HALF YEARLY BUSINESS REPORT

FIRST HALF 2014 SIGNIFICANT EVENTS

The deployment of operations within Virbac 8, the new industrial unit located in Carros and dedicated to the production of sterile injectables, continued and pursuant to the obtention of the GMP certification (Good manufacturing practices) in December 2013, a first commercial batch has been produced in February 2014.

SIGNIFICANT EVENTS AFTER THE CLOSING DATE

Early July 2014, Virbac's US affiliate announced the reintroduction on the market of its internal parasiticide Iverhart Plus.
In March of last year the product has been voluntarily withdrawed from distributors and sales were temporarily suspended following the detection of stability problems in some batches. Virbac United States quickly proposed its product Iverhart Max as a replacement, which provides dogs with broader protection, offered at the same price as Iverhart Plus.

REVIEW OF THE FINANCIAL SITUATION AND RESULTS

Sales reached €366.3 million, a -1.5% nominal decrease compared to €372.0 million in the same period of 2013. The unfavourable exchange rate evolution of most currencies that prevailed since about one year because of a strong Euro has impacted the Group's performance very significantly and hides entirely its real growth. In actual terms, growth reached +4.0% in total and +3.0% organically thanks to a very positive evolution, with the exception of the US, in all geographies: around 5% in Europe and 7% globally in the rest of the world. In the United States, sales declined by 16% due to the absence of Iverhart Plus.

Consolidated number in million Euros	Fisrt half 2014	Fisrt half 2013	Change 2014 / 2013
Revenue from ordinary activities	**366.3**	**372.0**	**-1.5%**
Growth at constant exchange rates			4.1%
Pro-forma growth at constant exchange rates			3.0%
Operating profit from ordinary activities	**49.9**	**56.2**	**-11.3%**
As a % of revenue	*13.6%*	*15.1%*	
Operating result	**49.9**	**54.4**	**-8.3%**
Result for the period attributable to the owners of the parent company	**27.8**	**32.6**	**-14.7%**
Result for the period attributable to the non-controlling interests	**3.9**	**3.7**	**5.2%**

The consolidated financial statements of Virbac for the period from January 1 to June 30, 2014 have been reviewed by the auditors and are available on www.virbac.com website.

The operating profit from ordinary activities amounted to €49.9 million compared to €56.2 million last year, a decrease by -11.3% and -1.5 point as a percentage of sales.
This evolution is partly due to exchange rates, which had a negative impact of more than €4 million on Virbac's operating performance. The other major factor which impacted the results during this first part of the year has been the decrease by more than €5 million of profit generated in the United States due to the lower level of activity. On the other hand, the evolution of results from the other regions has been positive and partially compensated the impact of the above two factors.

The result for the period attributable to the owners of the parent company amounts to €27.8 million after deduction of interest and tax expenses, a -14.7% decrease compared to €32.6 million in the first half of 2013.

The result for the period attributable to the non-controlling interests, which reflects the share of minority interests in Centrovet, amounted to €3.9 million.

Financial situation

During the first six months of this year, the the net debt increase of €54 million in comparison to June last year is essentially due to payments made during this period for recent acquisitions and related price adjustments: Centrovet (Chile), Stockguard (New Zealand) and Santa Elena (Uruguay). Besides these, during this first half, financing needs resulting from the capital expenditure program and the seasonal increase of working capital have been rather lower, €16 million less, than in the same period last year. Due to the seasonality effect, a substantial reduction of the level of debt is expected, as every year, in the second half.

Annual outlook

With the re-introduction of Iverhart Plus on the US market early July and several new products to be launched in the second half, organic growth should accelerate during this period and meet the 4 to 6% range on a full year basis previously announced. In parallel, considering the recent trend, the impact of exchange rates on sales and results in the second half is expected to be much lighter than during the first half. All these factors should then have a positive impact on the operating profitability ratio, which on the full year basis should, as announced, stay close to the level achieved in 2013.

BUSINESS PERFORMANCE

By segment

Consolidated number in million Euros	Fisrt half 2014	Fisrt half 2013	Change (%)	Change at constant rate and scope
Companion animals	197.8	207.1	-4.5%	-1.5%
Food producing animals	162.6	157.8	3.0%	9.5%
Others activities	5.9	7.1	-15.0%	-9.3%
TOTAL	**366.3**	**372.0**	**-1.5%**	**3.0%**

Companion animals

Sales in the companion animals segment decreased by -1.5% as a consequence of the decrease in the US. But except this factor, the evolution of most companion animals specialties has been positive thanks to a certain rebound in Europe (around +2%) after the weak trends observed in 2013, and to good dynamics in other parts of the world (around +9%).

Food producing animals

In the food producing animals segment, Virbac's growth has been strong, +9.5%, thanks to its continuous development in large emerging markets such as India, South Africa, Latin America, coupled with a good performance in Europe, Australia and New Zealand. This performance has been driven by a high growth in both the ruminants and the industrial sector (swine and poultry), while the activity in the aquaculture sector has been slightly below last year after the strong growth recorded by Centrovet in Chile in 2013 following the outbreak of diseases in salmon farms.

Other businesses

These activities, which represent less than 2% of revenues remained steady. They correspond to the markets of lesser strategic importance for the Group and mainly include contract manufacturing in the United States and Australia.

By geographic region

Consolidated number in million Euros	Fisrt half 2014	Fisrt half 2013	Change (%)	Change at constant rate (%)
France	51.0	50.3	1.3%	1.3%
Europe ecluding France	105.0	97.4	7.8%	7.2%
North America	45.9	57.4	-20.0%	-16.7%
Latin America	64.5	66.7	-3.2%	6.5%
Africa & Middle East	15.0	13.4	12.3%	29.6%
Asia	44.4	44.8	-1.1%	11.0%
Pacific	40.5	42.0	-3.4%	9.1%
TOTAL	**366.3**	**372.0**	**-1.5%**	**4.1%**

The overall good performance in most countries in Europe, Latin America and Asia-Pacific, is partially offset by a negative evolution in the US due to lower sell-in of Iverhart Max at distributor level pending the expected reintroduction of Iverhart Plus.

MAIN SOURCES OF RISKS AND UNCERTAINTY FOR THE NEXT SIX MONTHS OF THE YEAR

The risk factors to which the Group is exposed, are mentioned in the 2013 Annual report of Virbac, available on the website www.virbac.com. The nature of these risks has not changed significantly in the first half of 2014. These risks are likely to occur in the second half of 2014 or during subsequent years.

OPERATIONS WITH RELATED PARTIES

Information on related parties is detailed in Note A16 of 2014 half yearly financial statements. No changes or significant impact have appeared in the first half of 2014.

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

HALF YEARLY CONSOLIDATED FINANCIAL STATEMENTS

Statement of financial position

in € thousands	Notes	30/06/2014	31/12/2013
Goodwill	A1	134 491	133 532
Intangible assets	A2	193 454	198 240
Tangible assets	A3	198 353	186 254
Other financial assets		13 757	12 278
Share in companies accounted for by the equity method	A4	6 222	6 766
Deferred tax assets		7 938	8 071
Non-current assets		**554 215**	**545 141**
Inventories and work in progress	A5	156 701	138 777
Trade receivables	A6	142 033	118 627
Other financial assets		4 944	3 780
Other receivables		62 786	54 936
Cash and cash equivalents		38 774	34 971
Assets classified as held for sale		-	-
Current assets		**405 238**	**351 091**
Assets		**959 453**	**896 232**
Share capital		10 573	10 573
Reserves attributable to the owners of the parent company		368 054	350 357
Equity attributable to the owners of the parent company		**378 627**	**360 930**
Non-controlling interests		46 055	53 444
Equity		**424 682**	**414 374**
Deferred tax liabilities		36 007	35 795
Provisions for employee benefits		13 109	11 141
Other provisions	A7	2 230	2 705
Other financial liabilities	A8	247 878	185 979
Other payables		1 092	1 352
Non-current liabilities		**300 316**	**236 972**
Other provisions		339	683
Trade payables	A9	78 668	77 795
Other financial liabilities	A8	60 500	30 143
Other payables		94 948	136 265
Current liabilities		**234 455**	**244 886**
Liabilities		**959 453**	**896 232**

Income statement

in € thousands	Notes	30/06/2014	30/06/2013	*Change*
Revenue from ordinary activities	**A10**	**366 332**	**371 968**	***-1,5%***
Purchases consumed		-114 839	-115 920	*-0,9%*
External costs		-75 390	-78 820	*-4,4%*
Personnel costs		-104 336	-99 528	*4,8%*
Taxes and duties		-7 375	-8 001	*-7,8%*
Depreciations and provisions		-14 561	-13 548	*7,5%*
Other operating income and expenses		52	79	*-34,2%*
Operating profit from ordinary activities		**49 883**	**56 230**	***-11,3%***
Other non-current income and expenses	**A11**	0	-1 843	*-100,0%*
Operating result		**49 883**	**54 387**	***-8,3%***
Financial income and expenses	**A12**	-3 163	-2 867	*10,3%*
Profit before tax		**46 720**	**51 520**	***-9,3%***
Income tax	**A13**	-14 391	-14 879	
Share from companies' result accounted for by the equity method		-587	-307	
Result for the period		**31 742**	**36 334**	***-12,6%***
attributable to the owners of the parent company		27 818	32 605	*-14,7%*
attributable to the non-controlling interests		3 924	3 729	*5,2%*
Profit attributable to the owners of the parent company, per share	**A14**	3,30 €	3,87 €	*-14,7%*
Profit attributable to the owners of the parent company, diluted per share	**A14**	3,30 €	3,87 €	*-14,7%*

Comprehensive income statement

in € thousands	30/06/2014	30/06/2013	*Change*
Result for the period	**31,742**	**36,334**	***-12.6%***
Conversion gains and losses	5,986	-13,757	
Effective portion of gains and losses on hedging instruments	-374	47	
Items subsequently reclassifiable to profit and loss (before tax)	**5,612**	**-13,710**	***-140.9%***
Actuarial gains and losses	-1,649	-372	
Items not subsequently reclassifiable to profit and loss (before tax)	**-1,649**	**-372**	***343.3%***
Other items of comprehensive income (before tax)	**3,963**	**-14,082**	***-128.1%***
Tax on items subsequently reclassifiable to profit and loss	129	-16	
Tax on items not subsequently reclassifiable to profit and loss	564	154	
Comprehensive income	**36,398**	**22,390**	***62.6%***
attributable to the owners of the parent company	33,468	20,510	*63.2%*
attributable to the non-controlling interests	2,930	1,880	*55.9%*

Statement of change in equity

in € thousands	Share capital	Share premiums	Reserves	Conversion reserves	Result for the period	Equity attributable to the owners of the parent company	Non-controlling interests	Equity
Equity as at 31/12/2012	**10,573**	**6,534**	**267,058**	**-4,621**	**66,625**	**346,169**	**52,247**	**398,416**
2012 allocation of net income	-	-	66,625	-	-66,625	**-**	-	**-**
Distribution of dividends	-	-	-16,015	-	-	**-16,015**	-712	**-16,727**
Treasury shares	-	-	323	-	-	**323**	-	**323**
Changes in scope	-	-	-	-	-	**-**	-	**-**
Other variations	-	-	-	-	-	**-**	-	**-**
Comprehensive income	-	-	653	-30,723	60,523	**30,453**	1,909	**32,362**
Equity as at 31/12/2013	**10,573**	**6,534**	**318,644**	**-35,344**	**60,523**	**360,930**	**53,444**	**414,374**
2013 allocation of net income	-	-	60,523	-	-60,523	**-**	-	**-**
Distribution of dividends	-	-	-16,010	-	-	**-16,010**	-10,319	**-26,329**
Treasury shares	-	-	239	-	-	**239**	-	**239**
Changes in scope	-	-	-	-	-	**-**	-	**-**
Other variations	-	-	-	-	-	**-**	-	**-**
Comprehensive income	-	-	-1,330	6,980	27,818	**33,468**	2,930	**36,398**
Equity as at 30/06/2014	**10,573**	**6,534**	**362,066**	**-28,364**	**27,818**	**378,627**	**46,055**	**424,682**

For information, changes in equity of the first half of 2013 were as follows:

in € thousands	Share capital	Share premiums	Reserves	Conversion reserves	Result for the period	Equity attributable to the owners of the parent company	Non-controlling interests	Equity
Equity as at 31/12/2012	**10,573**	**6,534**	**267,058**	**-4,621**	**66,625**	**346,169**	**52,247**	**398,416**
2012 allocation of net income	-	-	66,625	-	-66,625	**-**	-	**-**
Distribution of dividends	-	-	-16,009	-	-	**-16,009**	-3	**-16,012**
Treasury shares	-	-	134	-	-	**134**	-	**134**
Changes in scope	-	-	-	-	-	**-**	-	**-**
Other variations	-	-	-	-	-	**-**	-	**-**
Comprehensive income	-	-	-187	-11,908	32,605	**20,510**	1,880	**22,390**
Equity as at 30/06/2013	**10,573**	**6,534**	**317,621**	**-16,529**	**32,605**	**350,804**	**54,124**	**404,928**

The ordinary shareholders' meeting of June 17, 2014 decided to pay a dividend of €16,010 thousand, that is €1.90 per share.

Cash flow statement

in € thousands	30/06/2014	30/06/2013
Result for the period	**31,742**	**36,334**
Elimination of share from companies' profit accounted for by the equity method	587	307
Elimination of depreciations and provisions	14,633	14,092
Elimination of deferred tax change	1,597	303
Elimination of gains and losses on disposals	226	192
Other income and expenses with no cash impact	1,450	2,190
Cash flow	**50,235**	**53,418**
Effect of net change in inventories	-15,652	-12,045
Effect of net change in trade receivables	-22,453	-26,196
Effect of net change in trade payables	713	-6,378
Effect of net change in other receivables and payables	-28,226	-28,260
Effect of change in working capital requirements	**-65,618**	**-72,879**
Net financial interests paid	2,711	2,596
Net cash flow generated by operating activities	**-12,672**	**-16,865**
Acquisitions of intangible assets	-1,709	-2,385
Acquisitions of tangible assets	-20,145	-28,370
Disposals of intangible and tangible assets	276	233
Change in financial assets	-618	-3,330
Change in debts relative to acquisitions	-23,576	-12,420
Acquisitions of subsidiaries or activities	-	-
Disposals of subsidiaries or activities	-	-
Dividends received	-	-
Net flow allocated to investing activities	**-45,772**	**-46,272**
Dividends paid to the owners of the parent company	-16,010	-16,009
Dividends paid to the non-controlling interests	-10,419	-288
Change in treasury shares	158	-476
Increase/decrease of capital	-	-
Cash investments	-1,323	-
Debt issuance	86,980	81,889
Repayments of debt	-3,893	-2,353
Net financial interests paid	-2,711	-2,596
Net cash from financing activities	**52,782**	**60,167**
Change in cash position	**-5,662**	**-2,970**

Statement of change in cash position

in € thousands	30/06/2014	30/06/2013
Cash and cash equivalents	34,971	39,749
Bank overdraft	-4,526	-9,590
Accrued interests not yet matured	-26	-28
Opening net cash position	**30,419**	**30,131**
Cash and cash equivalents	38,774	32,841
Bank overdraft	-11,484	-7,470
Accrued interests not yet matured	-31	-17
Closing net cash position	**27,259**	**25,354**
Impact of currency conversion adjustments	2,502	-1,807
Impact of changes in scope	0	0
Net change in cash position	**-5,662**	**-2,970**

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATMENTS

General information note

Virbac is an independent global pharmaceutical laboratory exclusively dedicated to animal health and markets a full range designed for pets and livestock.
The Virbac share is listed on the Paris stock exchange in section A of the Eurolist.
Virbac is a public limited company under French law with an executive board and supervisory board. Its trading name is “Virbac”.
The company was established in 1968 in Carros. The ordinary and extraordinary shareholders’ meeting held on June 17, 2014, having decided to adopt the overall rewriting of the company’s articles of association, the lifetime of the company is extended to 99 years, that is until June 17, 2113.
The head office is located at 1ère avenue 2 065 m LID, 06511 Carros. The company is registered on the Grasse Trade registry under the number 417350311 RCS Grasse.

The 2014 condensed half-year consolidated financial statements were approved by the executive board on August 28, 2014.

The explanatory notes below support the presentation of the consolidated accounts and form an integral part of them.

Significant events for the period

There is no significant event to be reported relating to the first half of 2014.

Significant events after the closing date

There is no post-balance sheet event.

Scope of consolidation

The condensed consolidated financial statements as at June 30, 2014 include the financial statements of the companies that Virbac controls indirectly or directly, in law and in fact. The list of consolidated companies is provided in note A17.

After the acquisition of a further 69.175% stake in the capital of Santa Elena, Virbac has an exclusive control on this company which is fully consolidated from September 1, 2013, on. This entity was accounted for by the equity method at June 30, 2013 closing, Virbac having a 30% stake at this date.

Main accounting principles applied

The Virbac group's consolidated financial statements were drawn up in line with the international accounting standards as adopted by the European Union (accounting basis available on the ec.europa.eu website). The international accounting standards include the IFRS (International financial reporting standards), the IAS (International accounting standards) and their interpretations SIC (Standards interpretations committee) and IFRIC (International financial reporting interpretations committee).

The half-year condensed financial statements as of June 30, 2014, are presented and have been prepared in accordance with standard IAS 34 "Interim financial reporting". The condensed interim financial statements do not include the whole information required by the IFRS reference system. They should be analyzed with the consolidated statements of the previous year's balance sheet date, as of December 31, 2013.
The accounting principles applied to the condensed consolidated financial statements are identical to those applied to the preparation of the consolidated statements of the previous year's balance sheet date, as of December 31, 2013.

For the presentation of the condensed consolidated financial statements as of June 30, 2014, the Group applied all the standards and interpretations in force at European level applicable for fiscal years beginning on January 1, 2014. These standards and interpretations are as follows:

- IFRS 10, "consolidated financial statements", applicable to periods beginning on or after January 1, 2014;
- IFRS 11, "joint arrangements", applicable to periods beginning on or after January 1, 2014;
- IFRS 12, "disclosures of interests in other entities", applicable to periods beginning on or after January 1, 2014;
- amendments to IFRS 10, 11, 12, "transition guidance", applicable to periods beginning on or after January 1, 2014;
- amendments to IAS 27, "separate financial statements", applicable to periods beginning on or after January 1, 2014;
- amendments to IAS 28, "investments in associates and joint ventures", applicable to periods beginning on or after January 1, 2014;
- amendments to IFRS 10, 12 and IAS 27, "investments entities", applicable to periods beginning on or after January 1 2014;
- amendment to IAS 32, "offsetting of financial assets and financial liabilities", applicable to periods beginning on or after January 1, 2014;
- amendments to IAS 36, "recoverable amount disclosures for non-financial assets", applicable to periods beginning on or after January 1, 2014;
- amendments to IAS 39, "novation of derivatives and continuation of hedge accounting", applicable to periods beginning on or after January 1, 2014;
- IFRIC 21, "levies", applicable to periods beginning on or after June 17, 2014.

Application of these new standards has not had a significant impact on the half yearly 2014 condensed consolidated accounts.

On the end date of these consolidated accounts, the following standards and interpretations were submitted by IASB (International accounting standards board) but still not adopted by the European Union or not applicable by anticipation:

- annual improvements (2010-2012 cycle), "annual improvements to IFRS published in December 2013", applicable to periods beginning on or after July 1, 2014;
- annual improvements (2010-2013 cycle), "annual improvements to IFRS published in December 2013", applicable to periods beginning on or after July 1, 2014;
- amendments to IAS 19 "employee contributions", applicable to periods beginning on or after July 1, 2014;
- IFRS 14 "regulatory deferral accounts" (regulated activities), applicable to periods beginning on or after January 1, 2016;
- amendments to IFRS 11 "acquisition of an interest in a joint operation", applicable to periods beginning on or after January 1, 2016;
- amendments to IAS 16 and IAS 38, "acceptable methods of depreciation and amortisation", applicable to periods beginning on or after January 1, 2016;
- IFRS 15 "revenue from contracts with customers", applicable to periods beginning on or after January 1, 2017;
- IFRS 9, "financial instruments", (implementation date still unknown).

The Group is currently performing an analysis on the practical consequences of these new texts and the effects of their application on the accounts. Where necessary, the Group will apply these standards in its financial statements when adopted by the European Union.

Consolidation rules

Consolidation methods

The accounts of companies under exclusive control are consolidated by global integration. Those companies over which Virbac exercises joint control or significant influence are accounted for by the equity method.
All companies have been consolidated on the basis of financial statements using 30 June, 2014 as their balance sheet date.

Conversion of financial statements

The functional currency in the Group's foreign subsidiaries is the current local currency with the exception of the company Santa Elena in Uruguay whose functional currency is US dollar.
The financial statements of foreign companies for which the functional currency is not the euro are converted according to the following principles:

- the balance sheet items are converted at the rate in force at the close of the period. The translation difference resulting from the application of a different exchange rate on opening equity is shown as equity in the consolidated balance sheet;
- the income statements are converted at the average rate for the period. The translation difference resulting from the application of an exchange rate different from the balance sheet rate is shown as equity on the consolidated balance sheet.

Elimination of inter-company transactions

All reciprocal transactions between the Group's companies consolidated by overall inclusion are eliminated. Regarding the other intra-group transactions:

- the benefits included in the inventories and fixed assets bought from other companies in the Group are eliminated;
- the intra-group dividends received are recorded in the reserves on a gross basis.

Transfer prices charged for transactions between Group's affiliates are the same as the ones that would have been determined in an arm's length transaction with third party.

Estimations

The drawing up of consolidated financial statements prepared in accordance with international accounting standards implies that the Group makes a number of estimates and assumptions believed to be realistic and reasonable.
Certain facts and circumstances could lead to changes in estimates and assumptions, which could affect the value of assets, liabilities, equity and Group income.

Acquisition prices

Some acquisition contracts relating to business combinations or the purchase of intangible assets, include a clause likely to change the price of the acquisition, depending on the objectives associated with financial income, the obtainment of marketing authorisation, or results of efficacy testing.
In this case, the Group should estimate, at the close of the fiscal year, the acquisition price based on the most realistic assumptions for achieving these objectives.

Tax charge

The Group tax charge is calculated on the basis of the recognized tax rate estimated for the period. This rate, fixed using the effective tax rates in the fiscal entities of the Group, is applied to the profit before tax.

A1. Goodwill

in € thousands	Gross value as at 31/12/2013	Impairment value as at 31/12/2013	Book value as at 31/12/2013	Increases	Sales	Impair-ment of value	Conversion gains and losses	Book value as at 30/06/2014
Italy	1,585	-	**1,585**	-	-	-	-	**1,585**
Denmark	4,643	-	**4,643**	-	-	-	-	**4,643**
Leishmaniosis vaccine	5,421	-	**5,421**	-	-	-	-	**5,421**
Greece	1,358	-	**1,358**	-	-	-	-	**1,358**
Colombia	2,267	-	**2,267**	-	-	-	65	**2,332**
India	13,405	-	**13,405**	-	-	-	482	**13,887**
United States	48,217	-2,973	**45,244**	-	-	-	425	**45,669**
Australia	3,316	-323	**2,993**	-	-	-	105	**3,098**
Peptech	3,131	-	**3,131**	-	-	-	191	**3,322**
New Zealand	15,163	-160	**15,003**	-	-	-	1,089	**16,092**
Chile	32,563	-	**32,563**	-	-	-	-1,440	**31,123**
Santa Elena	3,450	-	**3,450**	-	-	-	34	**3,484**
Other CGUs	4,204	-1,735	**2,469**	-	-	-	8	**2,477**
Goodwill	**138,723**	**-5,191**	**133,532**	**0**	**-**	**-**	**959**	**134,491**

The review of qualitative and quantitative indicators related to goodwill did not show any indication of impairment from the opening balance sheet.

A2. Intangibles assets

in € thousands	Concessions, patents, licences and brands – Indefinite life	Concessions, patents, licences and brands – Finite life	Other intangible assets	Intangible assets in progress	Intangible assets
Gross value as at 31/12/2013	**120,879**	**105,280**	**40,662**	**5,717**	**272,539**
Acquisitions and other increases	-	266	278	1,143	**1,687**
Disposals and other decreases	-	-	-2	-25	**-27**
Changes in scope	-	-	-	-	**0**
Transfers	1,810	-605	-209	-1,250	**-254**
Conversion gains and losses	-1,066	-97	183	56	**-924**
Gross value as at 30/06/2014	**121,623**	**104,844**	**40,912**	**5,641**	**273,020**
Depreciation as at 31/12/2013	**-6,620**	**-35,606**	**-32,072**	**-**	**-74,298**
Amortization expense	-	-3,443	-1,760	-	**-5,203**
Impairment losses (net of reversals)	-	-1	-	-	**-1**
Disposals and other decreases	-	-	2	25	**27**
Changes in scope	-	-	-	-	**0**
Transfers	211	-94	210	-137	**190**
Conversion gains and losses	-2	-124	-155	-	**-281**
Depreciation as at 30/06/2014	**-6,411**	**-39,268**	**-33,775**	**-112**	**-79,566**
Net value as at 31/12/2013	**114,259**	**69,675**	**8,590**	**5,717**	**198,240**
Net value as at 30/06/2014	**115,212**	**65,577**	**7,137**	**5,529**	**193,454**

No intangible asset was generated internally.

As at June 30, 2014, the accumulated depreciation amounts to €73,043 thousand and the accumulated impairment of value to €6,523 thousand, concerning almost exclusively the intangible assets with indefinite life.

A3. Tangible assets

in € thousands	Land	Buildings	Technical facilities, materials and industrial equipment	Other tangible assets	Tangible assets in progress	Tangible assets
Gross value as at 31/12/2013	**17,323**	**130,878**	**119,170**	**23,127**	**45,519**	**336,017**
Acquisitions and other increases	-	3,031	4,131	2,103	10,907	**20,172**
Disposals and other decreases	-91	-621	-835	-318	-	**-1,865**
Changes in scope	-	-	-	-	-	**0**
Transfers	5	10,620	11,476	65	-22,313	**-147**
Conversion gains and losses	161	167	791	335	367	**1,821**
Gross value as at 30/06/2014	**17,398**	**144,075**	**134,733**	**25,312**	**34,480**	**355,998**
Depreciation as at 31/12/2013	**-**	**-65,570**	**-69,246**	**-14,946**	**-**	**-149,763**
Amortization expense	-	-3,203	-4,633	-1,423	-	**-9,259**
Impairment losses (net of reversals)	-	-	-	-	-	**0**
Disposals and other decreases	-	367	671	324	-	**1,362**
Changes in scope	-	-	-	-	-	**0**
Transfers	-	46	72	869	-	**987**
Conversion gains and losses	-	-154	-570	-249	-	**-973**
Depreciation as at 30/06/2014	**-**	**-68,514**	**-73,706**	**-15,425**	**-**	**-157,646**
Net value as at 31/12/2013	**17,323**	**65,308**	**49,923**	**8,181**	**45,519**	**186,254**
Net value as at 30/06/2014	**17,398**	**75,561**	**61,026**	**9,887**	**34,480**	**198,353**

The increase in this item, including tangible assets in progress, is mainly related to the continuation of the projects of new production units in Mexico and in Chile, as well as the construction of new buildings in the United States.

Furthermore, the new production unit for sterile injectable products on Carros site in France was commissioned in the early 2014, as well as a new building in Vauvert.

A4. Share in companies accounted for by the equity method

	Company's individual accounts using equity method				Consolidated financial statements	
in € thousands	Balance sheet total	Equity	Sales	Result	Share of equity	Share of result
Vetz GmbH	-	776	-	-	373	-
Kathelele Animal Health	-	-	-	-	-	-
SBC Virbac Limited (Hong Kong)	6,488	4,051	1,414	-1,198	5,849	-587
Share in companies accounted for by the equity method					**6,222**	**-587**

A5. Inventory and work in progress

in € thousands	Raw materials and supplies	Work in progress	Finished products and goods for resale	Inventories and work in progress
Gross value as at 31/12/2013	**49,630**	**12,024**	**84,855**	**146,507**
Variations	7,085	2,702	4,521	**14,308**
Changes in scope	-	-	-	**-**
Transfers	-	-	-	**-**
Conversion gains and losses	369	46	1,987	**2,402**
Gross value as at 30/06/2014	**57,084**	**14,772**	**91,362**	**163,219**
Depreciation as at 31/12/2013	**-2,500**	**-1,366**	**-3,864**	**-7,730**
Allowances	-976	-738	-1,427	**-3,141**
Reversals	1,213	1,366	1,906	**4,485**
Changes in scope	-	-	-	**-**
Transfers	-	-	-	**-**
Conversion gains and losses	-51	-	-80	**-131**
Depreciation as at 30/06/2014	**-2,314**	**-738**	**-3,466**	**-6,517**
Net value as at 31/12/2013	**47,130**	**10,658**	**80,990**	**138,777**
Net value as at 30/06/2014	**54,771**	**14,034**	**87,895**	**156,701**

The increase of the inventories is mainly due to a seasonality effect, but also to a stockpiling policy in the United States to anticipate a launch of products on new market channels.

A6. Trade receivables

in € thousands	Trade receivables
Gross value as at 31/12/2013	**122,184**
Variations	**22,430**
Changes in scope	**-**
Transfers	**-18**
Conversion gains and losses	**985**
Gross value as at 30/06/2014	**145,581**
Depreciation as at 31/12/2013	**-3,557**
Allowances	**-143**
Reversals	**166**
Changes in scope	**-**
Transfers	**32**
Conversion gains and losses	**-46**
Depreciation as at 30/06/2014	**-3,548**
Net value as at 31/12/2013	**118,627**
Net value as at 30/06/2014	**142,033**

A7. Other provisions

Provisions mainly relate to disputes and commercial risks and are evaluated following the rules described in the accounting principles and methods chapter of the Notes to the last annual consolidated financial statements. No provision is booked when the liability is considered by the company as a contingent liability (as per IAS 37).
It is the case in particular of a demand made recently by a competitor of the Group to compensate for an alledged damage related to a patent of use. The company considers this demand both unfounded from a legal perspective and disproportionate as for its amount with regard to the low revenue generated by this product. It is thus a contingent liability with a low probability to result in a significant outflow of resources.

A8. Other financial liabilities

Change in other financial liabilities

in € thousands	31/12/2013	Increase	Decrease	Changes in scope	Transfers	Conversion gains and losses	30/06/2014
Loans	**179,663**	63,674	-905	-	-2,096	323	**240,659**
Bank overdrafts	**-**	-	-	-	-	-	**-**
Accrued interests not yet matured	**-**	-	-	-	-	-	**-**
Debt relating to leasing contracts	**6,174**	819	-	-	-304	-254	**6,435**
Employee profit sharing	**5**	1	-	-	-	-	**6**
Currency and interest rate derivatives	**137**	594	-	-	-	-	**731**
Other	**-**	47	-	-	-	-	**47**
Other non-current financial liabilities	**185,979**	**65,135**	**-905**	**0**	**-2,400**	**69**	**247,878**
Loans	**22,570**	21,749	-1,679	-	2,096	845	**45,580**
Bank overdrafts	**4,525**	6,918	-	-	-	40	**11,483**
Accrued interests not yet matured	**26**	5	-	-	-	-	**31**
Debt relating to leasing contracts	**2,211**	628	-1,227	-	928	-76	**2,464**
Employee profit sharing	**503**	77	-95	-	-	7	**493**
Currency and interest rate derivatives	**308**	142	-	-	-	-	**450**
Other	**-**	-	-	-	-	-	**-**
Other current financial liabilities	**30,143**	**29,518**	**-3,001**	**0**	**3,024**	**816**	**60,500**
Other financial liabilities	**216,122**	**94,653**	**-3,906**	**0**	**624**	**885**	**308,378**

The increase of the loans is mainly due to drawdowns on the credit lines or to borrowings which aim at financing the operations of external growth, mainly the earn-out relating to the purchase of Holding Salud Animal group in Chile which was paid in 2014 (based on normalised cumulative operating profit of fiscal years 2012 and 2013).
This item is also impacted by the investments operated in the new plants.

Others financial liabilities by maturity

As at June 30, 2014

in € thousands	Payments less than 1 year	Payments from 1 to 5 years	Payments more than 5 years	Total
Loans	45,580	240,659	-	**286,239**
Bank overdrafts	11,483	-	-	**11,483**
Accrued interests not yet matured	31	-	-	**31**
Debt relating to leasing contracts	2,464	6,435	-	**8,899**
Employee profit sharing	492	6	-	**498**
Currency and interest rate derivatives	450	731	-	**1,181**
Other	-	47	-	**47**
Other financial liabilities	**60,500**	**247,878**	**-**	**308,378**

As at December 31, 2013

in € thousands	Payments less than 1 year	Payments from 1 to 5 years	Payments more than 5 years	Total
Loans	22,570	179,663	-	**202,233**
Bank overdrafts	4,525	-	-	**4,525**
Accrued interests not yet matured	26	-	-	**26**
Debt relating to leasing contracts	2,211	6,174	-	**8,385**
Employee profit sharing	503	5	-	**508**
Currency and interest rate derivatives	308	137	-	**445**
Other	-	-	-	**-**
Other financial liabilities	**30,143**	**185,979**	**-**	**216,122**

A9. Trade payables

in € thousands	31/12/2013	Variations	Transfers	Conversion gains and losses	30/06/2014
Current trade payables	**77,651**	323	-	523	**78,497**
Payables of intangible assets	**38**	-	-	-	**38**
Payables of tangible assets	**106**	27	-	-	**133**
Trade payables	**77,795**	**350**	**0**	**523**	**78,668**

A10. Revenue from ordinary activities

in € thousands	30/06/2014	30/06/2013	*Change*
Sales of finished goods and merchandise	405,834	406,658	*-0.2%*
Services	96	149	*-35.6%*
Additional income from activity	537	1,076	*-50.1%*
Royalties paid	52	265	*-80.4%*
Gross sales	**406,519**	**408,148**	***-0.4%***
Discounts, rebates and refunds on sales	-32,304	-29,104	*11.0%*
Expenses deducted from sales	-5,977	-5,328	*12.2%*
Financial discounts	-1,494	-1,581	*-5.5%*
Provision for returns	-412	-167	*146.7%*
Expenses deducted from sales	**-40,187**	**-36,180**	***11.1%***
Revenue from ordinary activities	**366,332**	**371,968**	***-1.5%***

A11. Others non-recurring income and expenses

There is no non-recurring element into the accounts closed as at June 30, 2014.

As at June 30, 2013, the non-recurring income and expenses were generated by following item:

in € thousands	30/06/2013
Revaluation of inventories acquired in Chile (purchase accounting method)	-1,843
Other non-current income and expenses	**-1,843**

This item was relating to the sale of inventories which had been revalued at fair value into the framework of the business combination in Chile (Holding Salud Animal).

A12. Financial income and expenses

in € thousands	30/06/2014	30/06/2013	*Change*
Gross cost of financial debt	-3,653	-3,322	*10.0%*
Income from cash and cash equivalents	942	726	*29.8%*
Net cost of financial debt	**-2,711**	**-2,596**	***4.4%***
Foreign exchange gains and losses	-485	-377	*28.6%*
Changes in foreign currency derivatives and interest rate	190	308	*-38.3%*
Other financial charges	-461	-311	*47.9%*
Other financial income	304	110	*177.5%*
Other financial income and expenses	**-452**	**-271**	***66.6%***
Financial income and expenses	**-3,163**	**-2,867**	***10.3%***

The gross cost of financial debt is increasing in compliance with the evolution of financial debts which are linked to the financing of the operations of external growth and to the investments in new production units.

A13. Income tax

in € thousands	30/06/2014 Base	30/06/2014 Tax	30/06/2013 Base	30/06/2013 Tax
Profit before tax	**46,720**		**51,520**	
Adjustment for tax credits	-3,769		-3,869	
Adjustment of non-recurring items (including tax)	-		-	
Profit before tax, after adjustments	**42,951**		**47,651**	
Current tax for French companies		-1,159		-770
Current tax for foreign companies		-11,635		-13,806
Current tax		**-12,794**		**-14,576**
Deferred tax for French companies		-203		-1,001
Deferred tax for foreign companies		-1,394		698
Deferred tax		**-1,597**		**-303**
Tax accounted for		**-14,391**		**-14,879**
Effective tax rate		*33.51%*		*31.22%*
Theoretical tax rate		*34.43%*		*34.43%*
Theoretical tax		**-14,788**		**-16,406**
Difference between theoretical tax and recorded tax		**-397**		**-1,527**

In accordance with IAS 34, in the financial statements at June 30, 2014, the tax charge was determined by applying to the profit before tax for the period the average tax rate estimated for the year.

The reconciliation of the income tax rate is positively impacted by the effective tax rates of foreign affiliates, and negatively impacted by the effects of the additional contribution in France, which requires to use a 38% rate on the short-term temporary differences (against 36.10% as at June 30, 2013).

A14. Result per share

	30/06/2014	30/06/2013
Profit attributable to the owners of the parent company	**27,817,917 €**	**32,604,347 €**
Total number of shares	8,458,000	8,458,000
Impact of dilutive instruments	-	-
Number of treasury shares	29,721	29,345
Outstanding shares	8,428,279	8,428,655
Profit attributable to the owners of the parent company, per share	**3.30 €**	**3.87 €**
Profit attributable to the owners of the parent company, diluted per share	**3.30 €**	**3.87 €**

Treasury shares

Virbac holds treasury shares intended to supply plans to award performance shares. The amount of these shares is recorded as a reduction of equity.
As at June 30, 2014, the number of shares amounted to 29,721 (against 29,345 shares as at June 30, 2013) for a total of €4,173 thousand.

A15. Operating segments

In accordance with IFRS 8, the Group provides a segment as used internally by the chief operating decision maker.

The segment reporting of the Group is the geographical area. The breakdown by geographic area is made on seven sectors, according to the location of the assets of the Group:

- France;
- Europe (excluding France);
- Latin America;
- North America;
- Asia;
- Pacific;
- Africa & Middle East.

The Group's operations are organized and managed separately according to the nature of the markets. There are two marketing segments that are companion animals and food producting animals. These can not be considered as a segment information for the reasons listed below:

- nature of products: most therapeutic segments are common to companion and food producting animals (antibiotics, pesticides ...);
- production processes: the production lines are common to both segments and there is no significant differentiation of supply sources;
- type or category of customers: the distinction is made between the ethical sector (veterinarians) and OTC (Over the counter);
- internal organization: the management structures of the Virbac Group are organized by geographical areas. There is no responsibility for marketing segment at Group level;
- distribution methods: the main distribution channels are more dependent on countries that segment marketing. The sales force may be, in some cases, common to both segments marketing;
- nature of the regulatory environment means the bodies authorizing the placing on the market are the same regardless of the segment.

In the information presented below, the areas correspond to geographical areas (areas of implementation of the Group's assets).

As at June 30, 2014

in € thousands	France	Europe (excluding France)	Latin America	North America	Asia	Pacific	Africa & Middle East	Total
Revenue from ordinary activities	66,978	94,113	64,608	45,907	43,473	40,957	10,296	**366,332**
Operating income	5,771	6,497	14,842	7,359	5,762	7,839	1,813	**49,883**
Profit attributable to the owners of the parent company	4,250	4,465	4,610	4,564	3,601	5,764	564	**27,818**
Non-controlling interests	1	-	3,923	-	-	-	-	**3,924**
Consolidated profit	**4,251**	**4,465**	**8,533**	**4,564**	**3,601**	**5,764**	**564**	**31,742**

As at June 30, 2013

in € thousands	France	Europe (excluding France)	Latin America	North America	Asia	Pacific	Africa & Middle East	Total
Revenue from ordinary activities	65,378	87,785	65,229	57,270	43,205	42,316	10,786	**371,968**
Operating income	6,806	6,781	12,969	14,198	4,729	7,231	1,673	**54,387**
Profit attributable to the owners of the parent company	4,569	4,844	4,466	9,479	3,031	4,964	1,251	**32,605**
Non-controlling interests	3	-	3,726	-	-	-	-	**3,729**
Consolidated profit	**4,572**	**4,844**	**8,191**	**9,479**	**3,031**	**4,964**	**1,251**	**36,334**

A16. Information on related parties

Gross executive compensation

As at June 30, 2014 - Gross amount

	Fixed compensation	Compensation linked to terms of office for administrators in Group companies	Variable compensation (target)	Total compensation
Éric Marée	164,000 €	34,500 €	99,250 €	**297,750 €**
Christian Karst	114,500 €	22,500 €	54,800 €	**191,800 €**
Michel Garaudet	96,300 €	6,200 €	30,750 €	**133,250 €**
Sébastien Huron	107,500 €	12,500 €	48,000 €	**168,000 €**
Jean-Pierre Dick	19,500 €	-	8,500 €	**28,000 €**
Total	**501,800 €**	**75,700 €**	**241,300 €**	**818,800 €**

Compensation corresponds with the fixed compensation, the compensation linked to the offices of the directors in the Group affiliates, and the variable compensation.
For the first half-year 2014, 50% of the compensation due or allocated for 2014 was considered.

Calculation criteria for the variable portion

The variable compensation of members of the executive board depends on a series of shared goals:
- sales growth;
- growth in operating profit from ordinary activities;
- as well as specific goals.

Others benefits

In addition to the various compensation items, following benefits were granted to the members of the executive board:

Retirement

A supplementary defined benefit pension plan (12.5% of reference salary and 22% in the event of over 30 years' service) granted on the following terms:
- over ten years service in the Group (including nine years as a member of the executive board);
- be at least 60;
- finish his/her career in the Group.

Severance pay

The commitments made by the company and the companies it controls to its managers in the event their offices are terminated are as follows:
- Éric Marée: 483,000;
- Christian Karst: 326,000.

Allocation of stock grants

Since 2006, with authorisation from the shareholders' general meeting, Virbac executive board has allocated stock grants to certain Virbac employees and directors and those of its subsidiaries.
These allocations are subject to meeting a performance target linked to the profitability and net debt of the Group, to be found respectively at the end of the 2012 and 2013 financial years.
The stock grants awarded under the 2011 and 2012 amount both to 10,000 shares.

The stock grants awarded to executive board members in 2011 and 2012 were as follows:

	Number of shares 2011 plan	Number of shares 2012 plan
Éric Marée	1,150	1,130
Christian Karst	820	820
Michel Garaudet	510	510
Sébastien Huron	-	520
Total	**2,480**	**2,980**

No stock grants were awarded in 2013.

A17. Scope of consolidation

Company name	Locality	Country	2014		2013	
			Control	Consolidation	Control	Consolidation
France						
Virbac (parent company)	Carros	France	100.00%	Full	100.00%	Full
Interlab	Carros	France	100.00%	Full	100.00%	Full
Virbac France	Carros	France	100.00%	Full	100.00%	Full
Virbac Distribution	Wissous	France	100.00%	Full	100.00%	Full
Virbac Nutrition	Vauvert	France	100.00%	Full	100.00%	Full
Bio Véto Test	La Seyne sur Mer	France	100.00%	Full	100.00%	Full
Alfamed	Carros	France	99.70%	Full	99.70%	Full
Europe (excluding France)						
Virbac Belgium SA	Wavre	Belgium	100.00%	Full	100.00%	Full
Virbac Nederland BV *	Barneveld	Netherlands	100.00%	Full	100.00%	Full
Virbac (Switzerland) AG	Glattbrugg	Switzerland	100.00%	Full	100.00%	Full
Virbac Ltd	Bury St. Edmunds	United Kingdom	100.00%	Full	100.00%	Full
Virbac SRL	Milan	Italy	100.00%	Full	100.00%	Full
Virbac Danmark A/S	Kolding	Denmark	100.00%	Full	100.00%	Full
Virbac Pharma Handelsgesellshaft mbH	Bad Oldesloe	Germany	100.00%	Full	100.00%	Full
Virbac Tierarzneimittel GmbH	Bad Oldesloe	Germany	100.00%	Full	100.00%	Full
Virbac SP zoo	Warsaw	Poland	100.00%	Full	100.00%	Full
Virbac Hellas SA	Agios Stefanos	Greece	100.00%	Full	100.00%	Full
Animedica SA	Agios Stefanos	Greece	100.00%	Full	100.00%	Full
Virbac España SA	Barcelone	Spain	100.00%	Full	100.00%	Full
Virbac Österreich GmbH	Vienna	Austria	100.00%	Full	100.00%	Full
Virbac de Portugal Laboratorios Lda	Almerim	Portugal	100.00%	Full	100.00%	Full
Vetz GmbH	Hanover	Germany	23.99%	Equity method	23.99%	Equity method
North America						
Virbac Corporation *	Fort Worth	United States	100.00%	Full	100.00%	Full
PP Manufacturing Corporation	Framingham	United States	100.00%	Full	100.00%	Full

*** Pre-consolidated levels**

Company name	Locality	Country	2014 Control	2014 Consolidation	2013 Control	2013 Consolidation
Latin America						
Virbac do Brasil Industria e Comercio Ltda	São Paulo	Brazil	100.00%	Full	100.00%	Full
Virbac Mexico SA de CV	Guadalajara	Mexico	100.00%	Full	100.00%	Full
Laboratorios Virbac Mexico SA de CV	Guadalajara	Mexico	100.00%	Full	100.00%	Full
Inmobiliara Virbac Mexico SA de CV	Guadalajara	Mexico	100.00%	Full	100.00%	Full
Virbac Colombia Ltda	Bogota	Colombia	100.00%	Full	100.00%	Full
Laboratorios Virbac Costa Rica SA	San José	Costa Rica	100.00%	Full	100.00%	Full
Virbac Chile SpA	Santiago	Chile	100.00%	Full	100.00%	Full
Virbac Patagonia Ltda	Santiago	Chile	100.00%	Full	100.00%	Full
Holding Salud Animal SA	Santiago	Chile	51.00%	Full	51.00%	Full
Centro Veterinario y Agricola Limitada	Santiago	Chile	51.00%	Full	51.00%	Full
Farquimica SpA	Santiago	Chile	51.00%	Full	51.00%	Full
Bioanimal Corp SpA	Santiago	Chile	51.00%	Full	51.00%	Full
Productos Quimico Ehlinger	Santiago	Chile	51.00%	Full	51.00%	Full
Centrovet Inc	Allegheny	United States	51.00%	Full	51.00%	Full
Centrovet Argentina	Buenos Aires	Argentina	51.00%	Full	51.00%	Full
Santa Elena SA **	Montevideo	Uruguay	99.17%	Full	99.17%	Full
Asia						
Virbac Trading (Shanghai) Co. Ltd	Shanghai	China	100.00%	Full	100.00%	Full
Virbac H.K. Trading Limited	Hong Kong	Hong Kong	100.00%	Full	100.00%	Full
Virbac Korea Co. Ltd	Seoul	South Korea	100.00%	Full	100.00%	Full
Virbac (Thailand) Co. Ltd	Bangkok	Thailand	100.00%	Full	100.00%	Full
Virbac Taiwan Co. Ltd	Taipei	Taiwan	100.00%	Full	100.00%	Full
Virbac Philippines Inc.	Pasig City	Philippines	100.00%	Full	100.00%	Full
Virbac Japan Co. Ltd	Osaka	Japan	100.00%	Full	100.00%	Full
Virbac Asia Pacific Co. Ltd	Bangkok	Thaïland	100.00%	Full	100.00%	Full
Virbac Vietnam Co. Ltd	Ho Chi Minh Ville	Vietnam	100.00%	Full	100.00%	Full
Virbac Animal Health India Private Limited	Mumbai	India	100.00%	Full	100.00%	Full
SBC Virbac Limited *	Hong Kong	Hong Kong	49.00%	Equity method	49.00%	Equity method
Pacific						
Virbac (Australia) Pty Ltd *	Milperra	Australia	100.00%	Full	100.00%	Full
Virbac New Zealand Limited	Auckland	New Zealand	100.00%	Full	100.00%	Full
Africa & Middle East						
Virbac RSA (Proprietary) Ltd *	Centurion	South Africa	100.00%	Full	100.00%	Full

*** Pre-consolidated levels**

**** Full consolidation method since September 1, 2013**

STATUTORY AUDITORS' REVIEW REPORT ON FIRST HALF-YEAR FINANCIAL INFORMATION FOR 2014

Period from January 1 to June 30, 2014

This is a free translation into English of the statutory auditors' review report on the half-yearly financial information issued in French and is provided solely for the convenience of English-speaking users. This report includes information relating to the specific verification of information given in the Group's half-yearly management report. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

To the Shareholders,

In compliance with the assignment entrusted to us by your annual general meeting and in accordance with article L.451-1-2 of the French Monetary and Financial Code (*Code monétaire et financier*), we hereby report to you on:

- the review of the accompanying condensed half-yearly consolidated financial statements of Virbac for the period from January 1 to June 30, 2014;
- the verification of the information contained in half-yearly management report.

These condensed half-year consolidated financial statements are the responsibility of the Board of Directors. Our role is to express a conclusion on these financial statements based on our review.

CONCLUSION ON THE FINANCIAL STATEMENTS

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

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

SPECIFIC VERIFICATION

We have also verified information presented in the half-yearly management report on the condensed half-year consolidated financial statements subject to our review.
We have no matters to report as to its fair presentation and consistency with the condensed half-year consolidated financial statements.

Nice and Marseille, August 29, 2014
The Statutory Auditors
French original signed by

Novances - David & Associés	**Deloitte & Associés**
Jean-Pierre Giraud	Hugues Desgranges