First Half Report

2011

Guerbet

Contrast for Life

GUERBET GROUP

FIRST HALF REPORT

30 JUNE 2011

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Interim management report

2011 first-half review

In the 2011 first half Guerbet Group sales grew 8.2% year-on-year.

The Group rebounded strongly from the end of 2010 on renewed growth momentum. Sales were up 3% in Europe and 23% in other regions from last year's first half, with significant sales growth for Lipiodol in the US. Sales outside Europe accounted for 75% of the Group's growth.

Dotarem sales grew 16.4% worldwide (14.4% in Europe and 27.4% in other regions). This product's leadership position was strengthened in Europe with a market share that has now reached 42%.

Xenetix achieved moderate gains worldwide with an increase in sales of 1.9% (-5.9% in Europe and +21.2% in other regions).

In the first half, the Group had current operating income of €13.5 million (or a current operating margin of 7%) compared to €12.1 million (6.8%) for the equivalent prior-year period.

Good performances by Dotarem in all regions and Lipiodol in the US contributed to an improvement in the gross margin driven by a favourable product mix. Results were up despite an increase in development expenditures related to the registration of Dotarem in the US.

For the same period, net income declined slightly to €8.2 million or a net margin of 4.2% compared with €8.6 million and 4.8% respectively last year, reflecting the reversal in foreign exchange trends and an increase in corporate income tax.

Improved operating results along with tight control over working capital requirements limited the rise in debt that stood at €97.7 million.

Outlook:

Growth trends for sales in 2011 remain positive for the full year. New chemical facilities gradually coming online at the Marans and Lanester sites will contribute to increased capacity and improved margins in the second half, despite pressures in markets for raw materials.

Investments for the Aulnay site (a new pharmaceutical filling unit) are being implemented according to the road map and represent the last major milestone of the Cap 2016 strategic plan.

With the clinical trial programme for the filing of Dotarem in the US proceeding according to plan, we expect an application to be filed for cervical angiography in 2012.

Principal risks and uncertainties for the remaining six months of the fiscal year

Readers are invited to consult page 37 of Guerbet's 2010 registration document filed with the AMF, the French financial market authority (No. D.11-0278) on 11 April 2011 that may be consulted directly at the websites of the AMF or Guerbet (*http://www.guerbet.com*). Readers are moreover informed that no material risks or uncertainties have arisen since this date and concerning the remaining six months of the fiscal year.

Major related party transactions of the first six months

Readers are invited to consult Note 25 of the consolidated financial statements on page 88 and Note 31 on p. 91 (that describe equity interests of the parent company) of the 2010 registration document filed with the AMF (No. D.11-0278) on 11 April 2011 that may be consulted directly at the websites of the AMF or Guerbet *(http://www.guerbet.com)*. Readers are moreover informed that no material related party transactions have occurred since this date and concerning the first six months.

Chairman - Chief Executive Officer

Jean-Jacques Bertrand

Financial highlights

In thousands of euros – IFRS	30 June 2011	30 June 2010
Net sales	193,612	178,904
Current operating income (EBIT)	13,458	12,096
Net income	8,195	8,558
Cash flow [1]	17,880	19,806
Capital expenditures	16,670	17,506
Research and development expenditures	20,711	18,178
Shareholders' equity	212,200	211,033
Net debt [2]	97,739	89,072
Employees [3]	1,356	1,310

Trading activity

		Closing price (in euros)[4]	Trading volume (number of shares)	Trading volume (in thousands of euros)
2010	January	97.17	15,629	1,543
	February	90.41	9,069	865
	March	89.81	18,802	1,692
	April	87.15	23,971	2,086
	May	78.97	33,117	2,762
	June	85.00	13,665	1,083
	July	78.14	8,493	684
	August	80.00	32,328	2,365
	September	75.55	14,491	1,173
	October	77.00	11,701	900
	November	66.66	53,900	3,930
	December	65.61	58,987	3,805
2011	January	62.60	39,618	2,584
	February	69.15	20,040	1,304
	March	70.00	59,704	3,962
	April	69.40	24,827	1,690
	May	77.62	35,496	2,646
	June	78.00	28,564	2,172

[1] After net interest expense and tax.
[2] Net debt is defined as borrowings less cash and cash equivalents.
[3] Workforce at the end of the period.
[4] The closing price of the last trading day of the month in question.

CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2011

On 27 July 2011, the Board of Directors authorised the publication of the condensed interim consolidated financial statements of Guerbet for the six-month period ended 30 June 2011.

The consolidated condensed interim financial of 30 June 2011 should be read in conjunction with the consolidated financial statements for the period ended 31 December 2010 as presented in the registration document (*document de référence*) filed with the French financial market authorities (*Autorité des Marchés Financiers*) on 11 April 2011 under No. D.11-0278.

▪ Consolidated balance sheet

ASSETS (net) In thousands of euros	Note	30 June 2011	31 December 2010
Intangible assets	1	32,809	34,190
Property, plant and equipment	1	172,328	166,223
Other non-current assets		1,893	6,640
Deferred tax assets	2	9,437	7,132
Total non-current assets		**216,467**	**214,185**
Inventories	3	92,774	91,067
Trade receivables and related accounts		88,953	85,867
Current assets held for sale			
Other current financial assets		19,352	21,681
Cash and cash equivalents		11,203	9,210
Total current assets		**212,282**	**207,825**
TOTAL ASSETS		**428,749**	**422,010**

LIABILITIES AND EQUITY (net) In thousands of euros	Note	30 June 2011	31 December 2010
Share capital	4	12,200	12,200
Other reserves		187,068	186,658
Consolidated net income		8,195	5,880
Currency translation adjustments		4,737	5,778
Shareholders' equity		**212,200**	**210,516**
Equity attributable to shareholders of the parent		**212,200**	**210,516**
Non-current financial liabilities	6	87,241	85,541
Other non-current financial liabilities		465	664
Deferred tax liabilities	2	7,298	5,820
Current provisions	5	13,309	13,157
Total non-current liabilities		**108,313**	**105,182**
Trade payables and equivalent		35,572	39,462
Current financial liabilities	6	21,701	13,349
Other financial liabilities		34,508	37,155
Current tax liabilities		9,561	8,677
Current provisions	5	6,894	7,669
Total current liabilities		**108,236**	**106,312**
TOTAL LIABILITIES AND EQUITY		**428,749**	**422,010**

▪ Consolidated income statement

In thousands of euros	30 June 2011	30 June 2010
Net sales	**193,612**	**178,904**
Royalties	19	62
Other revenue	883	430
Supplies used in operations	(50,215)	(49,102)
Staff costs	(50,044)	(47,226)
External charges	(63,411)	(54,467)
Taxes other than on income	(6,055)	(6,133)
Allowances for depreciation and amortisation	(10,658)	(9,687)
Net allowances for reserves	1,671	(163)
Change in work in progress and finished goods	(1,564)	643
Other current operating income and expenses	(780)	(1,165)
Current operating income (EBIT)	**13,458**	**12,096**
Other operating income and expenses	(12)	199
Operating profit	**13,446**	**12,295**
Income from cash and cash equivalents	26	20
Finance costs	(1,476)	(1,640)
Net interest expense	**(1,450)**	**(1,620)**
Currency gains and losses	(418)	536
Other financial income and charges	25	(7)
Income tax	(3,408)	(2,646)
Consolidated net income	**8,195**	**8,558**
Income attributable to equity holders of the parent company	8,195	8,558
Basic earnings per share (€)	2.69	2.81
Basic earnings per share (€)	2.64	2.75

▪ Statement of net profit and income and expense recognised directly in equity

In thousands of euros	30 June 2011 (6 months)	30 June 2010 (6 months)
Net income	**8,195**	**8,558**
Income and expense recognized directly in equity		
Currency translation adjustments	(1,041)	3,846
Total net profit and income and expense recognised directly in equity	**7,154**	**12,404**

▪ Consolidated statement of cash flows

In thousands of euros	30 June 2011 (6 months)	30 June 2010 (6 months)
Net income	**8,195**	**8,558**
Allowances and reversals of provisions for fixed assets	10,658	9,666
Allowances and reversals for contingencies	(623)	1,084
Changes in fair value of hedging instruments	(409)	326
Stock option expenses	10	44
Income from the disposal of fixed assets and other adjustments	49	128
Cash flow after net interest expense and tax	**17,880**	**19,806**
Net interest expense	1,450	1,620
Tax expenses (including deferred tax)	3,408	2,648
Cash flow before net interest expense and tax	**22,738**	**24,072**
Tax payments	(705)	2,128
Change in operating working capital requirements (including liabilities relating to employee benefits)	**(6,763)**	**(11,244)**
Change in inventories	(1,707)	(8,036)
Change in trade receivables and related accounts	(3,354)	(7,981)
Change in trade payables and related accounts	(3,811)	2,862
Change in other assets	1,671	2,937
Change in other liabilities	438	(1,026)
CASH FLOWS FROM OPERATING ACTIVITIES (A)	**15,270**	**14,956**
Capital expenditures	**(16,670)**	**(17,506)**
for intangible assets	(393)	(800)
for property, plant and equipment	(16,082)	(16,434)
for financial assets	(195)	(273)
Proceeds from the disposal of fixed assets	422	245
CASH FLOWS FROM INVESTING ACTIVITIES (B)	**(16,248)**	**(17,261)**
Dividends paid	(5,481)	(6,832)
Capital increases	-	106
New long-term debt	15,250	34,184
Repayment of borrowings	(11,914)	(22,632)
Net interest payments (including finance lease agreements)	(1,462)	(1,675)
CASH FLOWS FROM FINANCING ACTIVITIES (C)	**(3,607)**	**3,151**
Impact of foreign exchange fluctuations (D)	(150)	474
NET CHANGE IN CASH AND CASH EQUIVALENTS (A) + (B) + (C) + (D)	**(4,735)**	**1,320**
OPENING CASH AND CASH EQUIVALENTS	**3,633**	**(728)**
CLOSING CASH AND CASH EQUIVALENTS	**(1,102)**	**592**

▪ Statement of changes in shareholders' equity

In thousands of euros	Share capital	Retained earnings	Income	Change in cumulative translation adjustments	Total
Balance at 1 January 2010	**12,167**	**171,586**	**20,495**	**1,058**	**205,306**
Capital increase	33	292			325
Capitalisation of 2009 consolidated income		20,495	(20,495)		-
Stock options		87			87
Distribution of dividends		(6,832)			(6,832)
2010 consolidated income			5,880		5,880
Actuarial gains and losses		1,023			1,023
Currency translation adjustments				4,720	4,720
Other changes		7			7
Balance at 31 December 2010	**12,200**	**186,658**	**5,880**	**5,778**	**210,516**
Capitalisation of 2010 consolidated income		5,880	(5,880)		-
Stock options		10			10
Distribution of dividends		(5,481)			(5,481)
2011 consolidated first-half income			8,195		8,195
Currency translation adjustments				(1,041)	(1,041)
Other changes		1			1
Balance at 30 June 2011	**12,200**	**187,068**	**8,195**	**4,737**	**212,200**

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2011

In thousands of euros

I) Significant accounting policies

The accounting principles applied for the condensed interim consolidated financial statements of 30/06/2011 are the same used for the annual consolidated financial statements of 31 December 2010 (available for consultation at the Group's website: www.guerbet.com).

The new standards and interpretations whose application became mandatory on 1 January 2011, did not have an impact on the financial statements prepared on 30 June 2011.

- IFRS 1 amendment: exemptions from IFRS 7 disclosures
- IAS 24: related party disclosures (revised)
- Amendment to IAS 32: classification of rights issues
- Annual improvements to IFRSs (May 2010)
- Amendment to IAS 14: prepayments of minimum funding requirements
- IFRIC 19: extinguishing financial liabilities with equity instruments

The new standards and interpretations that must be applied in 2011 were not applied in advance for the period ended 30 June 2011.

The condensed consolidated financial statements of 30 June 2011 have been prepared in accordance with IAS 34 "Interim financial reporting" which provides for the presentation of selected notes. The condensed interim financial statements must be read in conjunction with the consolidated annual financial statements for the fiscal year ended 2010.

The condensed consolidated financial statements of the Group are presented in thousands of euros except where indicated otherwise. They were prepared by the Board of Directors on 27 July 2011.

II) Seasonality

Sales are not subject to materials seasonal trends.

III) Payment of dividends

In the first half of 2011, shareholders were paid a dividend of €1.80 per share.

IV) Management of financial risks

In compliance with its risk management policy, Guerbet hedges the main balance sheet accounting risks and does not have market positions open not backing such risks.

a. Foreign exchange hedging positions opened by Guerbet in the 2011 first half

A forward exchange contract represented a total commitment remaining open of €1.7 million at 30 June 2011.

b. Exposure to currency fluctuations at 30 June 2011

In millions of euros	USD	BRL	JPY	TRY	CHF	KRW	HKD	GBP	TWD	MXN	Total*
Budget risk **	-6.39	0.00	-2.37	0.91	3.98	-0.07	0.79	0.97	0.00	1.12	16.59
Balance sheet risk ***	-0.12	0.01	0.00	1.78	0.64	-0.01	0.03	0.33	0.00	0.73	3.65
Position before hedging (3=1+2)	-6.50	0.01	-2.37	2.69	4.62	-0.09	0.82	1.30	0.00	1.86	20.25
Outstanding hedges (4)	0.00	0.00	0.00	-1.53	0.00	0.00	0.00	0.00	0.00	0.00	1.53
Position after hedging (5=3+4)	-6.50	0.01	-2.37	1.16	4.62	-0.09	0.82	1.30	0.00	1.86	18.72

* Total in absolute values.
** Budget risk concerns future commercial flows for which firm orders have not yet been placed or invoices not yet booked. This risk has no immediate impact on the income statement.
*** Balance sheet risk concerns all assets and liabilities in non-euro zone foreign currencies.

Analysis of the sensitivity of net financial income (expense) to the balance sheet foreign exchange risk for key currencies

The principal sensitivity concerns foreign currencies unhedged at 30 June 2010. The following table presents the impact on net financial income of a 10% change of these currencies against the euro.

In thousands of euros	30 June2011	30 June2010
MXN	73	1
CHF	64	15
GBP	33	33

c. Interest-rate risks

Guerbet Group's debt consists primarily of floating-rate debt. The goal of Guerbet Group’s interest-rate hedging strategy is to lock-in rates for 75% of its floating-rate debt through the use of swaps, caps and floors.

d. Interest-rate hedging positions assumed by Guerbet in 2011 first half

In the 2011 first half no new hedges were implemented.
At 30 June 2011, 74% of this above-mentioned debt was hedged.

e. Exposure to interest rate changes at 30 June 2011

In thousands of euros	Current debt*	Non-current debt	Total
Financial liabilities at fixed-rates	(3,146)	(1,929)	(5,075)
Financial liabilities at floating-rates	(19,338)	(84,529)	(103,867)
Financial assets at floating-rates	11,203		11,203
Net balance before hedging** :			
- fixed-rate	(3,146)	(1,929)	(5,075)
- floating-rate	(8,135)	(84,529)	(92,664)
Off-balance sheet***		66,357	66,357
Net balance after hedging			
- fixed-rate	(3,416)	(68,286)	(71,432)
- floating-rate	(8,135)	(18,172)	(26,307)

On the basis of the Group 2011 cash budget, for the second half average floating-rate debt not hedged by financial instruments would total approximately €25 million.
The major share of floating-rate debt has been covered by interest rate swaps to hedge against balance sheet liabilities in the case of interest rate increases.

f. Analysis of the sensitivity of net financial income to interest-rate risks after hedging

Interest rate change of:	1%
Change in net financial income	€263,070

* Total financial assets and liabilities at floating-rates plus short term fixed-rate assets and liabilities.
** Total of differences (assets - liabilities) at fixed rates and (assets - liabilities) at floating-rates.
*** Interest rate and corridor swaps (receiving floating-rate and paying fixed rates).

V) <u>Segment reporting</u>

All Group activity is conducted in a single business segment covering the research and development, manufacturing and sale of contrast agents for medical imaging.

In consequence, the Group presents segment information by geographical area that corresponds to the internal reporting statements used by Management for operating purposes.

The geographical segments presented below have been defined on the basis of an analysis of risks and returns into two subgroups that reflect the Group's internal organisation and Guerbet's different strategies for development in these markets:

- The main European markets where Guerbet Group has developed long-term relations with its customers and a strong position through its network of pharmaceutical sales representatives.

- Other markets where the Group has a direct presence through sales subsidiaries only in selected countries (Brazil, South Korea, China, USA, etc.) where sales are generated primarily from license or distribution agreements. Among the latter, the Group is focused in particular on pursuing development in the United States and Japan that by themselves represent more than half the world market.

For the purpose of additional information, a breakdown of sales by product line (uro-angio, MRI and other) is also provided.

1. Geographical segment information

Segment information is provided on the basis of the geographical location of companies with an additional market breakdown for sales.

"European companies" include European countries where the Group operates through its own network of pharmaceutical sales representatives and notably: Germany, Austria, Belgium, Spain, France, United Kingdom, Netherlands, Italy, Portugal, Switzerland, Turkey.

The portion not allocated to operating income corresponds to headquarters administrative expenses, research and development expenditures and factory overheads not allocated to products and that represent components able to be allocated to the different sectors only on an arbitrary basis.

Research and development expenses and corporate support functions are based in France.

30 June 2011	European companies (for their respective markets)	Other	Unallocated	Total
Net sales				
European markets	130,873	5,512		136,385
Other markets		57,227		57,227
Total sales	**130,873**	**62,739**		**193,612**
Current operating income (EBIT)	**50,611**	**15,553**	**(52,706)**	**13,458**
Other operating income and expenses				(12)
Operating profit				**13,446**
Net interest expense				(1,450)
Other financial income and charges				(393)
Tax charge				(3,408)
Net income				**8,195**
- of which amortisation and depreciation	(1,426)	(847)	(8,385)	(10,658)
- of which other expenses without an impact on cash	119	(513)	2,065	1,671
Segment assets	351,303	77,446		428,749
- of which fixed assets	185,611	21,419		207,030
Segment liabilities excluding borrowings	109,607	10,287		119,894
Borrowings	90,151	6,443		96,594
Shareholders' equity			212,200	212,200
Segment capital expenditures				
- of which intangible assets	370	23		393
- of which property, plant and equipment	14,903	1,179		16,082

30 June 2010	European companies (for their respective markets)	Other	Unallocated	Total
Net sales				
European markets	127,146	5,211		132,357
Other markets		46,547		46,547
Total sales	**127,146**	**51,759**		**178,904**
Current operating income (EBIT)	**47,529**	**8,616**	**(44,049)**	**12,096**
Other operating income and expenses				199
Operating profit				**12,295**
Net interest expense				(1,620)
Other financial income and charges				529
Tax charge				(2,646)
Net income				**8,558**
- of which amortisation and depreciation	(1,380)	(955)	(7,352)	(9,687)
- of which other expenses without an impact on cash	(187)	33	(9)	(163)
Segment assets	329,472	86,443		415,915
- of which fixed assets	168,338	24,798		193,136
Segment liabilities excluding borrowings	101,122	14,137		115,259
Borrowings	82,871	6,752		89,623
Shareholders' equity			211,033	211,033
Segment capital expenditures				
- of which intangible assets	769	31		800
- of which property, plant and equipment	15,603	831		16,434

2 – Sales by product

In thousands of euros	30 June2011	30 June 2010
X-ray	50.2%	55.0%
MRI	38.7%	36.1%
Other	11.1%	8.9%
Total	**100.0%**	**100.0%**

VI) Notes to financial statement items (tables in thousands of euros)

Note 1 - Property, plant and equipment and intangible assets

In the 2011 first half, the Group invested €16.1 million for property, plant and equipment and €0.4 million for intangible assets primarily in France in connection with projects to expand and increase capacity of the Aulnay, Lanester and Marans plants.

The net value of fixed assets decreased €0.9 million, including €0.7 million for intangible fixed assets, in response to changes in exchange rate trends in relation 31 December 2010.

Note 2 - Deferred tax assets and liabilities

	30 June2011	30 June 2010
Deferred tax assets	9,437	9,957
Deferred tax liabilities	(7,298)	(6,046)
Total	**2,139**	**3,911**
Of which deferred taxes resulting from:		
Recognition of tax losses	7,910	10,743
Temporary differences	9,203	8,819
Restatement of regulated provisions	(10,123)	(7,310)
Remeasurement of property, plant and equipment	(2,772)	(2,896)
Remeasurement of intangible assets	(8,524)	(9,889)
Restatement of inventory margins	4,652	4,498
Restatement of provisions for subsidiary risks	-	(838)
Capital leases	(411)	(584)
Other	2,204	1,368

Note 3 - Inventory

In an environment of sales growth, global inventory levels have remained steady since January 2011, benefiting from improved cost prices.

By type of inventory, out of the total increase of €0.5 million in the gross value, the increase in inventories for manufactured products accounted for more than €3 million, offset by a reduction in supplies and trade goods.

Note 4 – Shareholders' equity

At 30 June 2011, the share capital of the company was 3,050,046 shares with a par value of €4 per share. The Group has 5,107 treasury shares.

The share capital has not changed since 31 December 2010.

Note 5 – Provisions

Changes in the period

	31 December 2010	Allowances	Reversals	Currency translation adjustments & reclassifications	30 June 2011
Non-current provisions					
Deferred employee benefits	13,157	229	(73)	(4)	13,309
Current provisions					
Costs for mandatory paediatric studies	346			(26)	320
Tax contingencies	1,717	31	(61)	(25)	1,662
Sales-related lawsuit contingencies	493				493
Anticipated losses on purchase commitments	4,258		(685)		3,573
Other contingencies	855	117	(114)	(12)	846
Total current provisions	**7,669**	**148**	**(860)**	**(63)**	**(6,894)**
Total provisions	**20,826**	**377**	**(933)**	**(67)**	**20,203**

Note 6 – Borrowings

6 - 1 Analysis by nature

	30 June2011	31 December 2010
Long-term borrowings (non-current liabilities) of which	**87,241**	**85,541**
Securitization	17,535	17,686
Special profit-sharing reserve	1,175	1,193
Capital leases	-	-
Medium-term borrowings (maturities > / = 1 year)	25,874	23,846
Other borrowings	42,657	42,816
Short-term borrowings (current liabilities) of which:	**21,701**	**13,349**
Capital leases	2,193	1,963
Medium-term borrowings (maturities < 1 year)	-	-
Other borrowings	7,203	5,824
Short-term bank loans & overdrafts	12,305	5,562
Total financial liabilities	**108,942**	**98,890**

Note 7 – Contingent assets and liabilities

In December 2008, the request for aid submitted to OSEO innovation agency for the Franco-German research project, Iseult, was approved by the European commission. The aid agreement provides for financing for one half of the expenses incurred including 39% in the form of repayable advances and 61% in the form of grants.

An initial payment of €3.4 million was received in December 2008 upon the signature of the agreement. This amount is divided into a repayable advance of €1.1 million recognised under non-current borrowings and a grant of €2.3 million recorded under other financial liabilities. It has no impact on the income statement.
OSEO performs a review on an annual basis in the second half of research expenditures incurred by Guerbet from 1 July of the preceding year to 30 June of the year in progress and on that basis pays an amount equal to one half approved expenses, in the form of grants or repayable advances.

Research expenditures incurred from 1 July 2010 to 30 June 2011 will be submitted for approval to OSEO in the 2010 second half for a grant receivable of €2.6 million.

No other contingent assets or liabilities have been identified.

Note 8 – Staff costs

Main characteristics and criteria for measuring share-based payments:

a) Stock option and stock purchase option highlights

Grant date	Number	Share price on date of grant	Volatility	Risk-free rate	Exercise price	Vesting period
26 March 2009	2,000 [1]	€112.00	35%	3.80%	€112,26	2 years

b) Breakdown of share-based payments per year

Year	Benefits in € thousands
2009	67
2010	87
2011	10
Total	**164**

Note 9 – Corporate income tax

9-1 - Breakdown between current and deferred income tax

	30 June 2011	30 June 2010
Current tax	(4,467)	(6,151)
Deferred tax	1,059	3,505
Total	**(3,408)**	**(2,646)**

9-2 – Analysis of the effective tax charge

	30 June 2011	30 June 2010
Theoretical tax charge for the consolidated company at applicable tax rate (*)	(3,995)	(3,858)
Impact of different tax rates	604	(498)
Impact of permanent non-deductible or tax-exempt expenses	(1,624)	(1,404)
Impact of tax credits	1,823	2,364
Impact of deferred taxes on unrecognised losses and misc.	(216)	750
Total	**(3,408)**	**(2,646)**
(*) Tax rate	34.43%	34.43%

[1] Stock options for 2 years.

Note 10 – Related parties

10 - 1 Relations with non-consolidated companies

All significant Group subsidiaries are wholly-owned and fully consolidated. Inter-company transactions are eliminated.

10 - 2 Compensation and benefits granted by the Group to members of the Board of Directors and key executive officers

Key senior management comprise the members of the Executive Committee. They received the following compensation and benefits in-kind (in euros):

Short-term benefits	
Gross compensation	**522,123**
of which benefits in-kind	5,550
of which variable compensation [1]	90,650
Post-employment benefits	**44,139**
of which supplementary funded pension schemes	28,107
of which provisions for retirement severance payments	16,032
Share-based payments [2]	**10,000**

Members of the Board of Directors received attendance fees in the first half of €126,561.50 for fiscal 2010.

Note 11 – Subsequent events

There have been no material events since the closing date of 30 June 2011.

[1] The variable portion for each board member depends on the number of individual objectives that were achieved in the prior year. It is adjusted to take into account the performance of the Company or Group in this same year and calculated on the basis of the salary at December 2010.
[2] This concerns expenses recognised in the 2010 first half for stock option grants (cf. note 8).

Statutory auditors' limited review report of the interim consolidated financial statements for the six-month period ending 30 June 2011

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

Dear shareholders,

In our capacity as Statutory Auditors, and in accordance with Article L. 451-1-2 III of the French monetary and financial code, we performed:

- A limited review of the attached consolidated interim financial statements of Guerbet for the six-month from 1 January 2010 to 30 June 2011;
- A verification of the information given in the interim management report.

These interim financial statements were prepared under the responsibility of your Board of Directors. Our responsibility is to express our conclusion on these financial statements based on our limited review.

I – Review of the financial statements

We conducted our limited review in accordance with French professional standards. These standards require that we perform limited procedures to obtain reasonable assurance, below the level resulting from a full audit, that the interim consolidated financial statements do not contain any material misstatements. These procedures that involve principally meeting with management and conducting an analytical review thus provide a lower level of assurance than an audit performed in accordance with professional standards applicable in France and consequently do not result in the issuance of an audit opinion.

Based on our limited review, nothing has come to our attention to suggest that the condensed interim financial statements do not comply in all material respects with IAS 34 in accordance with IFRSs as adopted by the European Union governing interim financial reporting.

Without calling into question the opinion expressed above, we draw your attention to the presentation of significant accounting policies presented in Note 1 to the condensed interim consolidated financial statements.

II – Specific verifications

We have also reviewed the information given in the interim report accompanying the consolidated financial statements that were the subject of our limited review. We have nothing to report with respect to the fairness of such information and its conformity with the financial statements.

Paris and Neuilly-sur-Seine, 27 July 2011

The Statutory Auditors

[*French original signed by*]

Horwath Audit France	**Deloitte & Associés**
Marc de Prémare	Jean-Marie Le Guiner

Responsibility statement for the first half report

To the best of my knowledge, and in accordance with applicable reporting principles for interim financial reporting, the interim consolidated financial statements of Guerbet for the six-month period ending 30 June 2011 give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group and the interim management statement includes a fair view of material events occurring in the first six months, their impact on the interim financial statements, the main transactions with related parties and a description of the key risks and uncertainties for the remaining six months.

Villepinte, 27 July 2011

Jean-Jacques Bertrand

Chairman-CEO

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Translation disclaimer This is a free translation into English of the original French language version of the interim financial statements (*rapport semestriel*) provided solely for the convenience of English speaking readers. This report should consequently be read in conjunction with, and construed in accordance with French law and French generally accepted accounting principles. In the event of any ambiguity or conflict between corresponding statements in the two documents, the French language *rapport semestriel* shall prevail.

A French corporation (*Société Anonyme*) with a capital of €12,200,184
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