

HALF-YEARLY financial report 2013



Guerbet | 
Contrast for Life

GUERBET GROUP
HALF-YEARLY FINANCIAL REPORT
AS AT 30 JUNE 2013

CONTENTS

Interim management report _____	p. 2
Financial highlights _____	p. 4
Interim condensed consolidated financial statements for the period ended 30 June 2013 _____	p. 5
Statutory auditors' report _____	p. 19
Responsibility statement for the half-yearly financial report _____	p. 20

Interim management report

2013 first-half review

Revenues in the first half were adversely affected by the exceptional level of sales at the end of 2012 in Europe that resulted in a slower resurgence of orders in early 2013 in the "contrast products - X-Ray imaging" franchise. This segment in effect experienced a deceleration of 10.8% in European countries whereas, MRI products maintained positive momentum of 2.3%.

Overall, in the European region, confronted with a difficult economic environment, sales contracted 3.5%.

Sales outside Europe declined 3.2%. Trends in Asia remain positive with growth of 12.3%, despite a negative currency effect in Japan. The situation in the Americas, excluding the US, continued to adversely affect the Group's growth, with a decline of 13.1% in the first half. Dotarem registered its first sales in the US in July.

For all regions combined, X-Ray product sales declined 10.5% while MRI products grew 4.3%.

As previously announced, operating profit remained stable in relation to the same period in 2012 with a current operating margin of 7.9%. This result made possible to absorb the additional expenses generated in the US for Dotarem's launch due to the steady performance for the gross margin (increase in average sales prices in the X-Ray segment) and tight control over operating expenses.

The net income came to 5.2%, benefiting from lower net interests costs (0.2% of sales) in response to a very favourable effect of interest rate hedges.

Net debt decreased by €2.4 million in the first half due to a level of working capital that remained virtually stable and capital expenditure limited to €13.4 million.

Full-year outlook:

Against the backdrop of the sluggish European economic environment and the situation of the medical imaging market in Latin America, annual revenues for 2013 are expected to range between €395 million and €405 million.

Through the effective management of our average sales prices in the X-Ray product segment, ongoing improvements in our manufacturing processes and the worldwide decline in raw material prices, the level for the gross margin should be higher than in 2012.

Overall, the current operating margin is expected in consequence to range between 6.5% and 7.5% and net debt to remain under €100 million.

In the 2013 half, the project to register Dotarem in the US market was able to be successfully completed. Furthermore, a new indication for Lipiodol has been filed in the US and could result in a market authorisation within a year. Finally, the filing of an application for a second indication for Dotarem (cervical angiography) is planned for 2014.

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

Readers are invited to consult page 51 of Guerbet's 2012 registration document filed with the AMF, the French financial market authority (No. D.12-0349) on 16 April 2013 available directly from 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 107 and Note 31 on p. 110 (that describe equity interests of the parent company) of the 2012 registration document filed with the AMF (No. D.12-0349) on 16 April 2013 available directly from 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.

Financial highlights

In thousands of euros – IFRS	30 June 2013	30 June 2012
Revenues	192,359	199,155
Current operating income	15,164	21,659
Net income	10,017	13,816
R&D expenditure	19,022	18,390
Capital expenditure	13,415	13,280
Shareholders' equity	228,969	222,125
Free cash flow	2,390	(6,450)
Net debt	96,616	106,492

Trading activity

	High (in euros)	Low (in euros)	Trading volume (number of shares)	Trading volume (in thousands of euros)
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
July 2012	69.00	62.50	60,411	3,925.82
August 2012	70.00	64.52	76,742	5,176.67
September 2012	76.00	67.62	32,185	2,298.78
October 2012	85.29	73.10	42,152	3,336.32
November 2012	100.12	82.65	68,059	6,036.80
December 2012	98.50	91.00	55,139	5,206.21
January 2013	113.00	96.50	110,721	11,829.79
February 2013	141.89	102.12	128,682	16,163.75
March 2013	142.50	105.22	182,827	21,099.80
April 2013	114.93	95.00	100,989	10,444.68
May 2013	114.50	94.15	72,231	7,364.89
June 2013	113.94	106.05	29,882	3,254.17

CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2013

On 25 July 2013, the Board of Directors authorised the publication of the interim condensed consolidated financial statements of Guerbet for the six-month period ended 30 June 2013.

The interim condensed consolidated financial statements of 30 June 2013 should be read in conjunction with the annual consolidated financial statements for the period ended 31 December 2012 as presented in the registration document (*document de référence*) filed with the French financial market authorities (*Autorité des Marchés Financiers*) on 16 April 2013 under No. D.13-0359.

▪ Consolidated balance sheet

ASSETS (net)			
In thousands of euros	Note	30 June 2013	31 December 2012
Intangible assets	1	35,847	36,254
Property, plant and equipment	1	190,523	189,582
Non-current financial assets		3,105	3,200
Deferred tax assets	2	10,333	9,250
Total non-current assets		239,808	238,286
Inventories	3	110,598	105,146
Trade receivables and related accounts		81,353	86,826
Current assets held for sale		-	-
Other current financial assets		18,192	20,235
Cash and cash equivalents		17,603	10,473
Total current assets		227,746	222,680
TOTAL ASSETS		467,554	460,966

EQUITY AND LIABILITIES (net)			
In thousands of euros	Note	30 June 2013	31 December 2012
Capital	4	12,200	12,200
Other reserves		206,915	192,407
Consolidated net income		10,017	20,399
Currency translation adjustments		(163)	1,203
Shareholders' equity		228,969	226,209
of which attributable to equity holders of the parent company		228,969	226,209
Non-current financial liabilities	6	59,847	67,043
Other non-current financial liabilities		1,346	2,258
Deferred tax liabilities	2	8,856	10,345
Non-current provisions	5	21,391	20,927
Total non-current liabilities		91,440	100,573
Trade payables and equivalent		38,029	38,855
Current financial liabilities	6	54,372	42,439
Other financial liabilities		40,915	42,429
Current tax liabilities		10,483	6,436
Current provisions	5	3,346	4,025
Total current liabilities		147,145	134,184
TOTAL EQUITY AND LIABILITIES		467,554	460,966

▪ Consolidated income statement

In thousands of euros	30 June 2013	30 June 2012
Revenue	192,359	199,155
Royalties	19	27
Other revenue from ordinary activities	883	418
Supplies used in operations	(47,030)	(65,294)
Staff costs	(56,045)	(54,089)
External charges	(58,761)	(56,541)
Taxes other than on income	(7,346)	(7,258)
Allowances for depreciation and amortisation	(10,914)	(11,144)
Net allowances for reserves	1,857	2,396
Change in work in progress and finished goods	381	14,799
Other current operating income and expenses	(239)	(810)
Current operating income	15,164	21,659
Other operating income and expenses	(37)	58
Operating profit	15,127	21,717
Income from cash and cash equivalents	81	25
Finance costs	(518)	(2,191)
Net interest expense	(437)	(2,166)
Currency gains and losses	(435)	(151)
Other financial income and charges	74	327
Income tax	(4,312)	(5,911)
Consolidated net income	10,017	13,816
of which attributable to equity holders of the parent company	10,017	13,816
Net basic earnings per share (€)	3.28	4.53
Net diluted earnings per share (€)	3.16	4.28

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

In thousands of euros	30 June 2013 (6 months)	30 June 2012 (6 months)
Net income	10,017	13,816
Income and expense recognised directly in equity		
Currency translation adjustments	(1,366)	(1,200)
Total net profit and income and expense recognised directly in equity	8,651	12,616

▪ Consolidated statement of cash flows

In thousands of euros	30 June 2013 (6 months)	30 June 2012 (6 months)
Net income	10,017	13,816
Allowances and reversals of provisions for fixed assets	10,914	11,147
Allowances and reversals for contingencies	(215)	(2,106)
Fair value changes in hedging instruments	(912)	661
Stock option expenses	206	206
Income from the disposal of fixed assets and other adjustments	(26)	1,488
Cash flow after net interest expense and tax	19,984	25,212
Net interest expense	437	2,166
Tax expenses (including deferred tax)	4,312	5,911
Cash flow before net interest expense and tax	24,733	33,289
Tax payments	(562)	(961)
Change in operating working capital requirements (including liabilities relating to employee benefits)	(1,598)	(14,612)
Change in inventories	(5,452)	(13,652)
Change in trade receivables and related accounts	6,259	(502)
Change in trade payables and related accounts	(1,126)	166
Change in other assets	(1,994)	(4,736)
Change in other liabilities	715	4,112
CASH FLOWS FROM OPERATING ACTIVITIES (A)	22,573	17,716
Capital expenditures	(13,415)	(13,280)
for intangible assets	(1,775)	(879)
for property, plant and equipment	(11,573)	(12,337)
for financial assets	(67)	(64)
Proceeds from the disposal of fixed assets	1,106	265
Increase / (decrease) in payables to fixed assets suppliers	(1,698)	(2,632)
CASH FLOWS FROM INVESTING ACTIVITIES (B)	(14,007)	(15,647)
Dividends paid	(6,100)	(5,481)
Capital increases	-	-
New long-term debt	6,712	9,877
Repayment of borrowings	(9,132)	(4,243)
Net interest payments (including finance lease agreements)	(474)	(2,207)
CASH FLOWS FROM FINANCING ACTIVITIES (C)	(8,994)	(2,054)
Impact of foreign exchange fluctuations (D)	364	(875)
NET CHANGE IN CASH AND CASH EQUIVALENTS (A) + (B) + (C) + (D)	(64)	(860)
OPENING CASH AND CASH EQUIVALENTS	(3,986)	(11,813)
CLOSING CASH AND CASH EQUIVALENTS	(4,050)	(12,673)

▪ **Statement of changes in shareholders' equity**

In thousands of euros	Capital	Retained earnings	Result	Change in cumulative translation adjustments	Total
Balance at 31/12/2011	12,200	185,023	14,427	3,148	214,798
Capitalisation of 2011 income		14,427	(14,427)		-
Stock options		426			426
Distribution of dividends		(5,481)			(5,481)
2012 consolidated income			20,399		20,399
Actuarial gains and losses		(1,984)			(1,984)
Currency translation adjustments				(1,945)	(1,945)
Other changes		(4)			(4)
Balance at 31/12/2012	12,200	192,407	20,399	1,203	226,209
Capitalisation of 2012 consolidated income		20,399	(20,399)		-
Stock options		206			206
Distribution of dividends		(6,100)			(6,100)
2013 consolidated first-half income			10,017		10,017
Currency translation adjustments				(1,366)	(1,366)
Other changes		3			3
Balance at 30 June 2013	12,200	206,915	10,017	(163)	228,969

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2013

In thousands of euros

I) Significant accounting policies

The accounting principles applied for the interim condensed consolidated financial statements of 30 June 2013 are the same used to prepare the annual consolidated financial statements of 31 December 2012 (available for consultation at the Group's website: www.guerbet.com)

New standards and interpretations whose application became mandatory on 1 January 2013 had no material impact on the financial statements prepared on 30 June 2013. These concern in particular the amendment to IAS 19 on employee benefits.

New standards and interpretations whose application was optional before 30 June 2013 were not applied in advance.

The condensed consolidated financial statements of 30 June 2013 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 2012.

On 30 June 2013 the parent company Guerbet spun off its pharmaceutical sales activity in France into a subsidiary consolidated for the first time on this date.

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 25 July 2013.

II) Seasonality

Sales are not subject to materials seasonal trends.

III) Payment of dividends

.In the first half of 2013, shareholders were paid a dividend of €2 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 a market position open not backing such risks.

A) FOREIGN EXCHANGE RISK

Guerbet centralises its management of foreign currency exposures.

a. Hedging instruments

At 30 June 2013 the exchange value in euros of the hedging portfolio comprised of forward contracts, was €5.28 million

b. Exposure by currency

(€m)	USD	BRL	JPY	TRY	CHF	KRW	HKD	GBP	MXN	Total €m
Total budget risk position (a)	-20.01	0.00	2.70	0.47	6.47	0.04	11.68	1.51	3.90	46.78
Total balance sheet and financial risk position (b)	0.91	1.27	4.10	0.29	-0.66	-0.11	2.68	-0.63	3.37	14.02
Position before hedging (c=a+b)	-19.10	1.27	6.80	0.76	5.81	-0.07	14.37	0.88	8.39	56.33
Balance of foreign exchange hedges (d)	0.81	0.00	0.82	0.00	0.00	0.00	-3.65	0.00	0.00	5.28
Net position (c+d)	18.28	1.27	7.62	0.76	5.81	-0.07	10.72	0.88	7.28	52.69

(1) The budget risk corresponds to the risk associated with future commercial flows relating to transactions that do not yet constitute firm orders or invoices recognised in the balance sheet. This risk has no immediate impact on the income statement.

(2) The balance sheet risk concerns all assets and liabilities in currencies other than the euro.

“(Total €m)” represents totals in absolute values.

c. Sensitivity of net financial income (expense) to the foreign exchange risk for key currencies

The calculation is carried out on unhedged accounting balances at 30 June 2013. The following table presents the impact on net financial income of a 10% change in currency exchange rates against the euro.

In thousands of euros	30 June 2013	30 June 2012
MXN	337	236
CHF	66	38
GBP	63	33

B) INTEREST RATE RISK

Borrowings consist almost exclusively of floating-rate debt. The breakdown between fixed and floating rate debt is decided by the Group's executive management and reviewed on a periodic basis according to expected trends for interest rates.

a. Hedging instruments

No new hedging transactions were carried out the first six months of 2013.

The current portfolio is comprised of ten contracts with a balance of €83.22 million breaking down as follows:

Bank	Inception date	Expiration date	Hedging instrument	Position Guerbet	Premium	Benchmark	Contract rate	Amortisation	Residual notional value (in €)	Marked-to-Market (in €)
Societe Générale	30/11/2006	04/12/2013	Swap	Purchase		EUR 3M	3.7754%	Quarterly	1,071,428	14,529
Calyon	15/06/2009	15/06/2014	Swap	Purchase		EUR 3M	2.492%	Quarterly	3,000,000	41,937
Calyon	09/12/2009	12/12/2016	Cap	Purchase	0.68%	EUR 3M	2.53%	Quarterly	5,000,000	60,232
Societe Générale	17/12/2009	17/12/2014	Cap	Purchase	0.531%	EUR 3M	2.3%	Quarterly	3,000,000	14,090
Natixis	28/09/2010	28/09/2013	Swap	Purchase		EUR 3M	1.2025%	Quarterly	833,333	2,132
BNP Paribas	29/03/2011	31/03/2018	Swap	Purchase		EUR 3M	2.775%	Quarterly	14,589,285	756,861
Natixis	30/06/2011	04/07/2016	Swap	Purchase		EUR 3M	2.295%	Quarterly	3,250,000	105,936
Natixis	04/11/2011	08/11/2016	Swap	Purchase		EUR 3M	1.435%	Quarterly	7,000,000	123,227
Natixis	10/11/2011	14/11/2016	Swap	Purchase		EUR 3M	1.4525%	Quarterly	7,000,000	124,798
HSBC	09/07/2012	30/06/2017	Swap	Purchase		EUR 3M	0.725%	Quarterly	38,475,000	94,325

b. Exposure to interest rate changes at 30 June 2013

In thousands of euros	Current debt [*]	Non-current debt	Total
Financial liabilities at fixed-rates		(6,350)	(6,350)
Financial liabilities at floating-rates	(54,372)	(53,497)	(107,869)
Financial assets at fixed rates	9,567		9,567
Financial assets at floating-rates	8,043		8,043
Net balance before hedging ^{**} :			
- fixed-rate	9,567	(6,350)	3,217
- floating-rate	(46,329)	(53,497)	(99,826)
Off-balance sheet ^{***}	4,905	78,314	83,219
Net position after hedging			
- fixed-rate	4,662	(84,664)	(80,002)
- floating-rate	(41,424)	24,817	(16,607)

The major share of floating-rate debt has been covered by caps and interest rate swaps to hedge against balance sheet liabilities in the case of interest rate increases.

c. Sensitivity of net financial income (expense) to interest rate changes

Interest rate change of:	1%
Change in net financial income	€166,070

^{*} Total maturities less than one year for floating-rate financial assets and liabilities and fixed-rate financial 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 2013	European companies (for their respective markets)	Other	Unallocated	Total
Revenue				
European markets	131,430	5,815		137,245
Other markets		55,114		55,114
Total sales	131,430	60,929		192,359
Current operating income	50,385	8,446	(43,667)	15,164
Other operating income and expenses				(37)
Operating profit				15,127
Net interest expense				(437)
Other financial income and charges				(361)
Tax charge				(4,312)
Net income				10,017
- of which amortisation and depreciation	(1,448)	(394)	(9,072)	(10,914)
- of which other non-cash expenses	300	138	1,419	1,857
Segment assets	385,385	82,169		467,554
- of which fixed assets	207,758	20,139		227,897
Segment liabilities excluding borrowings	135,187	10,858		146,045
Borrowings	87,018	5,522		92,540
Shareholders' equity			228,969	228,969
Segment capital expenditures				
- of which intangible assets	1,764	11		1,775
- of which property, plant and equipment	10,888	685		11,573

30 June 2012	European companies (for their respective markets)	Other	Unallocated	Total
Revenue				
European markets	136,748	5,475		142,223
Other markets		56,932		56,932
Total sales	136,748	62,407		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

2 – Sales by product

In thousands of euros	30 June 2013	30 June 2012
X-ray	46.2%	49.8%
MRI	42.8%	39.7%
Other	11.0%	10.5%
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 2013 first-half, Group capital expenditures included:

- €11.6 million for property, plant and equipment, mainly in France to increase production capacity for the Aulnay, Lanester and Marans sites.
- €1.8 million for intangible assets, mainly in connection with the ERP migration project.

Note 2 - Deferred tax assets and liabilities

	31/12/2012	Changes in income	Changes in equity	Translation adjustments & misc.	30/06/2013
Deferred tax assets	9,250				10,333
Deferred tax liabilities	(10,345)				(8,856)
Total	(1,095)	3,118	13	(559)	1,477
Of which deferred taxes resulting from:					
Recognition of tax losses	8,124	1,113		(724)	8,513
Temporary differences	9,994	807		(142)	10,659
Restatement of regulated provisions	(13,467)	(524)		(1)	(13,992)
Remeasurement of tangible assets	(2,637)	28		(489)	(3,098)
Remeasurement of intangible assets	(8,225)	10		864	(7,351)
Restatement of inventory margins	3,619	2,241		(94)	5,766
Restatement of provisions for subsidiary risks	(1,124)	1			(1,123)
Capital leases	(136)	21		(1)	(116)
Restatement of Medex injectors	64	(8)		(4)	52
Other	2,693	(571)	13	32	2,167

Note 3 - Inventory

Total inventories rose €5.5 million since 1 January 2013 reflecting:

By category of inventory and before impairment, the €3.8 million increase in gross value breaks down as follows:

- Raw materials: + €1.6 million
- Manufactured products: + €0.7 million
- Trade goods: + €2.9 million.

Note 4 – Shareholders' equity

At 30 June 2013, 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

	31/12/12	Allowances	Reversals (provisions used in the period)	Reversals (unused provisions)	Currency translation adjustments & reclassifications	30/06/13
Non-current provisions						
Deferred employee benefits	20,927	650	(155)	0	(31)	21,391
Current provisions						
Costs for mandatory paediatric studies	350				5	355
Tax contingencies	1,578	53	(117)	(138)	(72)	1,304
Sales-related lawsuit contingencies	761		(30)	(195)		536
Anticipated losses on purchase commitments	425			(170)		255
Other contingencies	911	46	(35)		(25)	897
Total current provisions	4,025	99	(182)	(503)	(92)	3,347
Total provisions	24,952	749	(337)	(503)	(123)	24,738

Note 6 – Borrowings

Analysis by nature

	30 June 2013	31 December 2012
Long-term borrowings (non-current liabilities) of which	59,847	67,043
Securitisation	-	-
Special profit-sharing reserve	301	703
Capital leases	1,985	2,347
Medium-term borrowings (maturities > / = 1 year)	21,174	23,705
Other borrowings	36,387	40,288
Short-term borrowings (current liabilities) of which:	54,372	42,439
Securitisation	11,451	11,621
Special profit-sharing reserve	734	-
Capital leases	853	767
Medium-term borrowings (maturities < 1 year)	15,085	5,885
Other borrowings	5,711	4,504
Short-term bank loans & overdrafts	20,538	19,662
Total financial liabilities	114,219	109,482

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 2012 to 30 June 2013 will be submitted for approval to OSEO in the 2013 second half. These include a grant receivable of €678,000 plus a €827,000 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
26 March 2009	2,000	€112.20	35 %	3.80 %	€112.26	2 years
17 October 2011	116,470	€66.30	35 %	2.77 %	€61.60	4 years
23 November 2011	12,000	€67.20	35 %	2.77 %	€64.30	4 years
20 February 2012	1,700	€61.50	35 %	2.77 %	€61.50	4 years

b) Breakdown of benefits per period for plans in force

Grant date	17 October 2011	23 November 2011	20 February 2012	Total
2013	590	53	8	651
2014	590	53	8	651
2015	468	47	7	522
Total	1,648	153	23	1,824

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 2013	30 June 2012
Current tax	7,546	5,328
Deferred tax	(3,234)	583
Total	4,312	5,911

9-2 – Analysis of the effective tax charge

	30 June 2013	30 June 2012
Theoretical tax charge for the consolidating company at applicable tax rate (*)	(5,173)	(7,121)
Impact of different tax rates	-	456
Impact of permanent non-deductible or tax-exempt expenses	(689)	(981)
Impact of tax credits	2,052	1,703
Impact of deferred taxes on unrecognised losses and misc.	(502)	32
Total	(4,312)	(5,911)
(*) Tax rate	36.10 %	36.10 %

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	2,057,875
of which benefits in-kind	21,861
of which variable compensation ¹	774,144
Post-employment benefits	
of which supplementary funded pension schemes	66,723
of which provisions for retirement severance payments (recognised on the balance sheet)	39,247
Share-based payments ²	112,578

Members of the Board of Directors received attendance fees in the first half of €153,237.50 for fiscal 2012.

Note 11 – Subsequent events

There have been no material events subsequent to the reporting period ending 30 June 2013.

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 2012.

² This concerns expenses recognised in the 2013 first half for stock option grants (see note 8).

Statutory auditors' limited review report on 2013 interim financial information

for the six-month period ended 30 June 2013

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 to 30 June 2013;
- 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 our limited review.

I – Conclusion on the financial statements

We have conducted our limited review in accordance with the professional standards applicable in France. A limited review consists mainly in meeting with the members of management in charge of the accounting and financial aspects and in implementing analytical procedures. The scope of such a review is substantially less than for an audit conducted in accordance with generally accepted audit standards in France. As such, it provides a moderate assurance that the financial statements as a whole are free of material misstatements that is lower than that which 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 qualifying the above conclusion, we draw your attention as an emphasis of matter to the presentation of significant accounting policies presented in note I) 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 no matter to report regarding its fair presentation and consistency with the interim condensed consolidated financial statements.

Paris and Neuilly-sur-Seine, 25 July 2013

The Statutory Auditors
[French original signed by]

Horwath Audit France
Member of Crowe Horwath International

Deloitte & Associés

Marc de Prémare

Jean-Marie Le Guiner

Responsibility statement for the half-yearly financial 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, 25 July 2013

Yves L'Epine

Chief Executive Officer

For further information concerning this report please contact :
Jean-François Le Martret, Chief Financial 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

Guerbet | 

15 rue des Vanesses
Zone Industrielle Paris Nord II – 93420 Villepinte – France