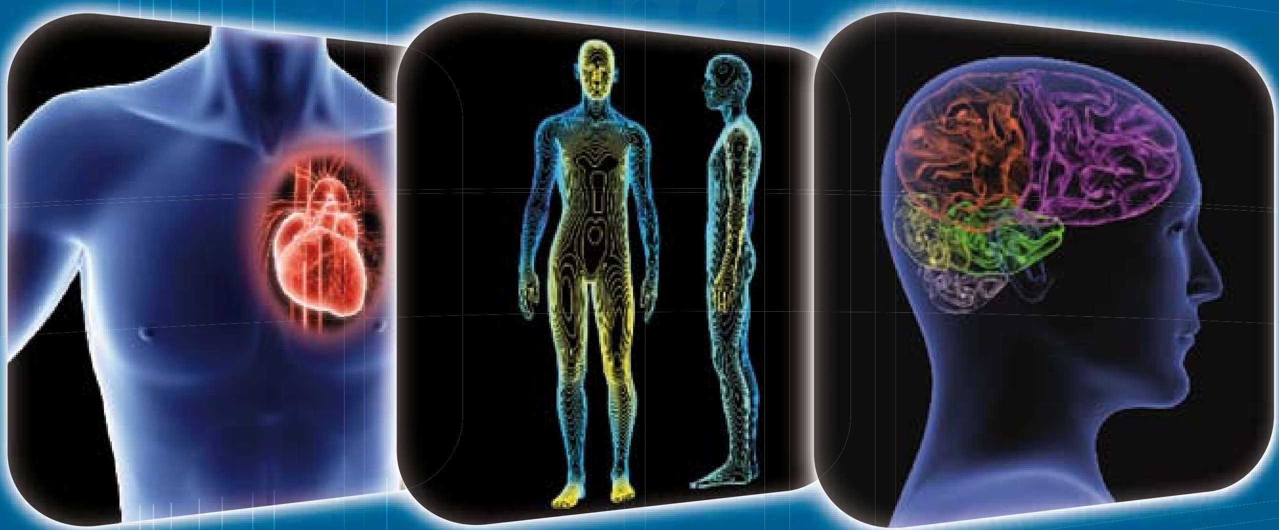
First Half Report



2012

Guerbet
Contrast for Life

GUERBET GROUP

HALF YEARLY REPORT

30 June 2012

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Interim management report

2012 first-half review

In the 2012 first half Guerbet Group sales grew 2.9% year-on-year.

Moderate sales growth for this period was in line with the strategy adopted at the start of the year. The objective of this strategy is to focus on creating value as opposed to achieving sales growth at all costs. Europe was the principal driver of this growth with sales up 4.3% while outside Europe sales remained virtually flat (-0.5%).

Dotarem® sales worldwide grew 5.6%, mainly on the performance of Europe (+8.1%).

Xenetix's® sales revenue declined 1.2% while volume sales rose 2.9%. For this product, sales were down both in Europe (-1.1%) and outside Europe (-1.3%).

In the first half, the Group had Current Operating Income of €21.7 million with a current operating margin of 10.9%, up from €13.5 million and 7.0% respectively for the equivalent prior-year period.

This good performance reflects firstly the positive impact of cost containment measures, reducing operating expenses significantly from 2011, followed by a steady performance for the gross margin, despite rising raw material costs.

Net Income was also up, reaching €13.8 million along with a net margin of 6.9%, up from €8.2 million and 4.2% respectively one year earlier, despite higher borrowing costs and an automatic rise in corporate income tax.

The significant growth in Operating Profit limited the increase in net debt to €106.5 million, despite rising inventories adversely affecting Working Capital Requirements.

Outlook:

The trend for sales growth is expected to be confirmed though should remain below 5% at year-end. Improvements in manufacturing processes and the level of activity should allow us to continue to effectively manage production costs and limit the impact of rising raw material costs.
Savings achieved in the first six months in operating expenses will continue to positively impact Operating Profit in the second half, though to a lesser extent, reflecting the seasonal effect.

With the clinical trial program for the filing of Dotarem® in the US proceeding according to plan, we expect to be able to file an application with the FDA for an indication for central nervous system in September of this year.

Capital expenditures will be higher in the second half of the year and relate mainly to the commissioning for operations of the new primary packaging facility at our Aulnay-sous-Bois site inaugurated in early July.

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

Readers are invited to consult page 39 of Guerbet's 2011 registration document filed with the AMF, the French financial market authority (No. D.12-0349) on 16 April 2012 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 93 and Note 31 on p. 96 (that describe equity interests of the parent company) of the 2011 registration document filed with the AMF (No. D.12-0349) on 16 April 2012 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.

Yves L'Epine

Chief Executive Officer

Financial highlights

In thousands of euros – IFRS	30 June 2012	30 June 2011
Net sales	199,155	193,612
Current operating income	21,659	13,458
Net income	13,816	8,195
Cash flow[1]	25,212	17,880
Capital expenditures	13,280	16,670
Research and development expenditures	18,390	20,711
Shareholders' equity	222,125	212,200
Net debt[2]	106,492	97,739
Employees[3]	1,368	1,356

Trading activity

	High (in euros)	Low (in euros)	Trading volume (number of shares)	Trading volume (in thousands of euros)
January 2011	71.50	62.40	39,618	2,584.47
February 2011	69.45	61.73	20,040	1,303.72
March 2011	73.12	61.50	59,704	3,962.11
April 2011	71.50	64.90	24,827	1,690.02
May 2011	79.00	69.90	35,496	2,646.02
June 2011	79.00	72.00	28,564	2,172.01
July 2011	89.00	78.00	54,439	4,509.76
August 2011	85.50	71.53	21,202	1,635.84
September 2011	77.14	60.28	32,790	2,171.33
October 2011	72.60	60.00	24,352	1,615.50
November 2011	70.20	62.50	11,756	789.74
December 2011	69.00	63.20	5,658	370.63
January 2012	70.00	61.00	22,579	1,452.51
February 2012	67.80	60.11	44,305	2,831.33
March 2012	85.00	63.21	51,623	4,031.64
April 2012	77.97	68.30	19,423	1,364.29
May 2012	71.99	60.00	11,445	754.53
June 2012	68.80	62.29	53,503	3,459.52

[1] After the cost of net financial debt and tax.
[2] Net debt is defined as borrowings less cash and cash equivalents.
[3] Workforce at the end of the period.

INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2012

On 26 July 2012, the Board of Directors authorised the publication of the interim condensed consolidated financial statements of Guerbet for the six-month period ended 30 June 2012.

The interim condensed consolidated financial statements of 30 June 2012 should be read in conjunction with the consolidated financial statements for the period ended 31 December 2011 as presented in the registration document (*document de référence*) filed with the French financial market authorities (*Autorité des Marchés Financiers*) on 16 April 2012 under No. D.12-0349.

▪ Consolidated balance sheet

ASSETS (net) In thousands of euros	Note	30 June 2012	31 December 2011
Intangible assets	1	35,388	35,772
Property, plant and equipment	1	183,487	183,141
Non-current financial assets		4,449	7,590
Deferred tax assets	2	10,210	10,896
Total non-current assets		**233,534**	**237,399**
Inventories	3	118,147	104,495
Trade receivables and related accounts		85,611	85,254
Current assets held for sale		-	-
Other current financial assets		19,958	14,699
Cash and cash equivalents		4,714	7,872
Total current assets		**228,430**	**212,320**
TOTAL ASSETS		**461,964**	**449,719**

LIABILITIES AND EQUITY (net) In thousands of euros	Note	30 June 2012	31 December 2011
Share capital	4	12,200	12,200
Other reserves		194,161	185,023
Consolidated net income		13,816	14,427
Currency translation adjustments		1,948	3,148
Shareholders' equity		**222,125**	**214,798**
of which attributable to equity holders of the parent company		222,125	214,798
Non-current financial liabilities	6	82,751	79,518
Other non-current financial liabilities		2,190	1,529
Deferred tax liabilities	2	8,312	8,603
Non-current provisions	5	17,532	16,871
Total non-current liabilities		**110,785**	**106,521**
Trade payables and equivalent		49,125	48,409
Current financial liabilities	6	28,455	28,393
Other financial liabilities		38,447	40,642
Current tax liabilities		10,619	5,781
Current provisions	5	2,408	5,175
Total current liabilities		**129,054**	**128,400**
TOTAL EQUITY AND LIABILITIES		**461,964**	**449,719**

▪ Consolidated income statement

In thousands of euros	30 June 2012	30 June 2011
Revenue	**199,155**	**193,612**
Royalties	27	19
Other revenue	418	883
Supplies used in operations	(65,294)	(50,215)
Staff costs	(54,089)	(50,044)
External charges	(56,541)	(63,411)
Taxes other than on income	(7,258)	(6,055)
Allowances for depreciation and amortisation	(11,144)	(10,658)
Net allowances for reserves	2,396	1,671
Change in work in progress and finished goods	14,799	(1,564)
Other current operating income and expenses	(810)	(780)
Current operating income	**21,659**	**13,458**
Other operating income and expenses	58	(12)
Operating profit	**21,717**	**13,446**
Income from cash and cash equivalents	25	26
Finance costs	(2,191)	(1,476)
Net interest expense	**(2,166)**	**(1,450)**
Currency gains and losses	(151)	(418)
Other financial income and charges	327	25
Income tax	(5,911)	(3,408)
Consolidated net income	**13,816**	**8,195**
of which attributable to equity holders of the parent company	13,816	8,195
Net basic earnings per share (€)	4.53	2.69
Net diluted earnings per share (€)	4.28	2.64

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

In thousands of euros	30 June 2012 (6 months)	30 June 2011 (6 months)
Net income	**13,816**	**8,195**
Income and expense recognised directly in equity		
Currency translation adjustments	(1,200)	(1,041)
Total net profit and income and expense recognised directly in equity	**12,616**	**7,154**

▪ Consolidated statement of cash flows

In thousands of euros	30 June 2012 (6 months)	30 June 2011 (6 months)
Net income	**13,816**	**8,195**
Allowances and reversals of provisions for fixed assets	11,147	10,658
Allowances and reversals for contingencies	(2,106)	(623)
Fair value changes in hedging instruments	661	(409)
Stock option expenses	206	10
Income from the disposal of fixed assets and other adjustments	1,488	49
Cash flow after net interest expense and tax	**25,212**	**17,880**
Net interest expense	2,166	1,450
Tax expenses (including deferred tax)	5,911	3,408
Cash flow before net interest expense and tax	**33,289**	**22,738**
Tax payments	(961)	(705)
Change in operating working capital requirements (including liabilities relating to employee benefits)	**(17,244)**	**(6,763)**
Change in inventories	(13,652)	(1,707)
Change in trade receivables and related accounts	(502)	(3,354)
Change in trade payables and related accounts	166	(3,811)
Change in other assets	(4,736)	1,671
Change in other liabilities	1,480	438
CASH FLOWS FROM OPERATING ACTIVITIES (A)	**15,084**	**15,270**
Capital expenditures	**(13,280)**	**(16,670)**
for intangible assets	(879)	(393)
for property, plant and equipment	(12,337)	(16,082)
for financial assets	(64)	(195)
Proceeds from the disposal of fixed assets	265	422
CASH FLOWS FROM INVESTING ACTIVITIES (B)	**(13,015)**	**(16,248)**
Dividends paid	(5,481)	(5,481)
Capital increases	-	-
New long-term debt	9,877	15,250
Repayment of borrowings	(4,243)	(11,914)
Net interest payments (including finance lease agreements)	(2,207)	(1,462)
CASH FLOWS FROM FINANCING ACTIVITIES (C)	**(2,054)**	**(3,607)**
Impact of foreign exchange fluctuations (D)	(875)	(150)
NET CHANGE IN CASH AND CASH EQUIVALENTS (A) + (B) + (C) + (D)	**(860)**	**(4,735)**
OPENING CASH AND CASH EQUIVALENTS	**(11,813)**	**3,633**
CLOSING CASH AND CASH EQUIVALENTS	**(12,673)**	**(1,102)**

▪ 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 2011	**12,200**	**186,658**	**5,880**	**5,778**	**210,516**
Capitalisation of 2010 income		5,880	(5,880)		-
Stock options		88			88
Distribution of dividends		(5,481)			(5,481)
2011 consolidated income			14,427		14,427
Actuarial gains and losses		(2,118)			(2,118)
Currency translation adjustments				(2,630)	(2,630)
Other changes		(4)			(4)
Balance at 31 December 2011	**12,200**	**185,023**	**14,427**	**3,148**	**214,798**
Capitalisation of 2011 consolidated income		14,427	(14,427)		-
Stock options		206			206
Distribution of dividends		(5,481)			(5,481)
2012 consolidated first-half income			13,816		13,816
Currency translation adjustments				(1,200)	(1,200)
Other changes		(14)			(14)
Balance at 30 June 2012	**12,200**	**194,161**	**13,816**	**1,948**	**222,125**

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2012

In thousands of euros

I) Significant accounting policies

The accounting principles applied for the interim condensed consolidated financial statements of 30 June 2012 are the same used for the annual consolidated financial statements of 31 December 2011 (available for consultation at the Group's website: www.guerbet.com)

New standards and interpretations that became mandatory on 1 January 2012 had no impact on the financial statements prepared on 30 June 2012. This included the modification of IFRS 7: disclosure in a single note of information on the transfer of financial assets that are not derecognised.

New standards and interpretations whose application was optional before 30 June 2012 were not applied in advance.

The condensed consolidated financial statements of 30 June 2012 have been prepared in accordance with IAS 34 "Interim financial reporting" which provides for the presentation of selected notes. The interim condensed financial statements must be read in conjunction with the consolidated annual financial statements for the fiscal year ended 2011.

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 26 July 2012.

II) Seasonality

Sales are not subject to materials seasonal trends.

III) Payment of dividends

In the first half of 2012, 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 2012 first half

A foreign exchange hedging position from forward purchases and sales represented a total commitments open of €9.6 million at 30 June 2012.

b. Exposure to currency fluctuations at 30 June 2012

Exposures of Guerbet France in €m	USD	BRL	JPY	TRY	CHF	KRW	HKD	GBP	TWD	MXN	Total €m
BUDGET RISK (1)	(1.14)	0.00	3.35	2.58	8.31	0.00	8.06	1.86	0.00	2.81	28.11
BALANCE SHEET RISK (2)	(0.94)	1.34	5.70	1.23	(0.38)	(0.11)	(0.03)	0.33	0.01	2.36	12.43
EXPOSURES BEFORE HEDGING (3=1+2)	(2.07)	1.34	9.05	3.81	7.93	(0.11)	8.03	2.18	0.01	5.17	39.70
OUTSTANDING HEDGES (4)	2.88	0.00	(5.68)	(1.23)	0.00	0.00	0.00	0.00	0.00	0.00	9.78
NET FOREX EXPOSURE (5=3+4)	0.81	1.34	3.37	2.58	7.93	(0.11)	8.03	2.18	0.01	5.17	31.53

(1) Budget risk is the risk associated with future commercial flows relating to transactions not yet converted into firm orders or invoices recognised in the balance sheet. This risk has no immediate impact on the income statement.
(2) Balance sheet risk concerns all assets and liabilities in non-euro zone foreign currencies.
"(Total €m)" represents totals in absolute values.

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 2012.
The following table presents the impact on net financial income of a 10% change in these currencies against the euro.

In thousands of euros	**30 June 2012**	**30 June 2011**
MXN	236	73
CHF	38	64
GBP	33	33

c. Interest rate risk

Guerbet Group's debt consists primarily of floating-rate debt.

The objective of Guerbet Group's interest-rate hedging strategy:
- For debt incurred for 1 January 2012, convert 75% from floating rate to fixed-rate debt through swaps, caps and floors;
- For debt obtained after 1 July 2012, transform 100% of new debt obtained at floating-rates to fixed rates through an interest rate swap. The terms of this swap were obtained at excellent market conditions.

d. Interest-rate hedging positions assumed by Guerbet in 2012 first half

In the 2012 first half no new hedges were implemented.
At 30 June 2012, 62% of this above-mentioned debt was hedged.

e. Exposure to interest rate changes at 30 June 2012

In thousands of euros	**Current debt***	**Non-current debt**	**Total**
Financial liabilities at fixed-rates	(2,823)	(2,965)	(5,788)
Financial liabilities at floating-rates	(25,632)	(79,786)	(105,418)
Financial assets at floating-rates	4,714		4,714
Net balance before hedging**:			
- fixed-rate	(2,823)	(2,965)	(5,788)
- floating-rate	(20,918)	(79,786)	(100,704)
Off-balance sheet***		65,220	65,220
Net position after hedging			
- fixed-rate	(2,823)	(68,185)	(71,008)
- floating-rate	(20,918)	(14,566)	(35,484)

On the basis of the Group 2012 cash budget, for the second half average floating-rate debt not hedged by financial instruments would total approximately €40 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	€ 354,840

* 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) Segment reporting

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.) and 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 expenditure and factory overheads not allocated to products representing 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 2012	European companies (for their respective markets)	Other	Unallocated	Total
Net sales				
European markets	136,748	5,475		142,223
Other markets		56,933		56,933
Total sales				**199,155**
Current operating income	**52,833**	**13,614**	**(44,788)**	**21,659**
Other operating income and expenses				58
Operating profit				**21,717**
Net interest expense				(2,166)
Other financial income and charges				176
Tax charge				(5,911)
Net income				**13,816**
- of which amortisation and depreciation	(1,765)	(998)	(8,381)	(11,144)
- of which other non-cash expenses	91	1,013	1,292	2,396
Segment assets	381,572	80,392		461,964
- of which fixed assets	198,643	22,482		221,125
Segment liabilities excluding borrowings	135,913	10,131		146,044
Borrowings	85,012	8,783		93,795
Shareholders' equity			222,125	222,125
Segment capital expenditures				
- of which intangible assets	859	20		879
- of which property, plant and equipment	11,630	706		12,336

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	**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 non-cash expenses	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

2 – Sales by product

In thousands of euros	30 June 2012	30 June 2011
X-ray	49.8%	50.2%
MRI	39.7%	38.7%
Other	10.5%	11.1%
Total	**100.0%**	**100.0%**

VI) <u>Notes to financial statement items</u> (tables in thousands of euros)

Note 1 - Property, plant and equipment and intangible assets

In the 2012 first half, the Group invested of €12.3 million for property, plant and equipment and €0.9 million for intangible assets primarily in France for projects to expand and increase capacity of the Aulnay, Lanester and Marans plants.

Note 2 - Deferred tax assets and liabilities

	30 June 2012	31 December 2011
Deferred tax assets	10,210	10,896
Deferred tax liabilities	(8,312)	(8,603)
Total	**1,898**	**2,293**
Of which deferred taxes resulting from:		
Recognition of tax losses	8,709	9,079
Temporary differences	9,862	9,969
Restatement of regulated provisions	(12,242)	(11,490)
Remeasurement of property, plant and equipment	(2,687)	(2,729)
Remeasurement of intangible assets	(9,325)	(9,396)
Restatement of inventory margins	5,331	5,033
Restatement of provisions for subsidiary risks	(1,016)	(1,109)
Capital leases	(169)	(244)
Restatement of Medex injectors recognised as assets	64	56
Other	3,371	3,124

Note 3 - Inventory

Total inventories rose €13.3 million since 1 January 2012 reflecting:

- €9.2 million in volumes (notably for chemical intermediates for Xenetix and finished goods for Dotarem);
- €4 million from price increases (notably for iodine purchases).

By type of inventory, increases break down as follows:

- Manufactured products: +€14.9 million
- Trade goods: +€1.2 million
- Raw materials and supplies: -€2.8 million

Note 4 – Shareholders' equity

At 30 June 2012, 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 2011	Allowances	Reversals	Currency translation adjustments & reclassifications	30 June 2012
Non-current provisions					
Deferred employee benefits	**16,871**	**714**	**(66)**	**13**	**17,532**
Current provisions					
Costs for mandatory paediatric studies	357			9	366
Tax dispute contingencies	1,587	120	(622)	(53)	1,032
Sales-related lawsuit contingencies	895		(380)		515
Anticipated losses on purchase commitments	1,840		(1,840)		-
Other contingencies	496	17	(11)	(7)	495
Total current provisions	**5,175**	**137**	**(2,853)**	**(51)**	**2,408**
Total provisions	**22,046**	**851**	**(2,919)**	**(38)**	**19,940**

Note 6 – Borrowings

6 - 1 Analysis by nature

	30 June 2012	31 December 2011
Long-term borrowings (non-current liabilities) of which	**82,751**	**79,518**
Securitisation	12,634	13,419
Special profit-sharing reserve	1,224	1,084
Capital leases	2,266	1,775
Medium-term borrowings (maturities > / = 1 year)	22,062	19,756
Other borrowings	44,565	43,484
Short-term borrowings (current liabilities) of which:	**28,455**	**28,393**
Capital leases	785	905
Medium-term borrowings (maturities < 1 year)	-	320
Other borrowings	3,933	3,094
Short-term bank loans & overdrafts	23,737	24,074
Total financial liabilities	**111,206**	**107,911**

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.

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 of approved expenses, in the form of grants or repayable advances.

Research expenditures incurred from 1 July 2011 to 30 June 2012 will be submitted for approval to OSEO in the 2012 second half. These include a grant receivable of €1,435,000 plus a €699,000 inflow from a repayable advance.

No other contingent assets or liabilities have been identified.

Note 8 – Staff costs

Main characteristics and criteria for measuring share-based payments:

a) Highlights of share-based payments under plans in force

Grant date	Number	Share price on date of grant	Volatility	Risk-free rate	Exercise price	Vesting period
17 October 2011	122,640	€ 66.30	35 %	2.77 %	€ 61.60	4 years
23 November 2011	12,000	€ 67.20	35 %	2.77 %	€ 64.30	4 years

b) Breakdown of benefits per period for plans in force

Grant date	17 October 2011	23 November 2011	Total
2012	591	53	644
2013	590	53	643
2014	590	53	643
2015	468	47	515
Total	**2,239**	**206**	**2,445**

c) Impact on the balance sheet

These benefits are recognised every year according to the number of options that remain to be exercised in exchange for equity.

Note 9 – Corporate income tax

9-1 - Breakdown between current and deferred income tax

	30 June 2012	30 June 2011
Current tax	5,328	(4,467)
Deferred tax	583	1,059
Total	**5,911**	**(3,408)**

9-2 – Analysis of the effective tax charge

	30 June 2012	30 June 2011
Theoretical tax charge for the consolidated company at applicable tax rate (*)	(7,121)	(3,995)
Impact of different tax rates	456	604
Impact of permanent non-deductible or tax-exempt expenses	981	(1,624)
Impact of tax credits	1,703	1,823
Impact of deferred taxes on unrecognised losses and misc.	32	(216)
Total	**(5,911)**	**(3,408)**
(*) Tax rate	36.10 %	34.43%

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 executives

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

Short-term benefits	
Gross compensation	**890,379**
of which benefits in-kind	12,406
of which variable compensation[1]	301,066
Post-employment benefits	
of which supplementary funded pension schemes	33,649
of which provisions for retirement severance payments (recognised on the balance sheet)	356,547
Share-based payments[2]	**90,879**

Members of the Board of Directors received attendance fees in the first half of €146,265.06 for fiscal 2011.

Note 11 – Subsequent events

There have been no material events subsequent to the reporting period ending 30 June 2012.

[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 2011.
[2] This concerns expenses recognised in the 2012 first half for stock option grants (cf. note 8).

Statutory auditors' limited review report on 2012 interim financial information
for the six-month period ended 30 June 2012

This is a free translation into English of the Statutory Auditors' limited review 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.

To the 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 accompanying interim condensed consolidated financial statements of Guerbet for the six-month period from 1 January 2012 to 30 June 2012;
- 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 a conclusion on these statements based on of limited review of these financial statements.

I – Review of the financial statements

We have conducted our limited review in accordance with the professional standards applicable in France. A limited review consists mainly in making inquiries of members of management responsible for accounting and financial matters and applying analytical procedures. It is less in scope than an audit conducted in accordance with generally accepted audit standards in France. Accordingly, a limited review provides a moderate assurance that the financial statements as a whole are free of material misstatements and a lesser assurance than would result from an audit.

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

Without prejudice to the above conclusion, 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 interim condensed 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 interim condensed consolidated financial statements.

Paris and Neuilly-sur-Seine, 26 July 2012

The Statutory Auditors

[French original signed by]

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

Responsibility statement for the half-yearly report

To the best of my knowledge, and in accordance with applicable reporting principles for interim financial reporting, the interim condensed consolidated financial statements of Guerbet for the six-month period ending 30 June 2012 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, 26 July 2012

Yves L'Epine

Chief Executive Officer

Translation disclaimer: This is a free translation into English of the original French language version of the interim financial report (*rapport semestriel*) provided solely for the convenience of English speaking. This report should consequently be read in conjunction with, and construed in accordance with French law and French generally accepted accounting principles. While all possible care has been taken to ensure that this translation is an accurate representation of the original French document, this English version has not been audited by the company's statutory auditors and in all matters of interpretation of information, views or opinions expressed therein, only the original language version of the document in French is legally binding. As such, the translation may not be relied upon to sustain any legal claim, nor be used as the basis of any legal opinion and the Guerbet expressly disclaims all liability for any inaccuracy herein

For further information concerning this report please contact:

Jean-François Le Martret, Chief Financial and Administrative Officer

Tel: +33 (0)1.45.91.50.69 - e-mail: jean-francois.lemartret@guerbet-group.com

Postal address: BP 50400 - 95943 Roissy CDG Cedex France

http://www.guerbet.com

A French public limited company (*Société Anonyme*) with capital of €12,200,184
Bobigny Trade and Company Register (R.C.S.) No. 308 491 521
Registered office: 15, rue des Vanesses
93420 Villepinte
France

www.guerbet.com

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