

**BIC**'tween us

# 2015 HALF-YEAR FINANCIAL REPORT



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# MANAGEMENT REPORT OF THE BOARD OF DIRECTORS FOR THE 6 MONTHS PERIOD ENDED JUNE 30, 2015





## 1.1. Key figures

(in million euros)		SECOND QUARTER			FIRST HALF					
	2014*	2015	Change as reported	Change at constant currencies	Change on a comp. basis	2014*	2015	Change as reported	Change at constant currencies	Change on a comp. basis
<b>GROUP</b>										
<b>Net Sales</b>	<b>534.3</b>	<b>623.1</b>	<b>+16.6%</b>	<b>+5.2%</b>	<b>+5.8%</b>	<b>968.5</b>	<b>1,134.0</b>	<b>+17.1%</b>	<b>+5.6%</b>	<b>+6.3%</b>
Gross Profit	263.6	307.4	+16.6%			476.9	569.8	+19.5%		
<b>Normalized Income From Operations</b>	<b>111.6</b>	<b>137.4</b>	<b>+23.1%</b>			<b>184.6</b>	<b>239.2</b>	<b>+29.6%</b>		
Normalized IFO Margin	20.9%	22.0%				19.1%	21.1%			
Income From Operations	123.7	143.9	+16.4%			196.6	241.5	+22.8%		
IFO Margin	23.1%	23.1%				20.3%	21.3%			
Net Income Group Share	85.6	99.3	+16.0%			135.7	176.6	+30.1%		
<b>Earnings Per Share - Group Share (in euros)</b>	<b>1.82</b>	<b>2.10</b>	<b>+15.4%</b>			<b>2.89</b>	<b>3.74</b>	<b>+29.4%</b>		
<b>BY CATEGORY</b>										
<b>Stationery</b>										
<b>Net Sales</b>	<b>212.0</b>	<b>233.2</b>	<b>+10.0%</b>	<b>+1.1%</b>	<b>+2.5%</b>	<b>355.9</b>	<b>390.3</b>	<b>+9.7%</b>	<b>+0.5%</b>	<b>+2.2%</b>
IFO	40.0	40.7				55.6	60.5			
IFO margin	18.9%	17.5%				15.6%	15.5%			
Normalized IFO margin	17.2%	17.1%				14.6%	15.7%			
<b>Lighters</b>										
<b>Net Sales</b>	<b>145.8</b>	<b>178.4</b>	<b>+22.4%</b>		<b>+9.3%</b>	<b>279.4</b>	<b>341.9</b>	<b>+22.4%</b>		<b>+9.5%</b>
IFO	67.4	75.6				116.3	136.6			
IFO margin	46.3%	42.3%				41.6%	39.9%			
Normalized IFO margin	41.2%	41.6%				39.0%	39.7%			
<b>Shavers</b>										
<b>Net Sales</b>	<b>98.1</b>	<b>117.8</b>	<b>+20.0%</b>		<b>+9.5%</b>	<b>187.0</b>	<b>230.2</b>	<b>+23.1%</b>		<b>+12.0%</b>
IFO	18.9	23.4				34.4	44.7			
IFO margin	19.3%	19.8%				18.4%	19.4%			
Normalized IFO margin	18.0%	19.1%				17.7%	20.2%			
<b>Other Products</b>										
<b>Net Sales</b>	<b>19.1</b>	<b>22.3</b>	<b>+16.8%</b>		<b>+8.5%</b>	<b>35.2</b>	<b>39.1</b>	<b>+11.0%</b>		<b>+3.9%</b>
<b>Total Consumer business</b>										
<b>Net Sales</b>	<b>475.0</b>	<b>551.7</b>	<b>+16.2%</b>	<b>+5.6%</b>	<b>+6.3%</b>	<b>857.5</b>	<b>1,001.5</b>	<b>+16.8%</b>	<b>+6.1%</b>	<b>+6.8%</b>
IFO	124.7	144.5				201.4	246.2			
IFO Margin	26.3%	26.2%				23.5%	24.6%			
Normalized IFO margin	23.7%	25.3%				22.1%	24.5%			
<b>BIC Graphic</b>										
<b>Net Sales</b>	<b>59.3</b>	<b>71.4</b>	<b>+20.4%</b>		<b>+1.8%</b>	<b>111.0</b>	<b>132.5</b>	<b>+19.4%</b>		<b>+2.1%</b>
IFO	-1.0	-0.6				-4.8	-4.7			
IFO margin	-1.8%	-0.9%				-4.3%	-3.6%			
Normalized IFO margin	-1.6%	-3.0%				-4.2%	-4.7%			

\* Restated from IFRIC 21.



## 1.2. H1 Highlights

### NET SALES

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**Consumer Business:** 1,001.5 million euros (+6.8% on a comparative basis):

- **Stationery:** 390.3 million euros (+2.2% on a comparative basis);
- **Lighters:** 341.9 million euros (+9.5% on a comparative basis);
- **Shavers:** 230.2 million euros (+12.0% on a comparative basis).

**BIC Graphic:** 132.5 million euros (+2.1% on a comparative basis).

### RESULTS

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- **Normalized Income From Operations (IFO):** 239.2 million euros (+29.6% as reported);
- **Normalized IFO margin:** 21.1% compared to 19.1% in H1 2014;
- **Reported Income From Operations (IFO):** 241.5 million euros (+22.8% as reported);
- **Earning Per Share Group share:** 3.74 euros (+29.4% as reported);
- **Net cash position as of 30 June, 2015:** 223.7 million euros.





## 1.3. H1 2015 Group operational trends

### NET SALES

For the first half of 2015, Net Sales were 1,134.0 million euros up 17.1% as reported, +5.6% at constant currency, and +6.3% on a comparative basis. The positive impact of currency fluctuations (+11.5%) was due to the increase of the USD versus the EUR.

- **Consumer business** grew 6.8% on a comparative basis with a solid performance across all geographies (Europe +6.4%, North America +8.0%, Developing Markets +5.9%).
- **BIC Graphic** Net Sales increased 2.1% on a comparative basis.

### INCOME FROM OPERATIONS (IFO)

**H1 2015 Normalized IFO** was 239.2 million euros (21.1% normalized IFO margin). Consumer business normalized IFO margin was 24.5%, an increase of 2.4 points, driven notably by higher Gross Profit and a decrease in expenses related to the Portable Fuel Cell project (sold in early April 2015). BIC Graphic normalized IFO margin decreased 0.5 point to -4.7%.

The key components of the change in Normalized IFO margin were:

<i>(in points)</i>	H1 2014 vs. 2013	H1 2015 vs. 2014
• Change in Gross Profit margin	+1.4	+1.0
• Brand support	-	+0.3
• OPEX and other expenses	-0.2	+0.7
<b>Total impact</b>	<b>+1.2</b>	<b>+2.0</b>

### NON-RECURRING ITEMS

<i>(in million euros)</i>	Q1 2014	Q1 2015	Q2 2014	Q2 2015	H1 2014	H1 2015
<b>Income From Operations</b>	<b>72.9</b>	<b>97.6</b>	<b>123.7</b>	<b>143.9</b>	<b>196.6</b>	<b>241.5</b>
<i>As % of Net Sales</i>	16.8%	19.1%	23.1%	23.1%	20.3%	21.3%
Restructuring costs related primarily to distribution reorganization in the Middle East and Africa regions	+0.1	+4.5	+0.1		+0.2	+4.5
Retiree medical adjustments in the U.S.			-12.2		-12.2	
Fuel Cell sale net of restructuring costs		-0.3		-1.9		-2.2
Impact of lump sum election for terminated vested pension participants				-4.6		-4.6
<b>Normalized IFO</b>	<b>73.0</b>	<b>101.8</b>	<b>111.6</b>	<b>137.4</b>	<b>184.6</b>	<b>239.2</b>
<i>As % of Net Sales</i>	16.8%	19.9%	20.9%	22.0%	19.1%	21.1%



## NET INCOME AND EPS

**Income before tax** increased 27.8% as reported to 253.3 million euros. Net finance revenue increased to 11.8 million euros compared to 1.5 million euros in H1 2014 due to the favorable revaluation of financial assets denominated in USD.

**Net income Group share** was 176.6 million euros, a 30.1% increase as reported. The tax rate was 30.0%.

**EPS Group share** was 3.74 euros compared to 2.89 euros in H1 2014, up 29.4%. Normalized EPS Group share increased 36.9% to 3.71 euros compared to 2.71 euros in H1 2014.

## NET CASH POSITION

At the end of June 2015, the net cash position was 223.7 million euros of which -83.3 million euros from the Cello Pens put option valuation.

### EVOLUTION OF NET CASH POSITION

<i>(in million euros)</i>	H1 2014	H1 2015
<b>NET CASH POSITION AT THE BEGINNING OF THE PERIOD (DECEMBER)</b>	<b>196.7</b>	<b>320.2</b>
Net cash from operating activities	+82.0	+93.1
• <i>Of which operating cash flow</i>	+183.6	+239.4
• <i>Of which change in working capital and others</i>	-101.6	-146.3
CAPEX	-50.9	-50.7
Dividend payment	-122.4	-134.8
Share buy-back program	-	-26.3
Cash received from the exercise of stock options and liquidity contract	+10.4	+8.0
Fuel Cell divestiture	-	+14.0
Others	-5.8	+0.2
<b>NET CASH POSITION AT THE END OF THE PERIOD (JUNE)</b>	<b>110.0</b>	<b>223.7</b>

The net cash from operating activities was +93.1 million euros with +239.4 million euros in cash flow from operations and a change in working capital of -146.3 million euros, impacted by the increase in inventories in line with the expected sales activity for the balance of the year and by the increase in receivables linked to the strong level of sales in the first half.

## SHAREHOLDERS' REMUNERATION

- Dividend: 134.8 million euros (2.85 euros ordinary dividend per share paid in May 2015).
- Share buy-back: 26.3 million euros (180,213 shares bought in May 2015).





## 1.4. H1 2015 operational trends by category

### CONSUMER CATEGORIES

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#### Stationery

**First Half 2015 Stationery Net Sales increased 9.7% as reported and +2.2% on a comparative basis. Second quarter 2015 Net Sales were up 10.0% as reported and up +2.5% on a comparative basis.**

##### Developed markets

- **In Europe**, Net Sales grew high-single digit. The positive trend of the first quarter proved to be resilient, driven by a strong back-to-school sell-in in all countries, double digit growth in Eastern Europe and the good performance of new products.
- **In North America**, the slight decrease of Net Sales was mostly due to timing (in 2014, early back-to-school shipments registered in June 2014 while registered in July this year). In an environment of continued trade consolidation in Office Super Stores, the market grew mid-single digit (end of May 2015) and we outperformed due to the success of our Champion brand strategy reinforced with new product introductions which include BIC® Atlantis Exact, BIC® Atlantis Ultra-Comfort and BIC® X-tra fun graphite pencils.

##### Developing Markets

H1 2015 Net Sales were flat.

- **Latin America** ended the semester with high-single-digit growth. In Brazil, BIC became the leader of the Coloring segment in Modern Mass Market. In Mexico, we had a good sell-in performance for back-to-school, supported by strong trade and consumer plans.
- In the **Middle East and Africa** region, BIC continued to grow distribution and sales, reinforcing its leading position in key Sub-Saharan markets thanks to strong consumer support and in-store activities, while managing business model changes towards more proximity in selected markets.
- **In India**, Cello Pens First Half Net Sales declined low-single digit, the solid second quarter Net Sales growth nearly offset the negative Q1 performance. The local team continues to work on bringing manufacturing safety and quality standards to BIC's levels.

**H1 2015 Stationery normalized IFO margin was 15.7%** compared to 14.6% in 2014, mainly benefitting from favorable fixed costs absorption and a positive FX effect on Gross Profit. Q2 2015 normalized IFO margin was 17.1% compared to 17.2% in Q2 2014.

#### Lighters

**First Half 2015 Lighters Net Sales increased 22.4% as reported and +9.5% on a comparative basis. Second quarter Net Sales were up 22.4% as reported and +9.3% on a comparative basis.**

##### Developed markets

- **In Europe**, Net Sales increased mid-single digit. The growth was mainly driven by market share gains in both Western and Eastern Europe.
- **In North America**, Net Sales increased high-single digit, reflecting the impact of the April 1<sup>st</sup> 2015 price adjustment, distribution depth improvements and the success of our added-value sleeved lighters.

##### Developing Markets

H1 2015 Net Sales increased double digit.

- **In Latin America**, Net Sales grew double digit, with distribution gains in Mexico and Brazil.
- In the **Middle East, Africa** and in **Asia**, Net Sales grew double digit thanks to improved distribution.

**H1 2015 Lighters Normalized IFO was 39.7%** compared to 39.0% in 2014. This improvement is due to strong Net Sales growth. Q2 2015 Normalized IFO margin was 41.6% compared to 41.2% in Q2 2014.

#### Shavers

**First Half 2015 Shavers Net Sales increased 23.1% as reported and +12.0% on a comparative basis. Second quarter Net Sales were up 20.0% as reported and +9.5% on a comparative basis.**

##### Developed markets

- **In Europe**, Net Sales increased high-single digit, driven by good performances in Western Europe and increased distribution in Eastern Europe.
- **In North America**, Net Sales increased double digit. The performance was driven by a very strong new product pipeline (BIC® Flex 5, BIC® Simply Soleil Click) combined with the continued success of our high quality shave at a fair price positioning, across our entire range. In May 2015, the new BIC® Flex 5 was ranked as Number 2 in volume for the 5 blade one-piece shavers in the U.S.





## Developing Markets

H1 2015 Net Sales increased double digit. **The Middle East and Africa** achieved double digit growth thanks to a successful communication campaign during the Africa Cup of Nations. Net Sales growth in **Latin America** was driven by market share gains in Mexico and the success of added value shavers, mainly BIC® Soleil®, in Brazil.

**H1 2015 Shavers normalized IFO margin was 20.2%** compared to 17.7% in 2014. The increase in margin was driven by strong Net Sales growth, positive FX impact on Gross Profit and timing of operating expenses compared to last year. Second quarter Shaver Normalized IFO margin was 19.1% compared to 18.0% as of Q2 2014.

## Other Consumer Products

**H1 2015 Other Consumer Products Net Sales increased 11.0% as reported and +3.9% on a comparative basis.** Second quarter Net Sales were up 16.8% as reported and 8.5% on a comparative basis.

H1 2015 BIC Sport Net Sales grew double-digit on a comparative basis.

**Other Consumer Products H1 2015 Normalized IFO was 2.2 million euros.** compared to -4.8 million euros in H1 2014 which included expenses related to the portable Fuel Cell project (sold in early April 2015).

## BIC GRAPHIC

**First Half 2015 BIC Graphic Net Sales increased 19.4% as reported and +2.1% on a comparative basis. Second quarter 2015 net sales were up 20.4% as reported and +1.8% on a comparative basis.**

BIC Graphic confirmed FY 2014 and Q1 2015 positive momentum. Net Sales were driven by an overall good performance in key European countries such as the UK, Spain and Germany. North America Net Sales were flat. Developing Markets continued to grow.

**H1 2015 Normalized IFO margin was -4.7%** compared to -4.2% in 2014, due to our continued reinvestments in the business for the long-term. Q2 2015 BIC Graphic Normalized IFO margin was -3.0% compared to -1.6% in Q2 2014.

## 1.5. BIC Group Net Sales change by geography

<i>(in million euros)</i>	Q2 2014	Q2 2015	Change	H1 2014	H1 2015	Change
<b>Total Group Net Sales</b>	<b>534.3</b>	<b>623.1</b>		<b>968.5</b>	<b>1,134.0</b>	
<i>As reported</i>			+16.6%			+17.1%
<i>On a comparative basis</i>			+5.8%			+6.3%
<b>1 – Europe</b>	<b>153.7</b>	<b>160.0</b>		<b>265.1</b>	<b>277.6</b>	
<i>As reported</i>			+4.1%			+4.7%
<i>On a comparative basis</i>			+5.0%			+6.0%
<b>2 – North America</b>	<b>225.2</b>	<b>290.5</b>		<b>394.5</b>	<b>511.5</b>	
<i>As reported</i>			+29.0%			+29.6%
<i>On a comparative basis</i>			+4.9%			+6.2%
<b>3 – Developing Markets</b>	<b>155.4</b>	<b>172.6</b>		<b>308.9</b>	<b>344.9</b>	
<i>As reported</i>			+11.0%			+11.7%
<i>On a comparative basis</i>			+8.0%			+6.6%



## 1.6. Impact of change in perimeter and currency fluctuations

(in %)	Q2 2014	Q2 2015	H1 2014	H1 2015
<b>Perimeter</b>	<b>+3.5%</b>	<b>-0.6%</b>	<b>+4.1%</b>	<b>-0.7%</b>
Currencies	<b>-6.1%</b>	<b>+11.5%</b>	<b>-6.9%</b>	<b>+11.5%</b>
Of which USD	-2.1%	+10.5%	-1.8%	+9.9%
Of which BRL	-1.1%	-0.9%	-1.6%	-0.4%
Of which ARS	-0.9%	+0.2%	-1.4%	+0.2%
Of which INR	-	+0.6%	-	+0.7%
Of which MXN	-0.6%	+0.4%	-0.5%	+0.4%
Of which Russia and Ukraine	-0.3%	-0.3%	-0.2%	-0.4%

## 1.7. IFO and Normalized IFO by category

(in million euros)	Income From Operations				Normalized Income From Operations			
	Q2 2014	Q2 2015	H1 2014	H1 2015	Q2 2014	Q2 2015	H1 2014	H1 2015
<b>Group</b>	<b>123.7</b>	<b>143.9</b>	<b>196.6</b>	<b>241.5</b>	<b>111.6</b>	<b>137.4</b>	<b>184.6</b>	<b>239.2</b>
<b>Consumer</b>	<b>124.7</b>	<b>144.5</b>	<b>201.4</b>	<b>246.2</b>	<b>112.5</b>	<b>139.5</b>	<b>189.2</b>	<b>245.4</b>
Stationery	40.0	40.7	55.6	60.5	36.5	39.9	52.1	61.2
Lighters	67.4	75.6	116.3	136.6	60.1	74.2	109.0	135.6
Shavers	18.9	23.4	34.4	44.7	17.6	22.5	33.1	46.4
Others	-1.7	4.9	-4.9	4.4	-1.7	2.9	-4.9	2.2
<b>BIC Graphic</b>	<b>-1.0</b>	<b>-0.6</b>	<b>-4.8</b>	<b>-4.7</b>	<b>-0.9</b>	<b>-2.1</b>	<b>-4.6</b>	<b>-6.2</b>

## 1.8. Share repurchase program – cancelled shares

The Annual Shareholders' Meeting on May 6, 2015 authorized SOCIÉTÉ BIC to renew its share repurchase program.

During the First Half of 2015:

- SOCIÉTÉ BIC repurchased 180,213 shares under the shares repurchase programs authorized by the Annual Shareholders' Meeting held on May 6, 2015, excluding shares acquired under the liquidity agreement;
- SOCIÉTÉ BIC repurchased, under the liquidity agreement with Natixis, 57,843 shares for a total value of 7.81 million euros and sold 55,575 shares for a total value of 7.44 million euros;
- 129,723 options were exercised in the period for 7.07 million euros, of which 0.11 million euros had not been cashed at end-June 2015;
- In early 2015, SOCIÉTÉ BIC received 1.40 million euros related to stock options exercised at the end of 2014.

	Number of shares bought	Average weighted price in €	Amount in M€
May 2015	180,213	146.00	26.3

The number of free, performance-based shares transferred to beneficiaries was 80,515 during the First Half of 2015, of which 44,040 transferred by SOCIÉTÉ BIC and 36,475 transferred by BIC CORPORATION. Moreover, SOCIÉTÉ BIC proceeded to 176,740 free, performance-based share grants and 21,700 free, non-performance-based share grants.

## 1.9. Main related-party transactions

This paragraph is aimed at ensuring transparency in the relationship between the Group and its Shareholders (and their representatives), as well as in the links between the Group and related companies that the Group does not exclusively control (i.e. joint ventures or investments in associates).

Significant related-party transactions are described in the Note 24 – Related parties on page 208 of the Group BIC 2014 registration document filed with the *Autorité des Marchés Financiers* (AMF) on March 20, 2015. During the First Half of 2015, no other significant related-party transactions have been identified.

## 1.10. Capital evolution

N/A





## 1.11. Material events that occurred in the first six months of 2015

### FUEL CELL

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On April 7, BIC Group announced that, following the binding agreement signed on February 27, 2015, BIC's Portable Fuel Cell Technology had been sold to Intelligent Energy for 14 million euros. The transaction includes all assets (patents and related technology and know-how). The agreement includes a potential earn out of up to 7 million U.S. dollars (approx. 6.5 million euros<sup>(1)</sup>).

## 1.12. Material events that occurred after the 30 June 2015

N/A

### DESCRIPTION OF THE PRINCIPAL RISKS AND UNCERTAINTIES FOR THE 2<sup>ND</sup> HALF 2015

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BIC pursues an active and dynamic approach to risk management. The purpose of this approach is to enhance the Group's capacity to identify, manage and monitor major risks that could affect its personnel, assets, environment or reputation, as well as the Group's ability to reach its objectives and abide by its values, ethics or laws and regulations.

The approach is based on identification and analysis of the main risks to which the Group is exposed, particularly those related to the

following areas: financial markets, legal, industry and environment, strategy and operations.

A description of the main risks identified by the BIC Group is available in the section entitled "Risks factors" of the 2014 registration document (page 25) filed with the *Autorité des Marchés Financiers* (AMF) on March 20, 2015 and which is available on our website at: <http://www.bicworld.com/en/finance/publications/>.

No additional significant risk or uncertainties have been identified for the Second Half of 2015.

## 1.13. 2015 Outlook

**Group Net Sales** should grow between 4% and 5% on a comparative basis.

In light of the 6 month performance and despite planned H2 2015 Brand Support investments and timing of Operating Expenses, the **Group Normalized IFO margin** is expected to slightly increase compared to last year.

(1) 1.0830 USD = 1 EUR ECB reference rate at 02-APR-2015



## 1.14. Glossary

- **At constant currencies:** constant currency figures are calculated by translating the current year figures at prior year monthly average exchange rates.
- **Comparative basis:** at constant currencies and constant perimeter. Figures at constant perimeter exclude the impacts of acquisitions and/or disposals that occurred during the current year and/or during the previous year, until their anniversary date. All Net Sales category comments are made on a comparative basis.
- **Normalized IFO:** normalized means excluding non-recurring items.



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## CONDENSED CONSOLIDATED FIRST HALF FINANCIAL STATEMENTS

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## 2.1. Consolidated income statement

**(condensed financial statements)**

<i>(in thousand euros)</i>	Notes	June 30, 2014*	June 30, 2015
Net sales	2-2	968,514	1,133,995
Cost of goods	4	(491,600)	(564,218)
<b>Gross profit</b>		<b>476,914</b>	<b>569,777</b>
Distribution costs	4	(147,773)	(156,762)
Administrative expenses	4	(95,162)	(114,717)
Other operating expenses	4	(57,809)	(60,404)
Other income	5	21,525	10,117
Other expenses	5	(1,063)	(6,509)
<b>Income from operations</b>		<b>196,632</b>	<b>241,502</b>
Income from cash and cash equivalents	6	4,622	6,435
Net finance income/(net finance costs)	6	(3,102)	5,334
<b>Income before tax</b>		<b>198,152</b>	<b>253,271</b>
Income tax expense	7	(59,446)	(76,061)
<b>Net income from consolidated entities</b>		<b>138,706</b>	<b>177,210</b>
Net income from continuing operations		138,706	177,210
<b>Consolidated income, of which:</b>		<b>138,706</b>	<b>177,210</b>
Non-controlling interest		2,977	640
<b>NET INCOME GROUP SHARE</b>	8	<b>135,729</b>	<b>176,570</b>
Earnings per share Group share <i>(in euros)</i>	8	2.89	3.74
Diluted earnings per share Group share <i>(in euros)</i> <sup>(a)</sup>	8	2.85	3.70
Average number of shares outstanding net of treasury shares	8	47,006,576	47,200,210

(a) The dilutive elements taken into account are stock options.

\* Figures have been adjusted as mentioned in Note 1 "Main rules and accounting policies" pursuant to the interpretation IFRIC 21 - Levies.





## 2.2. Consolidated statement of comprehensive income

(condensed financial statements)

<i>(in thousand euros)</i>	Notes	June 30, 2014*	June 30, 2015
<b>GROUP NET INCOME</b>	<b>A</b>	<b>138,706</b>	<b>177 210</b>
<b>OTHER COMPREHENSIVE INCOME</b>	<b>7-2</b>		
Actuarial differences on post-employment benefits not recyclable to the income statement <sup>(b)</sup>		(24,582)	30,955
Deferred tax on actuarial differences on post-employment benefits	7-2	9,002	(11,273)
<b>Total actuarial differences not recyclable to the income statement - Net of tax</b>	<b>B</b>	<b>(15,580)</b>	<b>19,682</b>
Gain/(Loss) on cash flow hedge		(9,706)	(813)
Exchange differences arising on translation of overseas operations <sup>(a) **</sup>		31,548	36,528
Available for sale investments		(2)	(1)
Deferred tax and current tax recognized on other comprehensive income	7-2	3,030	(1,690)
<b>Other comprehensive income recyclable to the income statement - Net of tax</b>	<b>C</b>	<b>24,871</b>	<b>34,024</b>
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>D = A + B + C</b>	<b>147,996</b>	<b>230,916</b>
Attributable to:			
• The BIC Group		141,199	225,854
• Non-controlling interest		6,797	5,062
<b>TOTAL</b>		<b>147,996</b>	<b>230,916</b>

(a) The main items impacting the translation reserve variance for the period, by currency, are as follows: U.S. dollar 35.5 million euros, Indian rupee 17.8 million euros, Brazilian real -17.7 million euros and Mexican peso 0.5 million euros.

(b) The impact of actuarial differences is mainly due to U.S. and French plans.

\* Figures have been adjusted as mentioned in Note 1 "Main rules and accounting policies" pursuant the interpretation IFRIC 21 - Levies.

\*\* Cello goodwill determination work has been finalized (see Note 1-2 Change in scope of consolidation in the 2014 registration document).





## 2.3. Consolidated statement of financial position

(condensed financial statements)

### Assets

<i>(in thousand euros)</i>	Notes	Dec. 31, 2014	June 30, 2015
Property, plant and equipment		482,473	498,914
Investment properties		2,116	2,195
Net goodwill	10	307,395	324,140
Intangible assets		94,841	98,454
Other non-current assets	11	25,092	28,480
Deferred tax assets		174,912	153,130
Derivative instruments	19	228	1,175
<b>Non-current assets</b>		<b>1,087,057</b>	<b>1,106,488</b>
Inventories	12	441,139	481,541
Income tax advance payments		10,011	4,674
Trade and other receivables	12	453,771	585,100
Other current assets		16,434	25,601
Derivative instruments	19, 21	194	416
Other current financial assets	21	53,139	52,808
Cash and cash equivalents	21	352,154	356,067
Assets held for sale	9	15,014	2,326
<b>Current assets</b>		<b>1,341,856</b>	<b>1,508,533</b>
<b>TOTAL ASSETS</b>		<b>2,428,913</b>	<b>2,615,021</b>

CF: see Consolidated cash flow statement.



## Equity and liabilities

<i>(in thousand euros)</i>	Notes	Dec. 31, 2014*	June 30, 2015
Share capital	13-1	179,939	180,045
Accumulated profits		1,415,395	1,456,038
Translation reserve		20,609	52,715
Cash flow hedge derivatives		2,792	2,509
<b>Group Shareholders' equity</b>		<b>1,618,734</b>	<b>1,691,307</b>
Non-controlling interest		28,836	33,897
<b>Shareholders' equity</b>	SHEQ	<b>1,647,570</b>	<b>1,725,204</b>
Non-current borrowings	14	78,890	84,950
Other non-current liabilities		-	-
Employee benefits obligation		238,407	201,072
Provisions	15	55,549	56,651
Deferred tax liabilities		46,488	31,540
Derivative instruments	19	138	1,654
<b>Non-current liabilities</b>		<b>419,472</b>	<b>375,867</b>
Trade and other payables	12	119,110	137,713
Current borrowings	14	6,246	100,218
Current tax due		17,354	16,435
Other current liabilities	16	215,384	249,958
Derivative instruments	19, 21	3,776	9,627
<b>Current liabilities</b>		<b>361,871</b>	<b>513,950</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>2,428,913</b>	<b>2,615,021</b>

\* Figures have been adjusted as mentioned in Note 1 "Main rules and accounting policies" pursuant to the interpretation IFRIC 21 - Levies.

SHEQ : see Consolidated statement of changes in equity.





## 2.4. Consolidated statement of changes in equity

(condensed financial statements)

<i>(in thousand euros)</i>	Notes	Share capital	Accumulated profits	Translation reserve	Cash flow hedge derivatives	Group Share holders' equity	Non -controlling interest	Shareholders' equity
<b>At December 31, 2014*</b>		<b>179,939</b>	<b>1,415,395</b>	<b>20,609</b>	<b>2,792</b>	<b>1,618,734</b>	<b>28,836</b>	<b>1,647,570</b>
<i>Dividends paid</i>	CF, 17	-	(134,829)	-	-	(134,829)	-	(134,829)
<i>Decrease in share capital<sup>(a)</sup></i>		-	-	-	-	-	-	-
<i>Increase in share capital<sup>(b)</sup></i>		496	6,577	-	-	7,072	-	7,072
<i>Treasury shares</i>		(390)	(26,284)	-	-	(26,674)	-	(26,674)
<i>Recognition of share-based payments</i>	CF, 18	-	7,331	-	-	7,331	-	7,331
<i>Cello Pens - Put on non controlling interests</i>	14	-	(6,184)	-	-	(6,184)	-	(6,184)
<i>Other</i>		-	3	-	-	3	-	3
<b>Total transactions with Shareholders</b>		<b>106</b>	<b>(153,387)</b>	<b>-</b>	<b>-</b>	<b>(153,281)</b>	<b>-</b>	<b>(153,281)</b>
<i>Net income for the period</i>		-	176,570	-	-	176,570	640	177,210
<i>Other comprehensive income</i>		-	17,460	32,106	(283)	49,284	4,422	53,705
<b>Total comprehensive income</b>		<b>-</b>	<b>194,031</b>	<b>32,106</b>	<b>(283)</b>	<b>225,854</b>	<b>5,062</b>	<b>230,916</b>
<b>At June 30, 2015</b>		<b>180,045</b>	<b>1,456,038</b>	<b>52,715</b>	<b>2,509</b>	<b>1,691,307</b>	<b>33,897</b>	<b>1,725,204</b>

\* Figures have been adjusted as mentioned in Note 1 "Main rules and accounting policies" pursuant to the interpretation IFRIC 21 - Levies.

(a) No shares were cancelled during the first half of 2015.

(b) Following the exercise of stock options, the share capital was increased by 129,723 shares.

CF: see Consolidated cash flow statement.



## 2.5. Consolidated cash flow statement

(condensed accounts)

<i>(in thousand euros)</i>	Notes	Dec. 31, 2014*	June 30, 2015
<b>Operating activities</b>			
Net income Group share	IS	262,076	176,570
<i>Income and expense without cash impact:</i>			
Non-controlling interest	IS	4,085	640
Depreciation and amortization of intangible assets, property, plant and equipment and investment properties	4	80,704	43,033
Impairment loss	4	84	-
Provision for employee benefits		8,112	8,219
Other provisions (excluding provisions on current assets)	15	(3,030)	1,476
Hedging and derivative instruments	19	(169)	5,645
Option premium expense		871	196
Recognition of share-based payments	18, SHEQ	10,750	7,331
Deferred tax variation	7-1	(7,490)	(661)
(Gain)/Loss from disposal of fixed assets	5, (a)	(1,481)	(3,082)
<b>Cash flow</b>		<b>354,512</b>	<b>239,366</b>
(Increase)/Decrease in net working capital	12	9,998	(116,321)
Payments related to employee benefits		(17,076)	(33,858)
Financial expense/(income)	6	(8,264)	(5,220)
Interest (paid)/received		9,518	4,724
Income tax expense	7-1	124,976	76,723
Income tax paid		(124,670)	(72,355)
<b>NET CASH FROM OPERATING ACTIVITIES</b>	(h)	<b>348,993</b>	<b>93,058</b>
<b>Investing activities</b>			
Disposal of fixed assets	(b)	2,713	1,984
Purchases of property, plant and equipment	2, (i)	(105,444)	(48,113)
Purchases of intangible assets	2	(6,830)	(2,597)
(Increase)/Decrease in other investments		(759)	(932)
(Purchase)/Sale of other current financial assets	(f)	12,979	(325)
Business and asset (acquisitions)/divestitures	(c)	8,408	13,977
<b>NET CASH FROM INVESTING ACTIVITIES</b>		<b>(88,933)</b>	<b>(36,006)</b>
<b>Financing activities</b>			
Dividends paid	SHEQ, 17, (d)	(122,410)	(134,829)
Non-controlling interest buy-back		(53,464)	-
Borrowings/(Repayments)	14, (j)	(841)	51,747
Repayments of obligations under finance leases		(139)	(470)
Purchase of financial instruments	(e)	(874)	(457)
Increase in treasury shares and exercise of stock options	18, (g)	5,066	(18,314)
<b>NET CASH FROM FINANCING ACTIVITIES</b>		<b>(172,662)</b>	<b>(102,324)</b>
Net increase/(decrease) in cash and cash equivalents		87,398	(45,272)
Opening cash and cash equivalents net of bank overdrafts	BS, 14	240,515	348,503
Exchange difference		20,590	6,707
<b>CLOSING CASH AND CASH EQUIVALENTS NET OF BANK OVERDRAFTS</b>	BS, 14	<b>348,503</b>	<b>309,939</b>

\* Figures have been adjusted as mentioned in Note 1 "Main rules and accounting policies" pursuant to the interpretation IFRIC 21 - Levies.

IS: see Consolidated income statement.

SHEQ: see Consolidated statement of changes in equity.

BS: see Consolidated balance sheet.





## CONDENSED CONSOLIDATED FIRST HALF FINANCIAL STATEMENTS

### Consolidated cash flow statement

As of June 30, 2015 cash and cash equivalents amount to 356,067 thousand euros and bank overdrafts to 46,128 thousand euros.

(a) The main gain on disposal during the first half of 2015, is related to the sale of Fuel Cell Technology assets for 2.7 million euros.

The main gain on disposal in 2014, was related to the sale of Sheaffer assets for 1.1 million euros.

(b) During the first half of 2015 and in 2014, there was no disposal of individually significant fixed assets.

(c) During the first half of 2015, the BIC Group disposed of its Fuel Cell Technology assets. This amount is net of disbursement related to restructuring costs.

During 2014, the BIC Group disposed of the Sheaffer assets, net of related restructuring costs.

(d) The dividends paid represent the dividends paid by SOCIÉTÉ BIC to its Shareholders (see *Note 17*).

(e) During the first half of 2015, SOCIÉTÉ BIC paid option premiums amounting to 0.5 million euros, compared to 0.9 million euros during 2014.

(f) The amount of financial assets classified under "Other current financial assets" refers to investments not eligible for classification as Cash & Cash Equivalents under IAS 7. As of June 30, 2015, these investments consist of units of UCITS and negotiable debt securities, all of which are liquid within 5 days.

(g) During the first half of 2015, 180,213 shares were repurchased by SOCIÉTÉ BIC for 26.3 million euros. Under the liquidity agreement, SOCIÉTÉ BIC bought 57,843 shares for 7.8 million euros and sold 55,575 shares for 7.4 million euros. In addition, 129,723 options were exercised in the period for 7.1 million euros, including 0.1 million euros which have not been collected at end of June 2015. Moreover, in early 2015, SOCIÉTÉ BIC received 1.4 million euros related to stock options exercised at the end of 2014.

During 2014, 100,000 shares were repurchased by SOCIÉTÉ BIC for 10.2 million euros. Under the liquidity agreement, SOCIÉTÉ BIC bought 319,268 shares for 31 million euros and sold 318,076 shares for 30.9 million euros. In addition, 324,020 options were exercised in the period for 17.6 million euros, including 1.4 million euros which had not been collected at end of December 2014. Moreover, in early 2014, SOCIÉTÉ BIC received 2.1 million euros related to stock options exercised at the end of 2013.

(h) First half of 2015 net cash flows from operating activities include 4.3 million euros in payments related to restructuring (2.5 million euros for 2014).

(i) Purchases of property, plant and equipment do not include finance leases booked as a counterpart to assets with a financial debt, as these transactions do not have any impact on cash.

(j) As of June 30, 2015, new borrowings amount to 51,747 thousand euros.



## 2.6. Notes to the consolidated financial statements

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## NOTE 1 MAIN RULES AND ACCOUNTING POLICIES

### 1-1 Accounting policies

#### 1-1-1 General

Pursuant to European regulation no.1606/2002 of July 19, 2002 concerning international accounting standards, the consolidated financial statements of the BIC Group have been prepared in accordance with accounting principles as defined by the International Accounting Standards Board (IASB) as adopted by the European Union. International Financial Reporting Standards are available on the European Union website at [http://ec.europa.eu/finance/accounting/ias/index\\_en.htm](http://ec.europa.eu/finance/accounting/ias/index_en.htm).

The international standards include the IFRS (International Financial Reporting Standards), the IAS (International Accounting Standards), as well as their SIC (Standing Interpretation Committee) and IFRIC (International Financial Reporting Interpretations Committee) interpretations.

The condensed consolidated financial statements as of June 30, 2014 and June 30, 2015 have been prepared in compliance with IAS 34 "Interim financial reporting". The financial statements have been prepared on the historical cost basis, except for the valuation of certain financial instruments.

IAS 34 allows presentation of a selection of notes to the condensed consolidated financial statements that should be read in conjunction with the consolidated financial statements of December 31, 2014.

The measurement procedures used for the interim condensed consolidated financial statements are as follows:

- interim period income tax expense results from the estimated annual Group effective income tax rate applied to the pre-tax result (excluding share of net income of associates) of the interim period excluding unusual material items. The income tax charge related to any unusual item in the period is accrued using its actual tax expense;
- regarding the main pension plans and other employee benefits (United States, Canada, France, Great Britain), actuarial valuations are performed every six months. Amounts recognized in the interim statement of financial position are based on estimates made at the end of the previous year and on the discount rates as of June 30.

Regarding share-based payments and other benefits plans, expenses are recognized in the period on a *pro rata* basis of the estimated costs for the year.

The principal accounting policies remain unchanged compared to last year except for adoption of the following standards, effective since January 1<sup>st</sup>, 2015.

#### 1-1-2 Adoption of new and revised International Financial Reporting Standards, interpretations and amendments

##### New standards, amendments and interpretations of mandatory application for financial years beginning on or after January 1, 2015

The following standards and amendments are effective since January 1, 2015 and have been applied to the consolidated financial statements as of June 30, 2015:

- IFRIC 21 – Levies.

This interpretation:

- defines the obligating event that gives rise to a liability to pay a levy (as the activity that triggers the payment of the levy), as identified by the relevant legislation or regulations; and
- refers to other standards to determine whether the counterpart to the recognized liability gives rise to an asset or an expense.

The application of this interpretation has had the following impact on the Group's financial statements:

- the income statement as of June 30, 2014 has been restated with an additional expense before tax of 2.2 millions euros split as follows: 1.1 million euros in cost of goods and 1.1 million euros in administrative expenses. The income tax expense has been positively adjusted by 0.7 million euros;
- Shareholders' equity has been increased by 1.7 million euros as of January 1, 2014.

##### New standards, interpretations and amendments that may be applied early for financial years beginning on or after January 1, 2015

As of June 30, 2015, the Group did not elect to early apply any standard, interpretation or amendment approved by the European Union, particularly regarding:

- Amendments to IAS 1 – Disclosure Initiative;
- Amendments to IFRS 10, IFRS 12 and IAS 28 – Investment Entities: Applying the Consolidation Exception;
- Amendments to IFRS 11 – Accounting for Acquisitions of Interests in Joint Operations;
- Amendments to IAS 16 and IAS 38 – Clarification of Acceptable Methods of Depreciation and Amortisation.

The Group is currently conducting analysis on the practical consequences of these new regulations and the effects of their implementation on the financial statements.





**Standards, interpretations and amendments that may not be applied early for financial years beginning on or after January 1, 2015**

- IFRS 9 – Financial instruments;
- IFRS 14 – Regulatory Deferral Accounts;
- IFRS 15 – Revenue from Contracts with Customers;
- Amendments to IAS 27 - Consolidated and Separate financial statements.

Analysis on the practical consequences of these new regulations is in progress.

**1-2 Change in scope of consolidation**

No significant change occurred during the first half of 2015.

**1-3 Subsequent events**

No subsequent events occurred between July 1, 2015 and the reporting date.

**NOTE 2 OPERATING SEGMENTS**

**2-1 General information**

BIC operating segments have been determined based on the reports regularly provided to the management and used to make strategic decisions.

The management considers the business from a product category perspective, knowing that each category can be reviewed for a specific geographic area if necessary.

The categories are as follows: Stationery consumer, Lighters, Shavers, Other Consumer and BIC Graphic (Advertising and Promotional Products).

These operating segments receive their revenues from the production and distribution of each product category.

Freight billed to customers, royalty income and financial interest are also included in these category revenues but are insignificant

compared to turnover. As they are not analyzed according to category of products, by the Operational Directors, they are not detailed in the note below.

**2-2 Information on the income statement and assets by activity**

All indicators are determined according to IFRS, except for:

- normalized income from operations, which is the income from operations restated for non-recurring items (in particular real estate gains, the gain or loss on the sale of businesses and restructuring costs);
- capital additions, which are the purchases and internal generation of property, plant and equipment and intangible fixed assets for the period.





CONDENSED CONSOLIDATED FIRST HALF FINANCIAL STATEMENTS  
Notes to the consolidated financial statements

(in million euros)	June 30, 2014*						June 30, 2015					
	Stationery Consumer	Lighters	Shavers	Other Consumer	BIC Graphic	Total	Stationery Consumer	Lighters	Shavers	Other Consumer	BIC Graphic	Total
<b>Income Statement</b>												
• Net sales	357	279	187	35	111	<b>969</b>	390	342	230	38	133	<b>1,134</b>
• Depreciation and amortization	(13)	(7)	(8)	(6)	(4)	<b>(38)</b>	(13)	(8)	(10)	(7)	(5)	<b>(43)</b>
• Impairment loss	-	-	-	-	-	-	-	-	-	-	-	(1)
• Income from operations	57	116	34	(5)	(5)	<b>197</b>	60	137	45	5	(5)	242
<b>Restatements made to obtain the normalized income from operations</b>												
• Retiree medical adjustment in the United States	-	-	-	-	-	<b>(12)</b>	-	-	-	-	-	-
• Impact of lump sum election for terminated vested pension participants	-	-	-	-	-	-	-	-	-	-	-	<b>(5)</b>
• Restructuring costs related to distribution reorganization in the Middle East and in the Africa regions	-	-	-	-	-	-	-	-	-	-	-	<b>4</b>
• Profit and restructuring costs related to Fuel Cell assets sale	-	-	-	-	-	-	-	-	-	-	-	<b>(2)</b>
• Other	-	-	-	-	-	-	-	-	-	-	-	-
Normalized income from operations	53	109	33	(5)	(5)	<b>185</b>	61	136	46	2	(6)	<b>239</b>

\* Figures have been adjusted as mentioned in Note 1 "Main rules and accounting policies" pursuant to the interpretation IFRIC 21 - Levies.

(in million euros)	June 30, 2014						June 30, 2015					
	Stationery Consumer	Lighters	Shavers	Other Consumer	BIC Graphic	TOTAL	Stationery Consumer	Lighters	Shavers	Other Consumer	BIC Graphic	TOTAL
<b>Capital additions</b>	9	17	15	6	4	<b>51</b>	10	15	13	9	4	<b>51</b>
<b>Net Inventories</b>	191	88	81	18	60	<b>438</b>	204	94	95	18	70	<b>482</b>

## 2-3 Information by geography

Since 2010, the geographies identified by the management are: France, Europe (excluding France), North America and Developing markets.

(in million euros)	June 30, 2014					June 30, 2015				
	France	Europe excluding France	North America	Developing Markets	TOTAL	France	Europe excluding France	North America	Developing Markets	TOTAL
<b>Net sales</b>	97	168	395	309	<b>969</b>	102	176	511	344	<b>1,134</b>
<b>Non-current assets<sup>(a)</sup></b>	195	148	237	290	<b>870</b>	189	154	286	320	<b>949</b>

(a) Other than financial instruments, deferred tax assets, post-employment benefit assets and rights arising under insurance contracts.



### NOTE 3 EXCHANGE RATES OF FOREIGN CURRENCIES

The following table shows foreign currency equivalents of one euro (for instance: average 2015 is 1 euro = 1.12 U.S. dollars).

Foreign currencies	H1 2014 Average	H1 2015 Average	June 30, 2014	June 30, 2015
	Euro	Euro	Euro	Euro
U.S. dollar - USD	1.37	1.12	1.36	1.12
Australian dollar - AUD	1.50	1.43	1.45	1.46
Canadian dollar - CAD	1.50	1.38	1.46	1.39
Swiss franc - CHF	1.22	1.06	1.22	1.04
Chinese renminbi - CNY	8.45	6.94	8.47	6.96
British pound - GBP	0.82	0.73	0.80	0.71
Hong Kong dollar - HKD	10.63	8.65	10.56	8.68
Indian rupee - INR	83.28	70.13	81.86	71.25
Japanese yen - JPY	140.38	134.22	138.09	138.58
Korean won - KRW	1,438.59	1,227.33	1,381.00	1,258.00
Malaysian ringgit - MYR	4.48	4.06	4.38	4.24
New Zealand dollar - NZD	1.62	1.51	1.55	1.63
Philippine peso - PHP	60.96	49.72	59.66	50.51
Polish zloty - PLN	4.18	4.14	4.15	4.18
Swedish krona - SEK	8.95	9.34	9.20	9.26
Singapore dollar - SGD	1.73	1.51	1.70	1.51
South African rand - ZAR	14.68	13.30	14.44	13.64
Argentinian peso - ARS	10.77	9.84	11.08	10.16
Brazilian real - BRL	3.15	3.31	2.99	3.52
Mexican peso - MXN	17.98	16.89	17.71	17.42
Venezuelan bolivar - VEF	8.63	58.14	8.58	58.36
Ukrainian hryvnia - UAH	14.42	24.23	16.04	23.54
Russian ruble - RUB	48.02	64.72	45.90	61.81

**NOTE 4 OPERATING EXPENSES**

<i>(in thousand euros)</i>	June 30, 2014*	June 30, 2015
Raw materials, consumables used and change in inventory	263,948	298,383
Staff costs	264,564	303,132
Depreciation and amortization expenses	38,407	43,033
Impairment loss	(90)	-
Other operating expenses	221,870	239,849
Loss on operational foreign currency translation	3,645	11,705
<b>TOTAL</b>	<b>792,344</b>	<b>896,102</b>

\* Figures have been adjusted as mentioned in Note 1 "Main rules and accounting policies" pursuant to the interpretation IFRIC 21 - Levies.

Other operating income and expenses are not included in the total amount and are disclosed in Note 5.

Operating expenses include 0.1 million euros related to Portable Fuel Cell Technology, versus 5.3 million euros for the first half of 2014.

On April 7, the BIC Group sold its Portable Fuel Cell Technology assets (see Note 5).

Research and development costs expensed for the first half of 2015 amount to 12.4 million euros, versus 15.7 million euros for the first half of 2014.

They include the French research tax credit for 1.7 million euros, versus 1.9 million euros for 2014.

The tax credit for competitiveness and employment (CICE) amounts to 1.0 million euros in 2015, versus 0.9 million euros in the first half of 2014.

**NOTE 5 OTHER INCOME AND EXPENSES**

<i>(in thousand euros)</i>	June 30, 2014	June 30, 2015
Royalty income	11	42
Freight recharged to customers	6,961	-
Gain on disposal of fixed assets	352	314
Fuel Cell asset divestiture and related costs reduction plan	-	2,205
U.S. Retiree Medical Plan	12,199	-
Impact of lump sum election for terminated vested pension participants	-	4,552
Other	2,002	2,925
<b>Other income</b>	<b>21,525</b>	<b>10,038</b>
Restructuring costs related to distribution reorganization in MEA	-	(4,480)
Other	(1,063)	(1,950)
<b>Other expenses</b>	<b>(1,063)</b>	<b>(6,430)</b>
<b>TOTAL</b>	<b>20,462</b>	<b>3,608</b>

Freight recharged to customers has been reclassified in 2015 as a reduction to freight costs, booked in other operating expenses (see Note 4). As the amount as of June 30th, 2014 was not significant, the 2014 financial statements have not been adjusted.

Other income and expenses related to the first half of 2015 mainly include:

- income of 2.2 million euros related to the sale of Portable Fuel Cell Technology assets, net of related restructuring expenses;

- restructuring costs for -4.5 million euros related primarily to distribution reorganization in the Middle East and Africa regions;
- 4.6 million euros related to lump sum election for terminated vested pension participants in the U.S..

In addition to freight recharged to customers, other income and expenses related to the first half of 2014 mainly included a favorable adjustment related to the change in the U.S. retiree medical plan, which reduced the liability by 12.2 million euros.

## NOTE 6 FINANCE INCOME

<i>(in thousand euros)</i>	June 30, 2014	June 30, 2015
Interest income from cash and cash equivalents	2,366	3,127
Interest on bank deposits	2,256	3,308
<b>Income from cash and cash equivalents</b>	<b>4,622</b>	<b>6,435</b>
Interest expense	(1,005)	(1,215)
Hedging instrument revaluation	316	(803)
Net financial foreign exchange difference	(2,413)	7,352
<b>Net finance income/(Net finance costs)</b>	<b>(3,102)</b>	<b>5,334</b>
<b>FINANCE (COSTS)/REVENUE</b>	<b>1,520</b>	<b>11,769</b>

The rise of the USD against most currencies during the first half-year has generated a favorable impact on the valuation of financial assets denominated in that currency.

## NOTE 7 INCOME TAX

### 7-1 Income tax expense

<i>(in thousand euros)</i>	June 30, 2014*	June 30, 2015
Income before tax	198,152	253,271
Tax charge	59,446	76,061
<b>TAX RATE</b>	<b>30.00%</b>	<b>30.03%</b>

\* Figures have been adjusted as mentioned in Note 1 "Main rules and accounting policies" pursuant to the interpretation IFRIC 21 - Levies.

At the end of June 2015, the Group effective tax rate is determined on an annual basis. The Tax charge is calculated by applying the estimated average rate for the 2015 full year to income before tax (excluding unusual material items), taking into account any tax rate changes voted by June 30, 2015 and effective after June 30, 2015. The income tax charge related to any unusual items in the period is accrued using its actual tax expense.





## 7-2 Deferred and current tax recognized on other comprehensive income

Deferred and current taxes recognized on other comprehensive income result from the following items:

### At June 30, 2015

<i>(in thousand euros)</i>	Other comprehensive income	Deferred taxes
Actuarial differences on post-employment benefits (1)	30,955	(11,273)
Cash flow hedge	(813)	531
Foreign exchange impact	36,528	(2,222)
Other	(1)	1
Total other comprehensive income (2)	35,713	(1,690)
<b>TOTAL (1) + (2)</b>	<b>66,668</b>	<b>(12,963)</b>

### At June 30, 2014

<i>(in thousand euros)</i>	Other comprehensive income	Deferred taxes
Actuarial differences on post-employment benefits (1)	(24,582)	9,002
Cash flow hedge	(9,706)	3,473
Foreign exchange impact*	31,548	(444)
Other	(2)	1
Total other comprehensive income (2)	21,841	3,030
<b>TOTAL (1) + (2)</b>	<b>(2,741)</b>	<b>12,032</b>

\* Cello goodwill determination work has been finalized (see Note 1-2 Change in scope of consolidation 2014 registration document).



## NOTE 8 EARNINGS PER SHARE GROUP SHARE

Earnings per share Group share and diluted earnings per share Group share correspond to the Group net income divided by the relevant number of shares.

The number of shares used to calculate the earnings per share Group share is the weighted average number of ordinary shares outstanding during the period less the weighted average number of shares held in treasury stock by SOCIÉTÉ BIC during the period and presented as a deduction from equity.

The number of shares used to calculate the diluted earnings per share Group share is the weighted average number of shares potentially in circulation during the period, which corresponds to the number of shares used for basic earnings per share Group share, adjusted for the dilutive effect of stock options.

As of June 30, 2015, there are no shares with relative impact and the maximum dilutive effect from stock options not exercised is around 1% of the share capital.

	June 30, 2014*	June 30, 2015
<b>Numerator</b> (in thousand euros)		
Net income Group share	135,729	176,570
<b>Denominator</b> (in number of shares)		
Weighted average number of shares in circulation	47,006,576	47,200,210
Dilutive effect of stock options	567,691	532,175
Diluted weighted average number of shares in circulation	47,574,267	47,732,385
<b>Earnings per share Group share</b> (in euros)		
Earnings per share Group share	2.89	3.74
Diluted earnings per share Group share	2.85	3.70

\* Figures have been adjusted as mentioned in Note 1 "Main rules and accounting policies" pursuant to the interpretation IFRIC 21 - Levies.

## NOTE 9 ASSETS HELD FOR SALE

(in thousand euros)	Gross value	Depreciation and impairment loss	Net value
<b>At January 1, 2015</b>	<b>26,044</b>	<b>(11,030)</b>	<b>15,014</b>
Portable Fuel Cell Technology divestiture	(16,955)	4,216	(12,739)
Exchange differences	514	(463)	51
<b>At June 30, 2015</b>	<b>9,603</b>	<b>(7,277)</b>	<b>2,326</b>

As of June 30, 2015, assets held for sale correspond to:

- the San Antonio manufacturing site in Texas, U.S. (due to the BIC Graphic integration plan);
- and a property in New Zealand.

The Group is actively marketing the San Antonio site via realtors. However, as the market activity is slow, selling periods are extended.

Portable Fuel Cell Technology assets were sold in the first half of 2015 (see Note 5).





## NOTE 10 GOODWILL

<i>(in thousand euros)</i>	Notes	Gross value	Impairment loss	Net value
<b>At January 1, 2015</b>		<b>323,972</b>	<b>(16,577)</b>	<b>307,395</b>
Exchange differences		17,079	(334)	16,745
<b>At June 30, 2015</b>		<b>341,051</b>	<b>(16,911)</b>	<b>324,140</b>

The balance, as of June 30, 2015, includes the following main net goodwill:

<i>(in thousand euros)</i>	Dec. 31, 2014	June 30, 2015
BIC CORPORATION <sup>(b)</sup>	109,063	116,558
Cello Pens	95,767	103,077
BIC Viorex	49,174	49,174
Norwood North America <sup>(a)(b)</sup>	29,467	31,937
PIMACO <sup>(b)</sup>	7,505	6,875
Others <sup>(b)</sup>	16,419	16,520
<b>TOTAL</b>	<b>307,395</b>	<b>324,140</b>

(a) Following the reorganization of the BIC Graphic activity, the goodwill of Norwood North America includes the goodwill of Norwood Promotional Products and Atchison.

(b) These goodwill amounts are linked to cash-generating units represented by distribution subsidiaries.

To perform the impairment tests, the Group used the following discounted and infinite growth rates:

	Weighted average cost of capital (WACC) before tax		Infinite growth rate	
	2014	2015	2014	2015
BIC CORPORATION	10.1%	10.6%	1.5%	1.5%
Cello Pens	17.6%	15.4%	5.5%	8.75%
BIC Viorex	10.3%	11.8%	3.0%	3.0%
Norwood North America	8.7%	8.7%	1.5%	1.5%
PIMACO	11.7%	13.6%	1.7%	1.7%

Each goodwill amount has been applied to a cash-generating units ("CGU") representing the smallest level at which goodwill is monitored by the Group.

The goodwill on BIC CORPORATION is thus mainly allocated to cash-generating units linked to the distribution by BIC CORPORATION of stationery products and lighters.

The goodwill on Cello Pens is allocated to the cash-generating units linked to the production and distribution by Cello of stationery products.

The remaining goodwill on BIC Viorex is limited to the cash-generating unit linked to shavers developed and/or produced

by BIC Viorex and sold all over the world. This cash-generating unit also includes the portion of BIC CORPORATION goodwill allocated to shavers.

As every year, as of June 30, 2015, the Group performed impairment tests on these goodwill amounts (except for Norwood, where testing was performed as of December 31, 2014).

The goodwill impairment test methodology is based on a comparison between the recoverable amount of each of the Group's cash-generating units and the corresponding assets' net booked value (including goodwill).





Such recoverable amounts correspond to the value in use and are determined using discounted future cash flow projections over three years and a discounted residual value using the perpetual growth method, including notably the following:

- the discount rate before taxes used is the Group weighted average cost of capital. Particular attention has been paid to the analysis of the main market items used for the calculation of the discount rate;
- the infinite growth rates were determined based on external (inflation rate) and internal (business growth) sources. Infinity growth rates above 2% take into account market specifics.

For each CGU having significant goodwill, key assumptions used in terms of rates of sales growth and margins over the future 3-year period and in the terminal value are consistent with past performance.

Regarding the test performed on Norwood as of December 31, 2014, sensitivity to the assumptions used in the calculation indicates that to cover assets, and for each factor taken independently:

- the discount rate before tax should not exceed 10.2%;
- the infinity growth rate may not be less than 0.8%;
- sales at constant income from operations margin over the future 3-year period should not be more than 18.5% less than the level retained in the assumptions;
- the income from operations on the future 3-year period may not be more than 9% less than the margin retained in the assumptions.

Regarding the test performed on Cello Pens, which was recently acquired, sensitivity to the assumptions used in the calculation indicates that to cover assets, and for each factor taken independently:

- the discount rate before tax should not exceed 15.7%;
- the infinity growth rate may not be less than 8.5%;
- sales at constant income from operations margin over the future 3-year period should not be more than 5% less than the level retained in the assumptions;
- the income from operations on the future 3-year period may not be more than 14% less than the margin retained in the assumptions.

The sensitivity of the other impairment tests to changes in the key assumptions indicates that no reasonably likely change would lead to an impairment, taking into account the observed margin on tests conducted.

## NOTE 11 OTHER NON-CURRENT ASSETS

<i>(in thousand euros)</i>	Notes	Dec. 31, 2014	June 30, 2015
Other investments		49	49
Guarantee deposits		4,925	5,738
Deferred pensions		2,229	3,157
Other non-current assets		17,888	19,536
<b>TOTAL</b>		<b>25,092</b>	<b>28,480</b>

## NOTE 12 CHANGE IN NET WORKING CAPITAL

<i>(in thousand euros)</i>	Dec. 31, 2014*	Cash flows impact	Foreign exchange and others	June 30, 2015	
Net inventory	441,139	28,976	11,426	481,541	
• Inventory - Gross value	459,923	26,632	12,035	498,590	
• Inventory - Impairment	(18,785)	2,344	(609)	(17,050)	
Trade and other receivables	453,771	121,461	9,868	585,100	
Trade and other payables	(119,110)	(15,966)	(2,638)	(137,713)	
Other assets and liabilities	(181,085)	(18,150)	(5,604)	(204,839)	
<b>NET WORKING CAPITAL</b>	<b>CF</b>	<b>594,715</b>	<b>116,321</b>	<b>13,052</b>	<b>724,088</b>

CF : see Consolidated cash flow statement.

\* Figures have been adjusted as mentioned in Note 1 "Main rules and accounting policies" pursuant to the interpretation IFRIC 21 - Levies.





## NOTE 13 SHARE CAPITAL

### 13-1 Share capital

<i>(in thousand euros)</i>	Dec. 31, 2014	June 30, 2015
Authorized, issued and fully paid share capital	183,214	183,709
Repurchase of shares of the Company	(3,275)	(3,664)
<b>SHARE CAPITAL</b>	<b>179,939</b>	<b>180,045</b>

As of June 30, 2015, the registered share capital of SOCIÉTÉ BIC is 183,709,396.30 euros divided into 48,091,465 shares of 3.82 euros each. Registered shares held for more than two years carry double voting rights.

In addition, SOCIÉTÉ BIC holds 959,271 treasury shares, acquired at an average price of 83.44 euros in accordance with Article L. 225-209 of the French Commercial Code, which represent 2% of the share capital.

### 13-2 SOCIÉTÉ BIC shares held in treasury stock and share repurchase program as of June 30, 2015

Purpose of the repurchase	Number of shares	Average acquisition price (in euros)	% du capital
Liquidity agreement <sup>(a)</sup>	4,506	145.67	0.01%
Free share grants <sup>(a)</sup>	954,765	83.15	1.99%
<b>TOTAL</b>	<b>959,271</b>	<b>83.44</b>	<b>2.00%</b>

(a) Article L. 225-209 of the French Commercial Code.

In accordance with the liquidity agreement with NATIXIS in respect of SOCIÉTÉ BIC shares, as of June 30, 2015, the liquidity account contained the following:

- 4,506 BIC shares;
- 485,700.77 euros.

At initial set-up, the liquidity account contained the following:

- 2,312 BIC shares;
- 912,744.48 euros.

SOCIÉTÉ BIC obtained authorization from the Annual Shareholders' Meeting on May 6, 2015, to renew its share repurchase program.

#### Number of shares repurchased in 2015 <sup>(b)</sup>

• Share repurchase program authorized by the Annual Shareholders' Meeting held on May 6, 2015	180,213
Average share repurchase price for the purchases during the first half of 2015 <i>(in euros)</i>	146.00

(b) Excluding share repurchased under the liquidity contract.

During the first half of 2015, SOCIÉTÉ BIC did not cancelled any shares.

To the best of the Company's knowledge, as of June 30, 2015, Shareholders holding more than 5%, 10%, 15%, 20%, 25%, 33.33%, 50%, 66.66%, 90% or 95% of the share capital and/or of the voting rights of the Company were as follows:

	At June 30, 2015	
	% of shares (approx.)	% of voting rights (approx.)
M.B.D.	26.29%	36.32%
Bich Family	16.30%	22.35%



## NOTE 14 BORROWINGS AND FINANCIAL LIABILITIES

<i>(in thousand euros)</i>	Dec. 31, 2014	June 30, 2015
Bank overdrafts	3,651	46,128
Bank loans and non current financial liabilities (see detail below)	79,179	137,042
Obligations under finance leases	2,306	1,998
<b>BANK BORROWINGS AND OVERDRAFTS</b>	<b>85,136</b>	<b>185,168</b>

Bank overdrafts are due within one year.

The long-term part of obligations under finance leases is not significant.

As of June 30, 2015, the put option held by the Shareholders of Cello Pens has been revalued and amount to 83.3 million euros for the non-currents financial liabilities. Changes in fair value are recognized in retained earnings and do not impact the Group's net income.

Bank loans and financial liabilities have the following maturities:

<i>(in thousand euros)</i>	Dec. 31, 2014	June 30, 2015
On demand or within one year	2,109	53,776
In the 2nd year	-	83,258
In the 3rd year	77,071	3
In the 4th year	-	4
In the 5th year	-	2
<b>TOTAL</b>	<b>79,179</b>	<b>137,042</b>

Main bank loans/credit lines and financial liabilities are as follows:

Borrowing country	Currency	Euro equivalents	
<i>(in thousand euros)</i>		Dec. 31, 2014	June 30, 2015
• France	EUR	-	50,000
• Malaysia	MYR	765	931
• Russia	USD/RUB	-	1,456
• South Korea	KRW	1,133	1,192
• Other	Other/Misc.	210	208
<b>Sub-total</b>		<b>2,109</b>	<b>53,787</b>
• Cello Pens		77,071	83,255
<b>TOTAL</b>		<b>79,179</b>	<b>137,042</b>

### Information on interest rates

As of June 30, 2015, loans and credit lines were contracted mainly in France with a short term credit line with an EONIA reference index.

In the other countries the loans and credit lines have been contracted with floating rates ranging between 4.39% in South Korea and 15.35% in Russia.

Relative exposure, estimated not to be significant, has not been hedged.

### Information on covenants

None of the loans contain any covenant that could require early repayment of the debt.

**NOTE 15 PROVISIONS**

<i>(in thousand euros)</i>	Tax and social risks and litigation	Litigation	Product liability	Other risks and charges	Total
<b>At January 1, 2015</b>	<b>44,308</b>	<b>6,471</b>	<b>1,770</b>	<b>3,000</b>	<b>55,549</b>
Additional provisions	1,532	897	276	1,175	3,880
Reversals of provisions utilized	(585)	(732)	(108)	(754)	(2,179)
Reversals of provisions not utilized	(104)	(121)	-	-	(225)
Exchange differences	(695)	34	152	135	(374)
<b>At June 30, 2015</b>	<b>44,456</b>	<b>6,550</b>	<b>2,090</b>	<b>3,555</b>	<b>56,651</b>

As of June 30, 2015, it was not deemed necessary to book provisions for the risks described in the Part "Half-Year Management report - Description of the principal risks and uncertainties for the 2nd half of 2015" that could affect:

- the Company's personnel, assets, environment or reputation;
- the Group's ability to reach its objectives and abide by its values, ethics or the laws and regulations.

As of June 30, 2015, the litigation provision mainly represents distributor and commercial agent risks for 2.2 million euros (2.4 million euros at December 31, 2014).

Provisions for tax and social risks and litigation relate mainly to tax risks and U.S. workers' compensation.

Product liability mainly relates to the U.S.

**NOTE 16 OTHER CURRENT LIABILITIES**

<i>(in thousand euros)</i>	Dec. 31, 2014*	June 30, 2015
Social liabilities	93,910	90,713
Other tax liabilities	6,928	17,917
Other current liabilities	114,547	141,328
<b>OTHER CURRENT LIABILITIES</b>	<b>215,384</b>	<b>249,958</b>

\* Figures have been adjusted as mentioned in Note 1 "Main rules and accounting policies" pursuant to the interpretation IFRIC 21 - Levies.

**NOTE 17 DIVIDENDS**

For 2014 fiscal year, an ordinary dividend of 2.85 euros per share was distributed to the Shareholders on May 21, 2015.

For 2013 fiscal year, an ordinary dividend of 2.60 euros per share was distributed to the Shareholders on May 28, 2014.

**NOTE 18 SHARE-BASED PAYMENTS**

As of June 30, 2015, the fair value of options and shares granted amounts 7.3 million euros and is booked in staff costs.

The Board of Directors of February 10, 2015 decided to grant 176,740 free shares to 539 beneficiaries subject to performance conditions and 21,700 free shares to 260 beneficiaries without performance conditions.

## NOTE 19 FINANCIAL INSTRUMENTS

### 19-1 Impact of interest rate and foreign exchange risk/hedging on the consolidated financial statements as of June 30, 2015

The following amounts have been booked as the fair value of derivatives at the end of June 30, 2015 (in thousand euros):

Derivative items and revaluation	Classification of hedge/risk hedged	Financial net Income/(expense) before tax <sup>(a)</sup> -Note 6	Income from operations -Note 4	Other comprehensive income before tax <sup>(a)</sup>	Current assets <sup>(b)</sup>	Non-current assets	Current liabilities	Non-current liabilities
<b>Hedging revaluation impact</b>								
Commercial flows	Cash flow hedge/Foreign exchange risk	(803)	(4,705)	(766)	20	1,175	(9,502)	(1,654)
Dividends	Net investment/Foreign exchange risk	-	-	(47)	41	-	(88)	-
<b>Subtotal (1)</b>		<b>(803)</b>	<b>(4,705)</b>	<b>(813)</b>	<b>61</b>	<b>1,175</b>	<b>(9,591)</b>	<b>(1,654)</b>
Revaluation of cross-currency swaps related to cash positions in foreign currencies	At fair value through P&L/Foreign exchange risk							
<b>Subtotal (2)</b>		<b>(136)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(36)</b>	<b>-</b>
<b>TOTAL 1+2</b>		<b>(940)</b>	<b>(4,705)</b>	<b>(813)</b>	<b>61</b>	<b>1,175</b>	<b>(9,627)</b>	<b>(1,654)</b>

(a) This corresponds to mark-to-market of hedging instruments in the portfolio at June 30, 2015, restated for the reversal of the mark-to-market of the portfolio of hedging instruments as of December 31, 2014.

(b) In addition, SOCIÉTÉ BIC held options not yet exercised representing current assets of 355 thousand euros.

### 19-2 Impact of interest rate and foreign exchange risk/hedging on the consolidated financial statements as of December 31, 2014

The following amounts have been booked as the fair value of derivatives at December 31, 2014 (in thousand euros):

Derivative items and revaluation	Classification of hedge/risk hedged	Financial net Income/(expense) before tax <sup>(a)</sup> -Note 6	Other comprehensive income before tax <sup>(a)</sup>	Current assets <sup>(b)</sup>	Non-current assets	Current liabilities	Non-current liabilities
<b>Hedging revaluation impact</b>							
Commercial flows	Cash flow hedge/Foreign exchange risk	-	(13,906)	-	228	(3,776)	(137)
Dividends	Net investment/Foreign exchange risk	-	22	-	-	-	-
<b>Subtotal (1)</b>		<b>-</b>	<b>(13,884)</b>	<b>-</b>	<b>228</b>	<b>(3,776)</b>	<b>(137)</b>
Revaluation of cross-currency swaps related to cash positions in foreign currencies	At fair value through P&L/Foreign exchange risk						
<b>Subtotal (2)</b>		<b>171</b>	<b>-</b>	<b>100</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL 1+2</b>		<b>171</b>	<b>(13,884)</b>	<b>100</b>	<b>228</b>	<b>(3,776)</b>	<b>(137)</b>

(a) This corresponds to mark-to-market of hedging instruments in the portfolio at December 31, 2014, restated for the reversal of the mark-to-market of the portfolio of hedging instruments as of December 31, 2013.

(b) In addition, SOCIÉTÉ BIC held options not yet exercised representing a current asset of 94 thousand euros.





## NOTE 20 CONTINGENT LIABILITIES

As of June 30, 2015, neither SOCIÉTÉ BIC nor its subsidiaries has any pending litigation, claims or disputes which, in the opinion of management, after consultation with their advisors, would have a material adverse impact on the Consolidated financial statements.

## NOTE 21 FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

### Accounting categories and fair value of financial instruments

June 30, 2015

Breakdown by category of instruments

Balance sheet items <i>(in thousand euros)</i>	Note	Balance sheet value		Breakdown by category of instruments						
		Balance sheet value	Fair value	At fair value through the income statement	Derivative hedging instruments	Held -to-maturity investments	Loans and receivables (including cash)	Available - for-sale assets	At amortized cost	At fair value through equity
<b>Financial assets</b>		<b>995,614</b>	<b>995,614</b>	<b>177,866</b>	<b>1,591</b>	<b>4,536</b>	<b>811,572</b>	<b>49</b>	-	-
<b>Non-current</b>										
• Derivatives instruments	19	1,175	1,175	-	1,175	-	-	-	-	-
• Other long-term investments		49	49	-	-	-	-	49	-	-
<b>Current</b>										
• Trade and other receivables	12	585,100	585,100	-	-	-	585,100	-	-	-
• Derivative instruments	19	416	416	-	416	-	-	-	-	-
• Other current financial assets		52,808	52,808	48,272	-	4,536	-	-	-	-
• Cash and cash equivalents		356,067	356,067	129,595	-	-	226,472	-	-	-
<b>Financial liabilities</b>		<b>334,162</b>	<b>334,162</b>	-	<b>11,281</b>	-	-	-	<b>239,626</b>	<b>83,255</b>
<b>Non-current</b>										
• Borrowings	14	84,950	84,950	-	-	-	-	-	1,695	83,255
• Derivative instruments	19	1,654	1,654	-	1,654	-	-	-	-	-
<b>Current</b>										
• Borrowings	14	100,218	100,218	-	-	-	-	-	100,218	-
• Derivative instruments	19	9,627	9,627	-	9,627	-	-	-	-	-
• Trade and other payables	12	137,713	137,713	-	-	-	-	-	137,713	-



Dec. 31, 2014

Breakdown by category of instruments

Balance sheet items (in thousand euros)	Note	Balance sheet value		At fair value through the income statement	Derivative hedging instruments	Held -to-maturity investments	Loans and receivables (including cash)	Available-for-sale assets	At amortized cost	At fair value through equity
		Balance sheet value	Fair value							
<b>Financial assets</b>		<b>859,535</b>	<b>859,489</b>	<b>208,951</b>	<b>422</b>	<b>6,862</b>	<b>643,251</b>	<b>49</b>	-	-
<b>Non-current</b>										
• Derivative instruments	19	228	228	-	228	-	-	-	-	-
• Other long-term investments		49	49	-	-	-	-	49	-	-
<b>Current</b>										
• Trade and other receivables	12	453,771	453,771	-	-	-	453,771	-	-	-
• Derivative instruments	19	194	194	-	194	-	-	-	-	-
• Other current financial assets		53,139	53,093	46,277	-	6,862	-	-	-	-
• Cash and cash equivalents		352,154	352,154	162,674	-	-	189,480	-	-	-
<b>Financial liabilities</b>		<b>208,159</b>	<b>208,159</b>	<b>-</b>	<b>3,914</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>127,175</b>	<b>77,071</b>
<b>Non-current</b>										
• Borrowings	14	78,890	78,890	-	-	-	-	-	1,819	77,071
• Derivative instruments	19	138	138	-	138	-	-	-	-	-
<b>Current</b>										
• Borrowings	14	6,246	6,246	-	-	-	-	-	6,246	-
• Derivative instruments	19	3,776	3,776	-	3,776	-	-	-	-	-
• Trade and other payables	12	119,110	119,110	-	-	-	-	-	119,110	-

The valuation methods adopted for financial instruments are as follows:

- Financial instruments other than derivatives recorded in the balance sheet :

The book values used are reasonable estimates of their market value except for marketable securities whose carrying values used are determined based on the last known net asset values as of June 30, 2015.

This put option was recorded at its fair value, in non-current liabilities, and were determined on the basis of an estimate of

Cello Pens' future results. The Group has opted for the recognition of changes in fair value through equity, presented in the column "Fair value through equity".

- Derivative financial instruments :

Market values were calculated internally on the basis of last-known closing prices as of June 30, 2015. They are consistent with valuation reports provided by financial institutions.





### Fair value valuation method

The tables below set out the fair value method for valuing financial instruments, using the following three levels:

- level 1 (quoted prices in active markets): money market UCITS and other current financial assets;
- level 2 (observable inputs): derivatives - hedge accounting;
- level 3 (non-observable inputs): no such instruments are held as of June 30, 2015.

Category of instruments	June 30, 2015			
	Total	Level 1	Level 2	Level 3
<i>(in thousand euros)</i>				
At fair value through the income statement - Assets	177,866	177,866	-	-
Derivative hedges - Assets	1,591	-	1,591	-
Derivative hedges - Liabilities	11,281	-	11,281	-
At fair value through equity - Liabilities	83,255	-	83,255	-







**AUDITORS'  
REPORT**





## For the period from January 1 to June 30, 2015

*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 the requirements of article L. 451-1-2-III 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 SOCIETE BIC, for the period from January 1 to June 30, 2015,
- the verification of the information presented in the half-yearly management report.

These condensed half-yearly 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.

### 1. Conclusion on the financial statements

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

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed half-yearly 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.

Without qualifying our conclusion, we draw your attention to the matter set out in note 1-1-2 to the condensed half-yearly consolidated financial statements regarding the effects of the application as of January 1, 2015 of IFRIC 21 interpretation – Levies.

### 2. Specific verification

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

Paris and Neuilly-sur-Seine, July 30, 2015

The Statutory Auditors

*French original signed by*

Grant Thornton

French Member of Grant Thornton International

Vincent PAPAZIAN

Deloitte & Associés

François BUZY





**STATEMENT  
ON HALF-YEARLY  
REPORT 2015**





## NAME AND FUNCTION

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Mario Guevara  
Chief Executive Officer

## DECLARATION BY RESPONSIBLE PERSON OF THE 2015 HALF-YEAR FINANCIAL REPORT

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"I hereby declare that, to the best of my knowledge, the condensed consolidated financial statements for the half-year ended June 30, 2015 have been prepared in accordance with applicable accounting standards and give a true and fair view of the assets, liabilities, financial position and the profit of the Company and the entities included in the scope of consolidation of the Group and that the First Half Management Report includes a faithful representation of the major events which occurred during the first six months of the financial year, their impact on the financial statements, of the main related-party transactions, as well as a description of the major risks and uncertainties for the remaining six months of the year."

On July 29, 2015  
Mario Guevara  
Chief Executive Officer



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LIMITED COMPANY CAPITAL EUROS 183,115,806.50  
DIVIDED INTO 47,936,075 SHARES OF EUROS 3.82  
QUOTED ON EUROLIST EURONEXT PARIS  
ISIN: FR0000120966  
MNEMONIC: BB CONTINUOUS QUOTATION  
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