)%
Animal Nutrition North West Europe[1]	**77.4**	93.0	(16.8)%	**6.2**	6.8	(8.8)%
Animal Nutrition Poland/Ukraine	**136.2**	256.5	(46.9)%	**0.9**	11.3	(92.0)%
Animal Nutrition Other Central and Eastern Europe[2]	**104.4**	153.9	(32.2)%	**9.7**	10.0	(3.0)%
Animal Nutrition North America	**114.2**	115.9	(1.5)%	**11.3**	9.7	16.5%
Animal Nutrition Latin America[3]	**86.4**	82.7	4.5%	**10.9**	8.3	31.3%
Animal Nutrition Other[4]	**110.9**	179.2	(38.1)%	**13.6**	17.5	(22.2)%
Holding				**(12.8)**	(14.6)	(12.3)%
Pet Food	**108.9**	104.1	4.6%	**3.7**	3.1	19.4%
TOTAL	**840.6**	**1,095.6**	**(23.3)%**	**51.7**	**60.6**	**(14.7)%**

* *New segments per IFRS 8.*

Animal Nutrition France / Switzerland
A major event in Provimi's business in France during the first six months of 2009 was the preparation for the transfer of production from Trappes to Crevin. Operations in Trappes will be ended as per August 2009. Compared to first half 2008, sales in France were negatively affected by a decline of raw material prices and substantially lower milk prices for dairy farmers who were operating below break-even for the majority of the period and as a result reduced purchases of nutritional products.

Animal Nutrition North West Europe
Considerably lower grain, soya and some micro-ingredient prices reduced sales value per ton of product sold in North West Europe. In addition, Provimi experienced lower sales volumes, due to lower profitability for producers of meat, milk and eggs and the Group's more stringent credit policy. Sales and profitability of exports to Central and Eastern Europe were negatively impacted by declining local currencies.

[1] **North West Europe**: The Netherlands, The UK, Ireland, Germany and Belgium.
[2] **Other Central and Eastern Europe**: Russia, Hungary, Romania and Bulgaria.
[3] **Latin America**: Brazil, Argentina and Colombia.
[4] **Other**: Spain, Portugal, China, Vietnam, India, South Africa and Jordan, Aqua Feed, Citura, and Discontinued Operations including Nutrius and Virtus for 2008.

Animal Nutrition Poland / Ukraine

The Polish market continued to be in a very competitive situation as in the second half of 2008. Nevertheless, after a slow start to the year, volumes and margins improved in the period from March to June. The first results of the reorganisation programme, which started in the fourth quarter of 2008, started to come through.

The Ukraine market is strongly affected by the economic crisis in the country. Due to a rapid adaptation of selling policies to the changing economic conditions, Provimi has been able to continue its operations satisfactorily.

Animal Nutrition Other Central and Eastern Europe

The animal feed market showed some improvements at the end of the second half of 2009. Swine and piglet prices were good, while milk prices were still extremely low. In April and May, African swine fever everely impacted pork consumption in Central and Southern Russia. Margin performance was good in all countries, despite lower volumes, mostly due to the loss of a few large customers due to reinforced credit control and more difficult market conditions. Local currencies dropped significantly against the euro at the beginning of the year, but started to stabilise in the second quarter.

Animal Nutrition North America

Animal agriculture markets in North America have been severely impacted by the global recession and, in the swine sector, by the impact of the H1N1 influenza virus. The number of animals in each specie group is declining, but consumer demand and exports are decreasing faster than animal numbers can be adjusted, resulting in market prices below production costs. With fewer animals and producers reducing feed inputs wherever possible to conserve cash, volumes at Provimi's businesses in North America are below prior year levels. The elimination of the cube product line, resulting from the closure of the manufacturing plant in mid-2008 in Hesston, Kansas, has contributed to the comparative reduction of volumes in 2009.

Expense reductions that were initiated in December 2008 have been a key factor in underpinning the profit performance of Provimi's nutrition in North America during the first six months of 2009. The company's manufacturing plant in Marion, Iowa, was closed in May and manufacturing has been consolidated into the recently expanded factory in Fremont, Nebraska. Headcount has been reduced in all areas of the business.

Animal Nutrition Latin America

In Brazil, Provimi's poultry, swine and ingredient activities improved compared to same period last year. The business showed increased profitability, generated by higher margins and cost reduction.

The integration plan of Biovet into the other Latin American activities has made good progress during the first six months of 2009.

Animal Nutrition Other

Strong operational performance in notably Vietnam, China and South Africa was to some extent offset by certain currencies declining in value against the euro. Volumes were slightly down in most markets; however profitability remained solid on the back of improving margins. Provimi's business in Jordan came under pressure as a result of broiler meat imports to the country, reducing the size of the local broiler industry.

Pet Food

Performance continued to improve, with sales growth accelerating in existing countries and the opening of new markets and new accounts in notably Germany, Poland, and Romania. Service levels to customers and operational efficiency improved, opening new growth opportunities for the Group's pet food activities.

Consolidated Income Statement for January-June

(in EUR million)	January - June	
	2009	**2008**
Revenues (note 2.2)	**840.6**	**1,095.6**
Operating expenses:		
Cost of sales	601.2	826.7
Employee expenses	109.8	121.0
Depreciation and amortisation	16.0	17.1
Disposal of assets	-	(0.2)
Other operating expenses	64.5	75.0
Total operating expenses	**791.5**	**1,039.6**
Profit from operations before other income / (expense)	**49.1**	**56.0**
Other operating income / (expense) (note 2.3)	(68.2)	(3.0)
(Loss) / profit from operations	**(19.1)**	**53.0**
Financial interest on gross financial debt	(27.3)	(35.5)
Financial interest on cash and cash equivalents	4.0	3.5
Finance costs	**(23.3)**	**(32.0)**
Other financial income and expense, net (note 2.4)	(5.6)	3.9
Pre-tax (loss) / income	**(48.0)**	**24.9**
Corporate income taxes (note 2.5)	(4.4)	(12.0)
Net (loss) / income from continuing operations before minority interest	**(52.4)**	**12.9**
Net income from discontinued operations	-	39.4
Net (loss) / income	**(52.4)**	**52.3**
(Loss) / income attributable to:		
Shareholders of the parent	(53.9)	50.0
Minority interests	1.5	2.3
From continuing and discontinued operations, group share		
Earnings per share (in euros)	(2.07)	1.92
Diluted earnings per share (in euros)	(2.07)	1.92
From continuing operations, group share		
Earnings per share (in euros)	(2.07)	0.41
Diluted earnings per share (in euros)	(2.07)	0.41
Average number of shares outstanding	26,080,069	26,080,069
Diluted number of shares	26,094,369	26,094,369

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

To conform to presentation for the year ended 31 December 2008, the gain on sale of the Group's Fish Feed activities in the six months ended 30 June 2008 has been reclassified in the comparative figures from other operating income/expense to net income from discontinued operations.

Consolidated Statement of Comprehensive Income for January-June

(in EUR million)	**January - June**	
	2009	**2008**
Net (loss)/profit for the period from continuing operations	**(52.4)**	**12.9**
Continuing operations		
Exchange difference on translation of foreign operations	(1.8)	5.0
Net (expense)/ income directly recognised in equity	**(1.8)**	**5.0**
Total recognised (expense)/ income for the period from continued operations	**(54.2)**	**17.9**
Total recognised income for the period from discontinued operations	-	39.4
TOTAL RECOGNISED (EXPENSE)/ INCOME FOR THE PERIOD	**(54.2)**	**57.3**
Attributable to:		
Shareholders of the parent	(55.7)	55.0
Minority interest	1.5	2.3

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

Consolidated Balance Sheet at 30 June – Assets

Assets (in EUR million)	30 June 2009	31 December 2008
Non-current assets:		
Goodwill (note 2.6)	393.0	456.3
Intangible assets	61.4	55.8
Property, plant and equipment (note 2.7)	234.0	253.4
Investments accounted for under the equity method	0.2	0.2
Deferred tax assets	25.3	21.8
Non-current financial assets	6.1	2.2
Other non-current assets	2.5	2.3
Total non-current assets	**722.5**	**792.0**
Current assets:		
Inventories and work-in-progress	129.3	141.0
Trade receivables, net of allowances	196.8	215.4
Current income tax (note 2.5)	9.8	20.3
Other current assets	45.3	46.4
Current financial assets (note 2.9.3)	5.8	7.5
Cash and cash equivalents (note 2.9.5)	214.0	159.5
Total current assets	**601.0**	**590.1**
Assets held for sale	3.6	4.2
Total assets	**1,327.1**	**1,386.3**

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

Consolidated Balance Sheet at 30 June – Shareholders' equity and liabilities

Shareholders' equity and liabilities (in EUR million)	30 June 2009	31 December 2008
Shareholders' equity:		
Capital	265.8	265.8
Retained earnings	(124.2)	(141.0)
Net (loss) / income for the year	(53.9)	25.8
Cumulative translation adjustment	(0.1)	1.7
Total shareholders' equity – Group share	**87.6**	**152.3**
Minority interest	13.7	14.0
Total equity	**101.3**	**166.3**
Liabilities:		
Deferred tax liabilities	44.1	38.8
Provisions (note 2.10)	9.0	8.3
Financial debt due after one year (note 2.9)	713.4	717.3
Total non-current liabilities	**766.5**	**764.4**
Financial debt due within one year (note 2.19)	189.4	161.5
Provisions (note 2.10)	14.7	11.4
Trade payables	160.2	175.2
Income tax (note 2.5)	1.2	11.6
Other current liabilities	93.8	95.9
Total current liabilities	**459.3**	**455.6**
Liabilities directly associated with assets held for sale	-	-
Total liabilities and shareholders' equity	**1,327.1**	**1,386.3**

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

Consolidated Balance Sheet at 30 June – Changes in shareholders' equity for January-June

January-June 2009

(in EUR million)	Share Capital	Paid-in Surplus	Retained Earnings	Cumulative Translation Adjustment	Net Income	Minority Interest	Total
At 1 January 2009	26.1	239.7	**(141.0)**	**1.7**	25.8	14.0	166.3
At 1 January 2009 after profit allocation	26.1	239.7	(115.2)	**1.7**	-	14.0	166.3
Dividends			(8.8)			(0.9)	(9.7)
Net income for the period					(53.9)	1.5	(52.2)
Cumulative translation adjustment				(1.8)		(0.9)	(2.7)
Acquisition from minority interest in controlled entities			(0.2)				(0.2)
At 30 June 2009	**26.1**	**239.7**	**(124.2)**	**(0.1)**	**(53.9)**	**13.7**	**101.3**

January-June 2008

(in EUR million)	Share Capital	Paid-in Surplus	Retained Earnings	Cumulative Translation Adjustment	Net Income	Minority Interest	Total
At 1 January 2008	26.1	239.7	(136.0)	**45.0**	10.5	16.7	202.0
At 1 January 2008 after profit allocation	26.1	239.7	(125.5)	45.0	-	16.7	202.0
Dividends						(1.3)	(1.3)
Net income for the period					50.0	2.3	52.3
Cumulative translation adjustment				5.0		0.2	5.2
Acquisition from minority interest in controlled entities						(0.1)	(0.1)
At 30 June 2008	**26.1**	**239.7**	**(125.5)**	**50.0**	**50.0**	**17.8**	**258.1**

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

Consolidated Statement of Casf Flows for January-June

(in EUR million)	January – June 2009	2008
Continuing operations		
Cash from operations:		
Profit from operations	(19.1)	53.0
Depreciation, amortisation and impairment	78.4	17.1
Other non-cash items	11.7	7.9
Loss on disposals	0.4	0.4
Gross profit from operations	**71.4**	**78.4**
Changes in working capital	(0.5)	(9.6)
Cash from operations	**70.9**	**68.8**
Interest received	4.9	7.1
Interest and refinancing costs paid	(33.6)	(40.1)
Dividends received	-	-
Corporate income taxes paid	(4.0)	(16.1)
Net cash from operating activities	**38.2**	**19.7**
Cash related to investing activities:		
Capital expenditures	(11.8)	(19.4)
Investments in intangible assets	(2.6)	(2.1)
Proceeds from disposal of tangible and intangible assets	3.6	2.9
Cash expenditure for (acquisition)/disposals of consolidated subsidiaries	(4.3)	(0.7)
Total cash related to investing activities	**(15.1)**	**(19.3)**
Cash used for financing activities:		
Dividends paid to shareholders	(7.0)	(0.9)
Dividends paid to minority shareholders of consolidated subsidiaries	(0.8)	-
(Reduction) / increase in borrowing (note 2.10.2)	1.4	(60.7)
Total cash related to financing activities	**(6.4)**	**(61.6)**
Cash from operating activities of discontinued operations	**-**	**(3.1)**
Cash from investing activities of discontinued operations	**-**	**74.7**
Cash from financing activities of discontinued operations	**-**	**0.7**
Impact of exchange rate variations	4.7	(3.2)
Change in cash and cash equivalents, net	**21.4**	**7.9**
Cash and cash equivalents, net at beginning of period	**22.5**	**45.6**
Cash and cash equivalents, net at end of period	**43.9**	**53.5**
Cash and cash equivalents, net at end of period as held for sale	**-**	**-**

- The accompanying notes are an integral part of these condensed interim consolidated financial statements.

- To conform to presentation for the year ended 31 December 2008, the gain on sale of the Group's Fish Feed activities in the six months ended 30 June 2008 has been reclassified in the comparative figures from profit from operations to profit from disposals.

- Cash and cash equivalents, net include bank account deposits and fixed term deposits (less than three months).

Notes to the condensed interim consolidated financial statements

Note 1. Accounting principles

1.1. Accounting principles and measurement methods

Due to Provimi S.A.'s listing in a European Union country and in accordance with EU regulation No. 1606/2002 of 19 July 2002 Provimi S.A. (hereinafter referred as "the Company") and its subsidiaries' (jointly referred as "the Group" or "Provimi") prepares its consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted for use in the European Union.

Being condensed, the interim consolidated financial statements at 30 June 2009 do not include full disclosures and should be read in conjunction with the consolidated financial statements for the year ended 31 December 2008.

The accounting policies and measurements adopted for the preparation of the condensed interim consolidated financial statements at 30 June 2009 are the same as those used for the preparation of the consolidated financial statements at 31 December 2008, except as noted below.

The application of the following amended or revised standards and new interpretations as of 1 January 2009 did not have a significant impact on the condensed interim consolidated financial statements:

- Amendments to IFRS 1 and IAS 27 «Cost of an investment in a subsidiary, jointly-controlled entity or associate»;
- Revised IAS 1 « Presentation of financial statements »
- Amendment to IFRS 2 «Vesting conditions and cancellations» ;
- Revised IAS 23 «Borrowing costs»;
- Amendments to IAS 32 and IAS 1 «Puttable financial instruments and obligations arising on liquidation»;
- Improvements to IFRSs (issued by the IASB in May 2008);
- IFRIC 11 «IFRS 2 – Group and treasury share transactions»;
- IFRIC 13 «Customer loyalty programmes»;
- IFRIC 14 «IAS 19 – The limit of a defined benefit asset, minimum funding requirements and their interaction».

The following amended or revised standards, issued and adopted by the European Union, have not been applied at 30 June 2009:

- Revised IFRS 3 «Business Combinations»;
- Amendments to IAS 27 «Consolidated and separate financial statements».

The following amended or revised standards and interpretations, issued but not yet adopted by the European Union, have not been applied at 30 June 2009:

- Revised IFRS 1, «First-time Adoption of International Financial Reporting Standards»;
- Amendments to IFRS 7 «Improving disclosures about financial instruments»;
- Amendment to IAS 39 «Eligible hedged items»;
- Improvements to IFRSs (issued by the IASB in April 2009);
- Amendments to IFRIC 9 and IAS 39 «Embedded derivatives»;
- IFRIC 12 «Service Concession Arrangements»;
- IFRIC 15 «Agreements for the construction of real estate»;
- IFRIC 16 «Hedges of a net investment in a foreign operation»;
- IFRIC 17 «Distributions of non-cash assets to owners»;

- IFRIC 18 «Transfers of assets from customers».

Management is currently reviewing the impact of the adoption of these standards and interpretations in the future on the consolidated financial statements of the Group.

IFRS 8 «Operating segments» has been adopted as of 1 January 2009. IFRS 8 replaces IAS 14; the new standard requires a 'management approach', under which segment information is presented on the same basis as is used for internal reporting purposes. Segment information can be found in note 2.12. The group has determined its operating segments under IFRS 8 to be:

- Pet Food;
- Animal Nutrition France / Switzerland;
- Animal Nutrition North West Europe;
- Animal Nutrition Poland / Ukraine;
- Animal Nutrition Other Central and Eastern Europe;
- Animal Nutrition North America;
- Animal Nutrition Latin America;
- Animal Nutrition Other.

1.2. Key sources of estimation uncertainties

In preparing its financial statements, the Group makes estimates and assumptions that affect the book value of assets and liabilities and income and expense items and the information disclosed in the notes to the financial statements. The Group regularly reviews its estimates and assumptions to take into account past experience and other factors deemed relevant in view of prevailing economic circumstances. If these assumptions or circumstances change, the information reported in the Group's future financial statements may differ from current estimates.

Significant assumptions which may impact the valuation of assets, the estimation of liabilities and the quantum of income and expense items in financial years are summarized below.

1.2.1. Recoverability of internally-generated intangible assets

Management considers the recoverability of internally generated intangible assets related to development of specific products and services. Detailed analyses of recoverability are performed at each year-end.

1.2.2. Brands and trademarks

The valuation of brands and trademarks is reviewed at every balance sheet date to determine if the carrying value exceeds the expected market value.

1.2.3. Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the entity to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate the present value. In addition to annual goodwill impairment tests performed at the year-end interim impairment tests are carried out in the event of indications of a reduction in value.

1.2.4. Credit risk

The Group's principal financial assets are bank balances, cash and trade and other receivables. The Group's credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

The Group has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

1.2.5. Employee benefits

The methodology and assumptions used in the estimation of the Group's employee benefit obligations are set out in Note 3.19 in the consolidated financial statements for the year ended 31 December 2008. Changes to these assumptions may result in revisions to management's estimates of these obligations.

1.2.6. Deferred taxes

Deferred tax assets are recorded in the consolidated balance sheet when it is more likely than not that the tax benefit will be realised in the future. The factors considered by management in determining whether deferred tax assets should be recorded in the financial statements are set out in Note 30 in the consolidated financial statements for the year ended 31 December 2008. Management periodically revises its estimations of the recoverability of such assets.

1.3 Principles of consolidation

The consolidated financial statements are based on the financial statements of the individual Group's companies at the reporting date.

All companies over which Provimi exercises direct or indirect control are fully consolidated.

All companies, over which Provimi exercises significant influence ("investment in associates"), and directly or indirectly owns at least a 20% interest are accounted for under the equity method.

All significant transactions between consolidated companies are eliminated.

1.4 Foreign currency transactions and translation of financial statements denominated in foreign currency

1.4.1. Foreign currency transactions

Transactions denominated in foreign currency are translated on the basis of the exchange rates in effect at the transaction date. Payables and receivables in foreign currency are valued at end rates of the period and any translation difference is reported in the income statement.

1.4.2. Translation of financial statements denominated in foreign currency

The functional currency of the Group's foreign entities is the applicable foreign currency. The financial statements of non euro-zone companies are translated as follows:

- Balance-sheet items are translated into euros at period end exchange rates, except for shareholders' equity items, which are translated at historical rates;
- Income and expense items and cash flows items are translated at average exchange rates for the year;
- and any resulting translation differences are booked as a separate component in the consolidated shareholders' equity.

1.5. Revenues

Revenues include sales and service revenues constituting the Group's principal business activity, net of value added taxes (VAT), and income due from licensing fees and from income grants, net of VAT.

Revenue is recognised when the group has transferred the significant risks and rewards of ownership of a product to the buyer.

Revenue is measured at fair value of the payment received or to be received.

For product sales made through retailers and distributors, revenue is recognised at the time of shipment to the distribution channel. Accruals for any estimated returns are recorded at the same time based on contract terms and prior claims experience, as a markdown of sales. The Group accrues for sales returns, volume, cash, other discounts and other allowances based on contract terms and historical experience.

Margins on contracts to purchase and sell products that do not involve transformation which meet the criteria of a derivative under IAS 39 are presented net in the income statement.

1.6. Cost of sales

Cost of sales includes all operating expenses except employee expenses, depreciation and amortisation, impairment and disposals of assets and other operating expenses.

Other operating expenses include amongst others: maintenance and repair costs, consultant, legal and professional fees, warehouse and logistics costs and marketing and insurance costs.

Cost of sales do not include items shown in the line "Other operating income/(expense)" as described in note 2.3.

1.7. Profit (loss) from operations

Profit (loss) from operations before other operating income/(expense) include gross margin, administrative and selling expenses, research and development expenses, pension costs, employee profit sharing, fair value changes of derivative instruments covering commercial bids and capital gains (losses) from the disposal of intangible and tangible assets.

The presentation of “Other operating income/(expense)" which appears immediately before the line “Income from operations” includes only items of such significance and of such highly unusual non-recurring nature that their disclosure is required in the view of the Group’s management to permit the comprehension of the Group’s ongoing financial performance.

Profit (loss) from operations is calculated before financial income and expense.

1.8. Finance costs

Finance costs include interest charges, income relating to net consolidated debt, which consists of borrowings including lease-financing liabilities, and all cash assimilated items including cash, cash equivalents and marketable securities. It also contains bank costs related to borrowing operations. Transactional bank costs are recorded as operational expenses. Effects of ineffective part of hedges are included in finance costs.

1.9. Calculation of earnings per share

Basic earnings per share are calculated by dividing the net profit by the average number of shares outstanding throughout the year. For calculating basic earnings per share, the average number of shares outstanding during the period calculated exclude owned shares held by the Group. For calculating diluted earnings per share, the number of shares used is the average number of ordinary shares potentially in circulation during the period i.e. including any potentially dilutive ordinary shares.

1.10. Non current assets held for sale and discontinued operations

Non current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non current assets (and disposal groups) classified as held for sale are measured at the lower of the assets’ previous carrying amount and fair value less costs to sell and are no longer depreciated.

A discontinued operation is a component of an entity that either has been disposed of, or is classified as held for sale, and:

- represents a separate major line of business or geographical area of operation;
- is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or
- is a subsidiary acquired exclusively for resale.

Amounts included in the income statement and cash flow statement, related to these discontinued operations, are presented separately for the current period and all prior periods presented in the financial statements if they are material.

1.11. Goodwill

Business combinations are accounted for by the purchase method. This method consists of recording the identifiable assets, liabilities and contingent liabilities of the acquired business at fair value once the control is obtained over the acquiree. The difference between the purchase price (asset deal) or the cost of the shares and the fair value of identifiable assets, liabilities and contingent liabilities at the time of acquisition is recorded as goodwill. The interest of minority shareholders in the acquiree is initially measured at the minority's part of the net fair value of assets, liabilities and contingent liabilities recognized at the acquisition date.

Fair value estimates are finalised within a one-year allocation period after the acquisition date. Goodwill arising from the acquisition of a foreign (non-euro) entity is considered an asset of that entity. They are therefore recorded in the entities functional currency and translated into euro using the end-of-period exchange rate.

Goodwill is not amortised. It is subject to an impairment test annually or whenever there are indicators of impairment. Due to the integration of separate legal entities within one country, the homogeneity of the market(s) and operational management organised at country level Provimi has chosen to establish cash generating units at country level.

If the asset or cash generating unit carrying amount is greater than its recoverable amount, the asset (or the assets included in a cash generating unit) is written down to its recoverable amount. The recoverable amount of an asset or a cash generating unit is the greater of its fair value less costs to sell and its value in use. The methodology applied is the discounted value of future cash flows expected to derive from an asset or cash generating unit.

Impairment loss recognized on goodwill is never reversed.

On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of profit or loss on disposal, where applicable.

1.12. Intangible assets

1.12.1. Brands

Because of the legal protection enjoyed by brands, they are considered to have an indefinite useful life and are not amortised. An annual impairment test is performed based on the recoverable value of brands. Impairment of intangible assets can be reversed if the recoverable value becomes higher than the carrying value, but only to the extent that the original impairment was recorded.

1.12.2. Research and development expenditures

Research costs are recognised as expenses of the period in which they are incurred. Development costs are recognised as expenses of the period in which they are incurred except to the extent that they meet the IAS 38 capitalisation criteria.

When this is the case, these costs are capitalised and are amortised on a straight-line basis, over a period commensurate with the expected economic benefits, but not exceeding five years.

1.13. Property, plant and equipment

Property, plant and equipment are stated at cost minus depreciation and any incidental impairment.

Depreciation of the assets is based on their estimated useful economic lives and calculated on a straight-line basis.

Useful lives are detailed below by property, plant and equipment nature:

Industrial buildings	20 – 40 years
Industrial equipment and tools	3 – 20 years
Fittings and fixtures	10 – 20 years
Office furniture	10 years
Vehicles	5 years

Fixed assets acquired through finance lease agreements that substantially transfer risk and rewards associated with ownership of the asset to the Group are capitalised. The corresponding financial obligation is shown as a financial liability.

On assets under finance lease and associated liabilities no deferred tax has been provided for.

Maintenance and repair costs are recognised as expenses of the period in which they are incurred, except if they improve the condition of the asset either by extension of its useful life or improvement of productivity. Property, plant and equipment are subject to an impairment calculation whenever external or internal factors indicate that an asset may be impaired. If this is the case, the asset value is reduced to its recoverable amount. Impairment can be reversed, but only to the extent of the carrying amount that would have been determined had no impairment loss been recognised in prior years.

1.14. Financial assets

Financial assets include loans and deposits, investments, debt securities, derivative financial instruments with a positive marked-to-market value and receivables. In accordance with IAS 39, the Group classifies financial assets in four categories: trading, held-to-maturity, loans and receivables and available for sale.

Loans are measured at amortised cost using the effective interest rate method.

Deposits are reported as financial assets when their initial maturity is more than three months and as cash and cash equivalents in case of demand deposits or when the initial maturity is less than three months.

If there is any indication those assets may be impaired, they are reviewed for impairment. Any difference between the carrying value and the impaired value (net realisable value) is recorded as financial expense. The impairment loss can be reversed if the value is recovered in the future. In that case, the reversal of the impairment loss is reported as financial income.

Investments in non-consolidated companies, whose fair value cannot be determined reliably, are measured at cost. Any impairment loss recognised for such investments are reversed in a subsequent period, except when disposed of.

Marketable securities are securities held for trading which cannot be considered as cash and cash equivalents. They are designated as financial asset at fair value through profit or loss under IAS 39 classification. Changes in fair value are therefore reported as financial income or expense.

Receivables are initially recognised at fair value, which in most cases are represented by the nominal value. If there is any indication that those assets may be impaired, they are reviewed for impairment. Any difference between the carrying value and the impaired value (net realisable value) is recorded within income from operations. The impairment loss can be reversed if the value is recovered in the future. In that case, the reversal of the impairment loss is reported within income from operations.

A financial asset as defined under IAS 32 can be fully derecognised (removed from the balance sheet) when the Group expects no further cash flow to be generated by it and transfers substantially all risks and rewards attached to it. In case of trade receivables, a transfer without recourse in case of default of payment by the debtor makes such receivables eligible for de-recognition on the basis that the risk of late payment is deemed to be minor. The amount of receivables sold without recourse is given in note 2.8.

1.15. Inventories and work-in-progress

Inventories and work-in-progress are measured at the lower of cost or net realisable value. Cost is essentially based on weighted average costs, which reflect inventory turnover, and are similar to actual market prices at the balance sheet closing date. Costs contain a proportional part of direct manufacturing expenses. Depreciation is recorded as soon as the net book value is higher than the net realisable value and is estimated on the basis of product selling prices and taking into account possible obsolescence.

1.16. Cash and cash equivalents

Cash and cash equivalents consist of cash and highly liquid investments that are readily convertible to known amount of cash, which are subject to an insignificant risk of change in value and have an initial maturity of less than 3 months.

1.17. Employee benefits

No actuarial assessment is made for the financial statements for the half year. The retirement expense for the six months is half the forecast net expense for the 2009 financial year, calculated on the basis of the actuarial assumptions at 31 December 2008, as there were no significant changes in these assumptions during six months ended 30 June 2009.

1.18. Provisions

Provisions are recognised as soon as a present or constructive obligation, resulting from past events for which an outflow of resources of uncertain timing or amount is expected.

The amounts are established by using all available information from inside or outside the Group and /or calling on the expertise of external consultants.

1.19. Financial liabilities

Financial liabilities include bonds, borrowings and derivative financial instruments with a negative mark-to-market value and payables.

1.19.1. Interest bearing loans

Bonds and interest-bearing bank loans are initially recognised at fair value, less any transaction costs directly attributable to the issuance of the liability. Bond issuance costs and premiums are not included in the initial cost, but are taken into account in calculating amortised cost under the effective interest rate method. These financial liabilities are subsequently measured at amortised cost using the effective interest rate method.

The bank fees associated with the establishment of the new secured syndicated facility are amortised over the minimum expected duration of this facility (7 years) matching the benefits of the long duration of this credit facility.

1.19.2. Commitment to purchase minority interests

Provimi has granted commitments to shareholders of certain fully consolidated subsidiaries to purchase their minority interests. These purchase commitments may be conditional (e.g. put options) or firm (e.g. commitments to purchase minority interests at a future date).

Pending IFRIC interpretation or a specific IFRS, the following accounting treatment has been adopted:

- on initial recognition, the commitment to purchase minority interests is recognised as a financial liability for the present value of the purchase consideration under the put option or firm purchase commitment, mainly offset through minority interests and the balance through equity;

- subsequent changes in the value of the commitment are recognised by an adjustment to equity, with the exception of the unwinding of the discount recognised in other financial charges and income;

- where applicable, at the time of initial recognition or the recognition of subsequent changes, any expected loss on purchase is recognised in other financial charges and income;

- on maturity of the commitment, if the minorities' interests are not purchased, the entries previously recognised are reversed; if the minority interests are purchased the amount recognised in financial liabilities is reversed, offset by the cash outflow relating to the purchase of the minority interests.

1.19.3. Derivative financial instruments

Derivative financial instruments are recognised and re-measured at fair value.

1.19.4. Payables

Payables are initially recognised at fair value, which in most cases are represented by the nominal value.

1.20. Derivative financial instruments and hedging activities

To manage foreign exchange and interest rate risks, the Group use different available hedges, such as forwards, forward rate agreements, swaps, options, caps and floors. Derivatives are used solely for economic hedging purposes, to the exclusion of any speculative transactions. These risks are managed jointly with all subsidiaries concerned in line with a coherent definition of hedging policies.

Positions are traded either on organized exchange markets or in over-the-counter markets with highly rated financial institutions.

Provimi applies fair value accounting to the majority of its foreign exchange hedging and hedge accounting for the remainder.

Provimi applies cost accounting to the majority of its forward sales and purchases contracts and fair value accounting for the remainder.

1.20.1. Currency risks

Currency risk arising from borrowings taken out by Group companies in currencies other than their functional currency, are systematically hedged by using financial instruments. Changes in fair value of these derivatives are accounted for in the income statement.

As an exception to this principle, for certain clearly identified amounts and with the prior approval of the Executive Committee, the Group may retain its exposure to currency risks. This can be the case for currencies for which hedging is not feasible or practical, or to secure a lower rate.

The Group has elected not to adopt hedge accounting for any of its financial derivatives.

1.20.2. Interest rate risks

Interest rate risks are managed centrally but separately in each currency using strategies that take account of the specific characteristics of the local financial market. The hedge instruments used are accounted for at fair value with differences going through profit or loss.

1.21. Taxation

Tax expense for the first half of the year is determined by applying the Group's estimated average tax rate for the whole year of 2009 (including deferred taxes) to the pre-tax profit.

1.22. Treasury shares

Treasury shares are valued at cost and deducted from shareholders' equity. Proceeds from the sale of these shares are reported under shareholders' equity and have no effect on Group results.

1.23. Segment reporting

A segment is a distinguishable component of Provimi that is engaged either in providing products or services, or in providing products or services within a particular economic environment, which is subject to risks and rewards that are different from those of other segments.

Inter-segment pricing is determined on an arm's length basis.
Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

IFRS 8 'Operating segments' was adopted as of 1 January 2009. The new standard requires a 'management approach', under which segment information is presented on the same basis as that used for internal reporting purposes.

2. Explanatory notes

2.1. Related party transactions

Transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated upon consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are set out below.

Costs related to the change of control in 2007

The acquisition of a controlling interest in Provimi by KoroFrance SAS triggered a change of ownership clause in the previous financing facility resulting in its repayment. New financing facilities have been put in place and are available both to Provimi and KoroFrance. Provimi is both borrower and guarantor (obligor) under this facility (see note 2.9).

At 30 June 2009, the facility is being utilised by Provimi and KoroFrance as follows:

	Utilised			
(in local currency million)	**KoroFrance**	**Provimi**	**Unutilised**	**Total**
Senior Term Loan A				
GBP	-	2.2	-	2.2
USD	-	22.1	-	22.1
PLZ	-	147.6	-	147.6
EUR	3.3	35.8	-	39.1
Senior Term Loan B				
USD	-	107.4	-	107.4
PLZ	-	237.3	-	237.3
EUR	17.9	400.2	-	418.1
Second lien				
USD	-	61.7	-	61.7
EUR	169.5	11.8	-	181.3
Liquidity facility				
EUR	-	-	-	-
Revolver				
EUR	-	42.9	112.1	155.0
CAPEX & Acquisitions				
EUR	-	7.0	193.0	200.0
Total unutilised EUR	-	-	**305.1**	-

Loan to Stichting Administratiekantoor Provimi (the "Stichting")

The Stichting is an entity in which certain managers of Provimi have an interest and which hold shares in Nutrilux (the holding company of KoroFrance). A Netherlands' sub-holding company of the Group holds an interest-bearing loan in the Stichting amounting to EUR 1.5 million as per 30 June 2009 (2008: EUR 1.6 million).

Dividends payable to KoroFrance SAS

Only part of the dividend as declared on 28 May 2009 has been paid to KoroFrance. The remaining balance on 30 June 2009 of EUR 10.1 million was placed on a deposit between KoroFrance and Provimi SA.

2.2. Revenues

(in EUR million)	January - June	
	2009	**2008**
Continuing operations		
Sales to third parties	840.6	1,095.6
Other revenue	0.9	40.8
Financial income	14.9	12.8
Total revenues	**856.4**	**1,149.2**
Discontinued operations	**-**	**11.1**

2.3. Other operating income/(expense)

Included within other operating income and expense of EUR (68.2) million (2008: EUR (3.0) million) are items of a significant and unusual nature. They are disclosed to facilitate comprehension of the Group's financial performance. For the half year ended 30 June 2009 they consist of: goodwill impairment loss of EUR (54.8) million (note 2.6), the reorganisation of the Group's Complete Feed activities (loss of EUR 9.6 million), reorganisation expenses related to feed activities, in Europe to adapt to changing markets of EUR (2.9) million (2008: EUR (2.5) million), loss on disposal of Fish Feed business in Greece EUR (0.3) million (2008: loss on disposal of Animal Nutrition business in Australia of EUR (0.5) million) and other expenses of EUR 0.6 million (2008: zero).

2.4. Financial income and expense

(in EUR million)	January - June	
	2009	**2008**
Continuing operations		
Interest income	4.0	3.5
Interest expense	(27.3)	(35.5)
Exchange differences, net	(1.7)	3.6
Other	(3.9)	0.3
Total income	**(28.9)**	**(28.1)**
Discontinued operations	**-**	**(0.2)**

2.5. Income tax expense

Income tax expense in the first 6 months of 2009 amounted to EUR (4.4) million composed of a current tax charge of EUR (4.9) million and a deferred tax credit amounting to EUR 0.5 million. For the same period of 2008 income tax expense amounted to EUR (12.0) million composed of current tax charge EUR (15.0) million and deferred tax credit EUR 3.0 million.

2.6. Goodwill

	Goodwill	**January - June**
Year 2008	(in EUR million)	**2009**
479.3	**Opening**	**456.3**
7.6	Acquisitions	-
-	Adjustments from purchase price accounting	(2.8)
(1.4)	Impairment loss	(54.8)
(29.2)	Net exchange differences	(5.7)
456.3	**Closing**	**393.0**

In September 2008, Nutrianimal Development SA (Panama) and its subsidiary, Biovet SA (Colombia) were acquired. The final allocation of the purchase price to the fair value of assets and liabilities was completed prior to 30 June 2009 and resulted in a reduction to goodwill of EUR (2.8) million.

Goodwill acquired in a business combination is allocated, at acquisition, to the cash generating units (CGU's) that are expected to benefit from that business combination. The Group tests goodwill, at CGU level, annually for impairment or more frequently if there are indications that goodwill might be impaired. Critical factors considered in conducting these impairment tests are the consistency of future cash flows with the Group's past performance, internally approved budgets and the appropriateness of the weighted average cost of capital (WACC) and perpetual growth rates employed.

The recoverable amount of each CGU is determined on the basis of value in use calculations. The key assumptions for the value in use calculations are those regarding discount rates, growth rates and expected changes to selling prices and direct costs. Management estimates discount rates using that reflect current market assessments of the time value of money and the risks specific to each CGU. The growth rates are based on market forecasts. Changes in selling prices and direct costs are based on past practices and expectations of future changes in the market.

At 30 June 2009, the management and board of directors of the Group determined, in light notably of the continuing uncertain global economic conditions, to perform a full impairment test. As a result of this test, an impairment adjustment of EUR 54.8 million, principally in the Group's Polish operations, was recorded. This arose through a downward revision to the Group's Polish business plan in view of performance in the year to date, a change to the WACC used in Poland (from 9.2% to 8.5%) and in the perpetual growth rate (from 4.6% to 2.5%).

Other than for Poland and Petfood Russia, no changes were made to the group's approved three year business plan. Revisions were made to management assumptions regarding the weighted average cost of capital and perpetual growth rates used as a result of developments since the last impairment test was performed.

The principal assumptions used in the impairment test performed at 30 June 2009 are as follows:

- Cash flows: for the first two and half years, these are based on the budgets approved for the Group as a whole by the Executive Management Committee on 30 January 2009, with downward adjustments made for Poland and Petfood Russia. These are then extrapolated for the two following years and for the terminal values using the Gordon Shapiro Model based on the growth rates for the relevant markets. Terminal values represent between 60% and 80% of the value of cash generating units.

- Growth rates for the principal cash generating units are as follows: France 1.0%, Poland 2.5%, US 1.2%, Netherlands 1.0%, Russia 5.1%, and Brazil 6.0%.

- Country-based industry WACC's for the principal cash generating units are as follows: France 7.3%, Poland 8.5%, US 7.4%, Netherlands 7.3%, Russia 10.2%, and Brazil 10.4%.

An increase in the WACC's used of 0.5% would not result in any impairment except in Poland (EUR 9 million). A decrease in the estimated growth rates used of 0.5% would not result in any impairment, except in Poland (EUR 6.0 million) and Provimi Pet Food Netherlands (EUR 1.9 mln)

2.7. Property, plant and equipment

2.7.1 Property, plant and equipment - cost or valuation

		January - June
Year 2008	(in EUR million)	**2009**
493.6	**At 1 January**	**484.4**
45.6	Capitalisation	11.0
1.5	Acquired on acquisition	
-	Purchase accounting	
(25.6)	Exchange differences	(5.7)
(23.8)	Disposals (of subsidiaries)	(10.6)
-	Reclassified as held for sale	
(6.9)	Reclassification and other	(0.8)
484.4	**At period end**	**478.3**

2.7.2 Property, plant and equipment - accumulated depreciation

Year 2008	(in EUR million)	January - June 2009
(221.5)	**At 1 January**	**(231.0)**
(28.1)	Depreciation charge for the period	(12.5)
(2.9)	Impairment	(6.7)
6.3	Exchange differences	0.5
12.2	Disposals (of subsidiaries)	5.5
(0.4)	Acquired on acquisition	
-	Reclassified as held for sale	
3.4	Reclassified and others	(0.1)
(231.0)	**At period end**	**(244.3)**
253.4	**Carrying amount**	**234.0**

2.8. Trade and other receivables

Receivables sold without recourse at 30 June 2009 amounted to EUR 1.0 million (2008: EUR 1.1 million).

2.9. Indebtedness

Net debt decreased to EUR 676.9 million (2008: EUR 709.6 million), after deducting EUR 18.8 million of deferred financing charges.

2.9.1. Principal Financing Facility

The Provimi Group's "Principal Financing Facility" (PFF) consists of a syndicated loan. The PFF is available to the Provimi Group, as well as to KoroFrance SAS. (See Note 2.1)

As at 30 June 2009, the total amount available under the PFF is EUR 1,217 million consisting of a senior secured credit facility of EUR 862 million, a secured multicurrency revolving facility of EUR 155 million and a secured acquisitions/CAPEX facility for investments of EUR 200 million.

The senior secured credit facility of EUR 862 million consists of term A and term B loans and a second lien facility. The term A loan available totals EUR 90 million and has a remaining maturity of 4.8 years. It bears a spread over Euribor of 2% and is repayable semi-annually. The first repayment was made on 30 June 2008.

Term B loan available totals EUR 547 million and has a remaining maturity of 5.8 years and carries a spread over Euribor of 2.25%. It is repayable at maturity. The second lien facility of EUR 225 million has a spread over Euribor of 4.25% and has a remaining maturity of 7.3 years.

The multicurrency secured revolver facility of EUR 155 million bears interest of Euribor plus 2% and matures on 12 April 2014.

There is also a secured financing facility for the funding of capital expenditure and acquisitions for an amount of EUR 200 million. The facility has a remaining maturity of 4.8 years. The unused part of this facility will be cancelled on 12 April 2011. Any utilisation under this facility will be repaid in six semi-annual installments starting 31 December 2011. The facility bears interest of 2% above Euribor.

All unused parts of the PFF carry a commitment fee of 0.5%. The blended rate if fully drawn is 2.53 % over Euribor on 30 June 2009.

2.9.2. Gross debt

The following table set out gross financial indebtedness:

(In EUR million)	**31.12.2008**	**New financing / Reimbursements**	**Currency translation adjustment and other**	**30.06.2009**
Syndicated bank loans:				
Principal Financing Facility	719.9	9.9	(8.3)	721.5
Other financial debt	14.9	(8.5)	(0.7)	5.7
Subtotal	**734.8**	**1.4**	**(9.0)**	**727.2**
Bank overdrafts	140.7			174.2
Finance lease obligations	1.5			1.2
Commitment to purchase minority interest	4.1			0.0
Accrued interest	1.6			1.7
Financial instruments	16.9			17.3
Financial debt, gross	**899.6**			**921.6**
Deferred financing charges	(20.8)			(18.8)
Financial debt, gross including deferred charges	**878.8**			**902.8**

2.9.3 Net debt

31.12.2008	Net financial debt (In EUR million)	30.06.2009
(7.5)	Current financial assets	(5.8)
(159.5)	Cash and cash equivalents	(214.0)
(167.0)	**Cash, cash equivalents and current financial assets**	**(219.8)**
(2.2)	Non-current financial assets	(6.1)
(169.2)	**Total**	**(225.9)**
161.5	Financial debt due within one year	189.4
717.3	Financial debt due after one year	713.4
878.8	**Financial debt, gross**	**902.8**
709.6	**Financial debt, net**	**676.9**
705.5	**Financial debt, net excluding put options**	**676.9**

The financial debt is reduced by EUR 18.8 million (2008: EUR 20.8 million) for deferred financing charges. These costs relate to the arrangement and the syndication of the Principal Financing Facility (Note 2.1).

2.9.3. Repayment profile

The following table sets out the repayment profile of financial indebtedness:

31.12.2008	Debt (In EUR million)	30.06.2009
140.7	Bank overdrafts	174.2
20.8	Short term debt	19.3
4.1	Commitment to purchase minority interests	0.0
0.0	Current portion of long term debt	0.0
(4.1)	Deferred charges related to arranging and syndicating the PFF	(4.1)
161.5	**Less than one year**	**189.4**
20.5	In the second year	20.2
20.2	In the third year	21.9
23.5	In the fourth year	25.3
28.9	In the fifth year	32.4
640.9	More than five years	628.3
(16.7)	Deferred charges related to arranging and syndicating the PFF	(14.7)
717.3	**Financial debt due after one year**	**713.4**
878.8	**Total financial debt**	**902.8**

Of the financial debt due after one year of EUR 713.4 million EUR 721.5 million is related to the PFF (see note 2.1) and EUR 6.6 million to other non-current financial liabilities, reduced by EUR 14.7 million of deferred charges related to arranging and syndicating.

2.9.4. Covenants and securities given

Availability of the PFF is contingent on the respect of covenants based on the combined financial position of Provimi and KoroFrance (Note 2.1). The covenant calculations are also based on contractually determined calculations based on figures that cannot be directly reconciled with financial statements disclosures.

The main covenants are as follows:

Covenant	Limit at 30 June 2009
Annual capital expenditure limit (i.e. to 31 December 2009)	EUR 49.7
Leverage ratio (Net debt/EBITDA)	< 7.54
Net cash interest cover (EBITDA/ interest)	> 1.70
Cash flow cover (Cash flow/ debt coverage)	> 1.00

Covenants' compliance is tested quarterly. Covenants are variable and generally become more stringent quarterly with effect from the first testing date.

It is the opinion of the Board of Directors and of management that covenant obligations are complied with at 30 June 2009 and that there are no indications that covenants will be breached in the foreseeable future.

As part of the PFF a number of undertakings have been given by the Group (Note 2.13) including:

- a (negative) pledge on assets: real estate, stocks, receivables in certain group companies, provided costs to put in place are not prohibitive;
- limitations on acquisitions;
- pledge on shares of major subsidiaries amounting to EUR 1,138 million as per 30 June 2009 (2008: EUR 1,219 million).

2.9.5. Cash and cash equivalents

The following table sets out the cash and cash equivalents, net as shown in the consolidated statement of cash flows to balance sheet disclosures.

31.12.2008	Cash and cash equivalents	30.06.2009
	(in EUR million)	
159.5	Cash and cash equivalents	214.0
3.7	Time deposits and marketable securities	4.1
(140.7)	Bank overdrafts	(174.2)
22.5	**Cash and cash equivalents, net**	**43.9**

2.9.6. Derivative financial instruments

The carrying amount and fair values of the Group's financial instruments are as follows:

(in EUR million)	30.06.2009		31.12.2008	
	Carrying amount	Fair value	Carrying amount	Fair value
Derivative assets	5.4	5.4	0.7	0.7
Derivative liabilities	(17.3)	(17.3)	(17.0)	(17.0)

2.9.6.1. Currencies

The Group utilises the following derivative financial instruments principally: foreign exchange swaps, forward exchange contracts and foreign exchange options.

The Group enters into foreign exchange contracts to cover the exchange risks of purchasing raw materials, sales of finished products which are purchased or sold in a non-functional currency. These exchange contracts cover committed purchases or sales.

Purchase and sales contracts in foreign currency per Group company

The Group's outstanding purchase contracts in foreign currency as per 30 June 2009 amount to EUR 52.8 million (2008: EUR 12.9 million). The Group's outstanding sales contracts in foreign currency as per 30 June 2009 amount to EUR 20.2 million (2008: EUR 67.2 million).

2.9.6.2. Interest rate derivatives

The Group uses interest rate derivatives to manage its interest rate exposure. These derivatives are not qualified as hedging instruments for accounting purposes and fair value movements are therefore recorded as financial gains/losses in the income statement.

The total fair value of interest hedging financial instruments amounts to net liability of EUR (10.5) million at 30 June 2009 (2008: EUR (13.4) million).

2.9.6.2.1. Interest rate caps/floors (collars)

The table below sets out the collars the Group uses.

Currency	Amount, million	Cap rate, %	Floor rate, %	Premium, %	End date	Fair value in EUR million: Assets / (Liability)	
						30.06.2009	31.12.2008
EUR	377.8	4.50	3.75	0.12	25.04.11	(9.7)	(6.9)
USD	150.0	5.50	4.50	-0.01	31.07.10	(4.8)	(5.5)
PLN	75.0	5.50	4.00	0.85	15.11.09	0.0	0.1
EUR	175.0	4.00	n/a	1.11	12.05.14	2.2	-
EUR	175.0	4.00	n/a	0.6	13.05.13	1.3	-
USD	50.0	4.00	n/a	1.13	13.05.13	0.4	-
USD	50.0	4.00	n/a	1.91	12.05.14	0.7	-

2.9.6.2.2. Forward Rate Agreements (FRA's)

The Group has entered into three successive Euro forward rate agreements, each with a notional value of EUR 94.5 million:

- Jan 2009 - April 2009 Euro FRA: 3.9%;
- April 2009 - July 2009 Euro FRA: 3.6%;
- July 2009 - October 2009 Euro FRA: 3.6%.

The fair value of the FRA's at 30 June 2009 is EUR (0.6) million (2008: EUR (1.1) million).

2.10. Provisions

31.12.2008	(in EUR million)	30.06.2009
8.3	Current	14.7
11.4	Non-current	9.0
19.7	**Total**	**23.7**

(in EUR million)	Retirement and assimilated benefits	Claims received	Restructuring	Others	Total
At 1 January 2009	**4.5**	**2.1**	**5.0**	**8.1**	**19.7**
Additional provision in the year	2.4	0.8	2.3	2.5	8.0
Utilisation of provision	-	-	(1.8)	(0.8)	(2.6)
Unused amounts reversed	(0.7)	(0.1)	(0.4)	(0.5)	(1.7)
Reclassification					-
Translation adjustment				0.3	0.3
At 30 June 2009	**6.2**	**2.8**	**5.1**	**9.6**	**23.7**

Retirements and assimilated benefits are provisions recorded in accordance with IAS 19 and accruals for employee contributions. Claims mainly relate to product liability claims from customers.
The addition to the restructuring and other provisions for the first six months 2009 mainly relates to costs incurred by the strategic reorganisation plans (see Note 2.3).

2.11. Segment information

The Group is organised into two principal businesses, Animal Nutrition and Pet Food. The Animal Nutrition division is mainly composed of the complete feed, premix, and specialties businesses. The Animal Nutrition division is managed based on geographical clusters which the Group, together with Pet Food, has determined to be its reportable segments. Reportable segment are therefore as follows:

- Pet Food;
- Animal Nutrition France and Switzerland;
- Animal Nutrition North West Europe (The Netherlands, Belgium, Germany, The UK, Ireland);
- Animal Nutrition Poland and Ukraine;
- Animal Nutrition Other Central and Eastern Europe (Russia, Hungary, Romania, Bulgaria);
- Animal Nutrition North America (USA, Canada);
- Animal Nutrition Latin America (Brazil, Argentina, Columbia);
- Animal Nutrition Other (Spain, Portugal, Citura, Greece, China, Vietnam, India, Jordan, South Africa).

The Group has identified the Chairman of the “Executive Management Committee” (EMC), Ton van der Laan as its Chief Operating Decision Maker (CODM). Ton van der Laan is the Group CEO. Segment performance is reviewed by the CODM based on Net Operating Income ("NOI Management").

Segment "NOI Management" is defined as Profit from operations before other operating income / (expense), Group management fees and certain other income and expenses defined as exceptional and non-recurrent by Group management.

Segment "EBITDA management" is defined as segment "NOI Management" before depreciation and amortisation.

Income statement line item	**January – June 2009**	**January – June 2008**
(Loss) / profit from operations	**(19.1)**	**53.0**
Other operating income / (expense)	68.2	3.0
Additional items identified by management as "non-recurring"	2.6	4.6
"NOI Management"	**51.7**	**60.6**
Depreciation and amortisation	16.0	17.1
"EBITDA Management"	**67.7**	**77.7**

Other operating income and expenses, financial income and expenses and taxes are managed on a Group basis.

(in EUR million)	Revenue		"NOI Management"		"EBITDA Management"	
Jan-June (six months)	**2009**	**2008**	**2009**	**2008**	**2009**	**2008**
Pet Food	108.9	104.1	3.7	3.1	6.9	6.0
Animal Nutrition France / Switzerland	102.2	110.3	8.2	8.5	9.7	9.9
Animal Nutrition North West Europe	77.4	93.0	6.2	6.8	7.8	8.2
Animal Nutrition Poland/Ukraine	136.2	256.5	0.9	11.3	2.9	13.9
Animal Nutrition Other Central and Eastern Europe	104.4	153.9	9.7	10.0	11.4	11.9
Animal Nutrition North America	114.2	115.9	11.3	9.7	12.4	10.9
Animal Nutrition Latin America	86.4	82.7	10.9	8.3	11.3	8.9
Animal Nutrition Other	110.9	179.2	13.6	17.5	15.0	19.9
Eliminations						
Holding			(12.8)	(14.6)	(9.7)	(11.9)
Total	**840.6**	**1,095.6**	**51.7**	**60.6**	**67.7**	**77.7**

(in EUR million)	Assets		Liabilties	
Jan-June (six months)	**2009**	**2008**	**2009**	**2008**
Pet Food	161.9	167.8	131.0	130.4
Animal Nutrition France / Switzerland	132.9	207.2	117.1	111.4
Animal Nutrition North West Europe	114.7	118.0	50.6	57.5
Animal Nutrition Poland/Ukraine	161.4	189.4	156.2	168.5
Animal Nutrition Other Central and Eastern Europe	114.7	123.5	37.6	47.9
Animal Nutrition North America	124.6	137.9	79.5	95.9
Animal Nutrition Latin America	63.8	53.2	36.5	31.3
Animal Nutrition Other	156.0	158.9	94.7	101.3
Eliminations	(170.4)	(167.1)	(180.4)	(169.5)
Holding	522.3	397.6	703.0	645.3
Total	**1,381.9**	**1,386.3**	**1,225.8**	**1,220.0**

2.12. Claims and litigation

The Group continues to be involved in legal proceedings concerning funds defrauded by a former employee prior to the demerger from Eridania Béghin-Say in 2001.

As a result of the demerger agreement, the Group remains jointly liable for all former Eridania Béghin-Say liabilities which cannot be attributed directly to one of the demerged groups.

The Group considers that the likelihood of the matters set out in the preceding paragraphs having a material impact on the consolidated financial statements of the group is remote.

Management is aware of no other matters likely to have a significant impact on the consolidated financial position of the Group for which provision has not been made.

2.13. Commitments and contingent liabilities

31.12.2008	(in EUR million)	30.06.2009
	Guarantees given of which:	
471.9	Other pledges on assets, receivables and stocks (1)	460.4
10.8	Guarantees and counter guarantees given to third parties	13.1
80.1	Foreign exchange hedging	73.0
24.5	Other commitments in connection with commodity contracts	37.7
17.8	Operating lease agreements	19.9
48.6	Other commitments	25.4
653.7	**Total**	**629.5**

(1) For the purpose of the Principal Financing Agreement Provimi has also provided to its lenders pledges on the shares in different Provimi entities (30 June 2009: EUR 1,138 million, 2008: EUR 1,219 million).

2.14. Event subsequent to the balance sheet date

On 7 August 2009, the Group announced that it had acquired, as part of its authorised share buy back programme, 2,535,613 shares representing 9.72% of its issued share capital, for EUR 10.7 per share.

2.15. Approval of the financial statements

The condensed interim consolidated financial statements were approved by the Board of Directors and authorized for issue on 27 August 2009.

Certification

I certify that, to my knowledge, the financial statements for the half year have been prepared in accordance with applicable accounting standards and give a true and fair view of assets and liabilities, and of the financial position and results of the Company and its consolidated subsidiaries, and that the half year management report attached provides a true and fair chart of significant events that occurred during the first six months of the year, their effect on the financial statements, the significant transactions with related parties and a description of the main risks and uncertainties for the next six months.

27 August 2009

Ton van der Laan

Chairman and Chief Executive Officer

Independent auditors' review report on the interim financial information for the six months ended 30 June 2009

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INDEPENDENT AUDITORS' REVIEW REPORT

ON INTERIM FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 30 JUNE 2009

This is a free translation into English of the Independent Auditors' review report issued in French and is provided solely for the convenience of English speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

In accordance with our appointment by your Annual General Meeting and in accordance with the requirements of article L. 451-1-2 III of the French *Code monétaire et financier*, we hereby report to you on our review of:

- the accompanying condensed interim consolidated financial statements of Provimi for the period of six months ended 30 June 2009,
- the information contained in the interim management report.

These condensed interim consolidated financial statements are the responsibility of the Board of Directors and were established during a period of economic uncertainty as mentioned, notably, in Note 2.6 of the condensed interim consolidated financial statements. Our role is to express a conclusion on them based on our review.

1. Conclusion on the financial statements

We conducted our review in accordance with professional standards applicable in France. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with professional standards applicable in France and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34 – the IFRS standard applicable to interim financial reporting as adopted by the European Union.

Without qualifying our conclusion, we draw your attention to Note 1.1 of the condensed interim consolidated financial statements that sets out two changes in accounting policy related to IAS 1- Presentation of financial statements and to IFRS 8 - Operating segments, as well as to the wording on pages 9 and page 14 that sets out a change in presentation in the comparatives at 30 June 2008.

2. Specific review – interim management report

We have also reviewed the information given in the interim management report commenting the condensed interim consolidated financial statements subject to our review. We have no matters to report as to its fair presentation and consistency with the condensed interim consolidated financial statements.

Neuilly-sur-Seine and Paris, 27 August 2009

The Independent Auditors

French original signed by

DELOITTE & ASSOCIES ACE AUDIT

Alan GLEN Mansour BELHIBA Alain AUVRAY