Connecting what matters

Half-Year Results H1 2013

zetes
ALWAYS A GOOD ID

Regulated communication / 30.08.2013

Contents

The declaration of conformity is included page 21 in the interim condensed consolidated financial statements.

Application of the new business model in Goods ID, excellent prospects in People ID

Group

Group sales of € 103.0 million
Stable compared with H1 2012
Current EBITDA of € 5.5 million
(+3.1% on H1 2012)

Goods ID

Application of the new business model in a challenging environment

Sales of € 81.8 million (-1.0% on H1 2012),
Current EBITDA of € 3.1 million (+37.9% on H1 2012).

People ID

First half brings new long-term contracts

Sales of € 21.2 million (+3.1% on H1 2012),
Current EBITDA of € 4.0 million (-11.9% on H1 2012).

+10,7%
EBITDA

I. INCOME STATEMENT

INCOME STATEMENT	H1 2012	H1 2013	%
In '000 €			
Sales	**103.232**	**103.013**	*-0,2%*
Cogs	(57.945)	(58.776)	
Gross Margin	**45.287**	**44.237**	*-2,3%*
Gross Margin %	*43,9%*	*42,9%*	
Employee expenses	(27.714)	(26.685)	
Other operating expenses	(12.271)	(12.086)	
Total Operating expenses	**(39.985)**	**(38.771)**	
Current EBITDA (1)	**5.302**	**5.466**	*3,1%*
Non current costs	(658)	(327)	
EBITDA	**4.644**	**5.139**	*10,7%*
Provisions, depreciation, amortisation, impairment losses	(3.391)	(3.751)	
Operating profit (EBIT)	**1.253**	**1.389**	***10,8%***
Result before taxes	**1.034**	**992**	***-4,0%***
Income tax	(365)	(136)	
Profit of the period	**669**	**855**	***28,0%***
Current EBIT (REBIT) (1)	**1.911**	**1.715**	***-10,3%***
Net current result (1) (3)	**1.211**	**1.244**	***2,7%***

(1) «Current» means excluding restructuring charges and other non-recurring items (badwill / Other)
(3) Attributable to equity holders of the parent company

During the first half of 2013, Zetes has stepped up its efforts to transform the Goods ID Division, evolving its role from that of general player in automatic identification to that of a specialist in six critical identification and mobility solutions. At the same time, People ID's business development efforts, some initiated a very long time back, were rewarded with a number of new Build and Operate contracts that will strengthen the Division for several years forward.

Compared with the first half of 2012, Group sales were stable at -0.2%. Goods ID's sales reduced by 1.0% in an economic climate that remains unfavourable to investment. In People ID, sales grew slightly (+3.1%). The total margin is 42.9% of sales and, in absolute value, € 44.2 million, against € 45.3 million a year earlier.

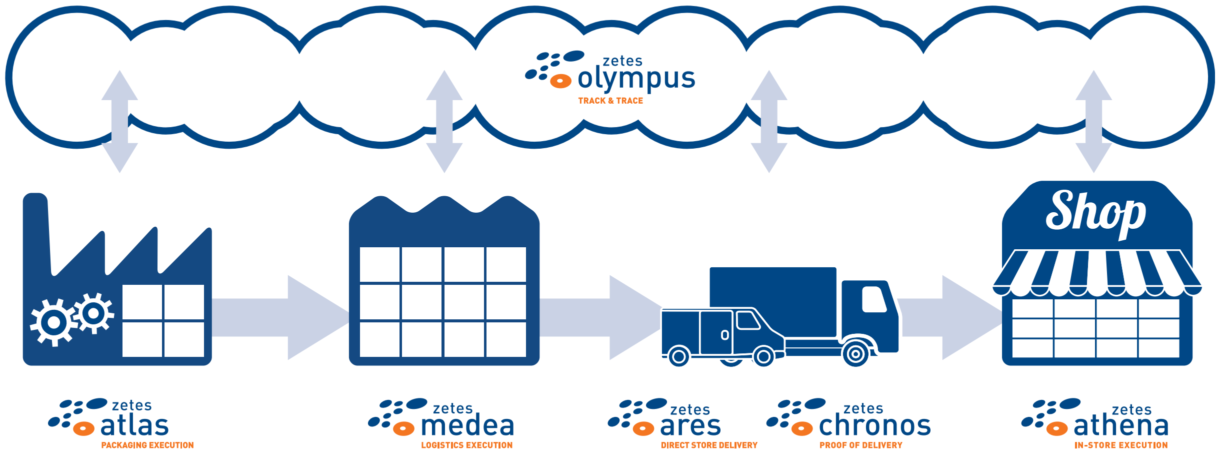
Current EBITDA amounted to € 5.5 million, up 3.1% from H1 2012, +37.9% in Goods ID and -11.9% in People ID. Group EBITDA grew by 10.7% to € 5.1 million.

1. Goods ID

In the first half, in an unfavourable investment climate in Europe, the division maintained its sales level, while tight control enabled it to improve current EBITDA by nearly 40% compared to the same period in 2012.

The specialization thrust continues in parallel. To better withstand the greater volatility of order-taking, which considerably complicates projects execution planning, Zetes has decided to industrialize its main solutions. The division has carefully analyzed the economic sectors and areas of activity where mobility and automatic identification solutions are the most critical and, therefore, have the potential to generate greater added value for customers. Crossing these data with Zetes' areas of expertise, 6 flagship solutions have been identified.

6 solutions
developed in Goods ID



The industrialization of these 6 solutions* at Group level is enabling Zetes to capitalize on the experience gained in those application softwares that meet the needs of multiple customers in the same industry. It is all about moving from tailored solutions to a more complex product that meets most of the requirements of a specific business. Zetes expects substantial productivity gains from this new approach, with all development work focused on one continuously enriched product for each key solution. In this way the model is beneficial both to clients and to the Goods ID Division.

This strategy enables Zetes to better serve certain economic sectors by targeting them with sophisticated products, while retaining the flexibility to develop specific projects on request.

The use of a common development platform created by the Group makes it possible to support the mobile terminals of several manufacturers and most communication protocols.

Our customers have clearly expressed their interest in these solutions because access to Zetes' expertise is faster and more efficient via products than via human beings. The number of sales cycles under way for these 6 solutions has increased significantly in the first half and several orders have already been delivered or are in process.

Some solutions, such as those hosted in the Cloud, lend themselves very well to a lease rather than a sales model. In this case Zetes provides an integrated solution (hardware, software, services) against monthly payment per terminal for a fixed term of 3 to 4 years. In some cases, the leased assets are shown in the balance sheet. But, eventually, in most cases, based on agreements with the financial institutions, the physical assets will be leased to the client by the latter. Depending on the terms of the lease contracts and financing provisions, income is recognized immediately or over time. In the longer term, the division's recurring revenue share will increase.

The R&D expenses (€ 1.2 million, up € 0.3 million on H1 2012) relate to the development of the MCL software platform and of generic software solutions based on the Group's expertise.

Goods ID	H1 2012	H1 2013	%
In '000 €			
Turnover	82.624	81.765	-1,0%
Gross Margin	33.728	32.725	-3,0%
% Gross Margin / Sales	*40,8%*	*40,0%*	
Total Operating expenses	(31.482)	(29.629)	-5,9%
Current EBITDA	2.246	3.096	37,9%
% Current EBITDA / Sales	*2,7%*	*3,8%*	
EBITDA	1.593	2.769	73,8%

* For more details on the solutions, the reader is referred to the 2012 Annual Report.

+3,1%
revenue People ID

Goods ID (Excluding currency impact)	H1 2012	H1 2013	%
In '000 €			
Turnover	82.624	83.189	0,7%
Gross Margin	33.728	33.323	-1,2%
% Gross Margin / Sales	*40,8%*	*40,1%*	
Total Operating expenses	(31.482)	(30.232)	-4,0%
Current EBITDA	2.246	3.091	37,6%
% Current EBITDA / Sales	*2,7%*	*3,7%*	
EBITDA	1.593	2.744	72,2%

2. People ID

Sales of the People ID Division rose by 3.1% to € 21.2 million. These came from the Build and Operate contracts and the election preparation project in Togo. Nearly 80% of sales revenue is linked to long-term contracts.

The various Build and Operate contracts contributed to the division's performance: only the Israeli eID project, the personalization phase of which commenced in July 2013, is a few months behind schedule. It is expected to get up to speed in the second half.

During the period under review, the Belgian municipalities received the equipment needed for ordering the new driving licences and the investment programme is nearing completion. The first driving licences have been issued to Belgian residents and volumes are gradually increasing.

The People ID Division's ongoing business development efforts continue to provide good geographical diversification and a good distribution of long and short-term contracts. The main developments in H1 2013 were the incoming orders for long-term (Build and Operate) projects: a biometric visa contract in Senegal and a biometric passport contract for Gambia.

In addition, during the summer, Zetes was awarded the ePassport contract for Belgium. The latter, which runs for five years and is worth € 33 million (excluding VAT), will be implemented in partnership (50/50) with Gemalto.

These three contracts will contribute to the division's profitability from the second half of 2013 or H2 2014 (Belgian passport). Sales cycles, especially for Build and Operate contracts, can be very long (several years) and generate significant costs, but once they enter the execution phase, these contracts ensure very good forward visibility in the Division for several years ahead.

People ID	H1 2012	H1 2013	%
In '000 €			
Turnover	20.608	21.247	3,1%
Gross Margin	11.559	11.512	-0,4%
% Gross Margin / Sales	*56,1%*	*54,2%*	
Total Operating expenses	(7.025)	(7.519)	7,0%
Current EBITDA	4.534	3.993	-11,9%
% Current EBITDA / Sales	*22,0%*	*18,8%*	
EBITDA	4.528	3.993	-11,8%

€ 3,8 million
cash flow from the P&L

3. Group

After Corporate expenses (€ 1.6 million), the Group's current EBITDA is € 5.5 million, which is up € 0.2 million on H1 2012, giving an EBITDA/Sales margin of 5.3%, against 5.1% in H1 2012.

Non-recurring charges of € 0.3 million relate mostly to restructuring at the UK subsidiary.

Depreciation of fixed assets (€ 2.5 million) is similar to H1 2012 (up € 0.1 million). In Goods ID depreciation is growing in line with the investments made in recent years (ERP/Infrastructure). Depreciation in People ID, to a large extent proportional to the production volumes of Build and Operate contracts, is down slightly on H1 2012. The write-down on stock is € 0.2 million. EBIT reached € 1.4 million, which is up slightly (€ + 0.1 million) on H1 2012.

Net financial expenses break down into a foreign exchange loss of € 0.2 million, linked essentially to the volatility of the dollar, and bank charges and interest expenses together amounting to € 0.2 million.

The tax rate is 14%, giving a total tax charge of € 0.1 million. The abnormally low tax rate is explained by the establishing of a deferred tax asset. This compares with the normalized tax rate for the Group of around 30%.

The net result for the period (Group share) is € 0.9 million, up slightly from the first half of 2012.

EARNINGS PER SHARE (€ per share)	H1 2012	H1 2013	%
Number of shares outstanding (2)	5.296.324	5.190.296	
Net result (3)	0,15	0,19	25,1%
Net current result (1) (3)	0,23	0,24	4,8%
Number of shares fully diluted (2)	5.296.324	5.190.296	
Net diluted result (3)	0,15	0,19	25,1%

(1) «Current» excludes restructuring expenses and non current income/costs
(2) Weighted average number of outstanding shares
(3) Attributable to equity holders of the parent company

At 30 June 2013, the number of options outstanding was 184.669. To the extent that the weighted average share price does not exceed the exercise price, options issued are not included in calculating the dilution effect.

48,3%
solvency ratio

II. BALANCE SHEET, INVESTMENTS AND CASH FLOW STATEMENT

With equity of € 74.7 million on a balance sheet total of € 154.7 million, the solvency ratio (equity/ total assets) stood at 48.3% as against 48.8% at end-December 2012. The different working capital components have evolved normally, with working capital at 30 June 2013 of € 12.7 million.

BALANCE SHEET	DEC 2012	JUN 2013
In '000 €		
Tangible & intangible assets	19.058	20.680
Goodwill	39.878	39.924
Deferred tax assets and other non current assets	3.760	4.889
Inventories	15.631	16.270
Trade receivables and other current assets	67.840	63.828
Cash	12.797	9.140
TOTAL ASSETS	**158.964**	**154.732**
Equity	77.501	74.691
Deferred tax liabilities and other non current liabilities	3.878	3.815
Trade payables and other current liabilities	77.586	76.226
TOTAL EQUITY AND LIABILITIES	**158.964**	**154.732**

The net cash position (€ +1.7 million) is, as expected, significantly lower than in December 2012 (€ +7.5 million), given the ambitious investment programme for the first half that required considerable resources. On top of this comes approximately € 3.1 million returned to shareholders in the form of dividends (€ 2.9 million) and own share purchases (€ 0.2 million).

In People ID, the Build and Operate contracts concluded late last year (Belgian driving licence) and in early 2013 (Senegalese visa) have called for significant investment. In this model, Zetes picks up all the development and infrastructure investment necessary for executing the contract. All these investments occur at the beginning of the project. In return, the customer is committed on the term of the contract (typically 5 to 10 years), the volume of documents to be issued, and price. During the investment and launch phases, the cash-out is larger than the cash-in. The trend is reversed when production volumes normalize.

Of total investment of € 5.4 million, excluding acquisitions, 42% was in the People ID Division.

The majority of spending on Goods ID is devoted to R&D. An amount of € 1.2 million was capitalized during the period under review. This relates to the development of the MCL platform and the industrialization of the 6 solutions.

In the first half of 2013, Zetes generated a P&L cash flow of € 3.8 million, against € 3.3 million in H1 2012. Cash flow from operations is € 3.1 million. The lower figure compared with € 4.9 million in H1 2012 is due in part to the € 0.7 million need for additional working capital.

Cash flow from investment is € -5.4 million, reflecting the investment programme related to the new Build and Operate contracts in People ID and investments and development work in Goods ID.

The cash flow from financing consists on the one hand of a cash-out of € -3.1 million distributed to shareholders in the form of dividends (€ 2.9 million) and share buy-backs (€ 0.2 million) and, on the other, of a net cash-in of $ 2 million from banks and leasing companies to finance the investments discussed above.

III. ACQUISITIONS DURING THE PERIOD

During the first half, Zetes acquired the assets of the L4 Epsilon, a French company in receivership, for € 0.2 million. Zetes has taken over a team of 10 specialists in e-commerce logistics processes along with the entire intellectual property and the customer base. The software developed will be included in the ZetesMedea solution (warehouse operations) offering.

Elsewhere, Zetes purchased 15% of the shares of Zetes Industries Israel for € 0.2 million. These were acquired from the partner which initiated the Goods ID activity in Israel and who retains, after the operation, 15% of the share.

IV. OUTLOOK

In Goods ID, the economic environment is far from conducive to investment. Decision cycles remain slow and margins on hardware are under pressure. In the pioneer countries, however, the specialization on the 6 key solutions is making it possible to improve margins. The full effect of this strategy in facts and figures is expected in 2014.

A number of sales cycles relating to major projects in the retail and parcel delivery sectors are under way. In the second half, the signature - and the execution of some of the projects - should improve the sales figures and the results of the Division compared with the first half.

In People ID, the recent signing of four Build and Operate contracts (driver's licences and passports in Belgium, visas in Senegal and passports in Gambia) will increase the division's recurring revenue in the coming years - and hence its profitability. In the first half, efforts were concentrated on these long-term contracts, somewhat at the expense of order-taking for short-term projects. Right now the situation does not as yet ensure a second half as good as the first half.

By way of conclusion, in Goods ID, the process of transformation is under way, but in an economic environment that is not conducive to investment. The positive impact is expected in 2014.

In People ID, the outlook has improved further in the medium term with the signing of long-term contracts, and the Division is now concentrating its efforts on concluding a few shorter-term projects, which should lead to a second half-year in line with the first one with regard to the results.

V. WORK OF THE STATUTORY AUDITOR

The statutory auditor has conducted a limited review of the interim financial information of Zetes Industries for the six months ended 30 June 2013. The text statutory auditor's report following a limited review is given below.

VI. CALENDAR

2013 result:	21 March 2014
2013 Annual Report	28 April 2014
Ordinary General Meeting:	28 May 2014

Brussels, 30 August 2013

RSM Auditors
Connected for Success

ZETES INDUSTRIES SA

REPORT OF THE STATUTORY AUDITOR ON REVIEW OF INTERIM FINANCIAL INFORMATION AS OF JUNE 30, 2013

We have reviewed the accompanying balance sheet of ZETES INDUSTRIES as of June 30, 2013 and the related statements of income, changes in equity and cash flows for the six month period then ended, and a summary of significant accounting policies and other explanatory notes. The reviewed interim financial information shows a total balance sheet of 154.732 (000) EUR and a profit for the period of 855 (000) EUR.

Management is responsible for the preparation and fair presentation of this interim financial information in accordance with the International Financial Reporting Standards as adopted by the European Union. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity.

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 International Standards on Auditing 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.

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(*) *Civil company in the form of a trading company*

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Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information does not give a true and fair view of the financial position of ZETES INDUSTRIES as of June 30, 2013, and of its financial performance and its cash flows for the six month period then ended in accordance with the International Financial Reporting Standards as adopted by the European Union.

Zaventem, August 28, 2013

THE STATUTORY AUDITOR,
RSM RÉVISEURS D'ENTREPRISES-BEDRIJFSREVISOREN CVBA-SCRL
REPRESENTED BY

THIERRY DUPONT

LAURENT VAN DER LINDEN

SUMMARIZED CONSOLIDATED FINANCIAL STATEMENTS

VII. SUMMARIZED CONSOLIDATED FINANCIAL STATEMENTS

SEPARATE INCOME STATEMENT	H1 2012	H1 2013	%
In '000 €			
Sales	**103.232**	**103.013**	**-0,2%**
Cogs	(57.945)	(58.776)	
Gross Margin	**45.287**	**44.237**	**-2,3%**
Gross Margin %	43,9%	42,9%	
Employee Expenses	(27.714)	(26.685)	
Other operating expenses	(12.271)	(12.086)	
Total Operating expenses	**(39.985)**	**(38.771)**	
Current EBITDA [1]	**5.302**	**5.466**	**3,1%**
Non current costs	(658)	(327)	
EBITDA	**4.644**	**5.139**	**10,7%**
Provisions	36	38	
Depreciation on fixed assets	(2.412)	(2.544)	
Write-downs on stock	94	(232)	
Write-downs on receivables	(110)	(95)	
Write-downs on financial assets	(23)	(44)	
Depreciation on development costs	(976)	(874)	
Provisions, depreciation, amortisation, impairment losses	**(3.391)**	**(3.751)**	
Operating profit (EBIT)	**1.253**	**1.389**	**10,8%**
Result from the disposal of fixed assets	16	(9)	
Financial result excluding exchange differences	(189)	(155)	
Exchange differences	(46)	(232)	
Result before taxes	**1.034**	**992**	**-4,0%**
Income tax	(365)	(136)	
Profit of the period	**669**	**855**	**28,0%**
Non controlling interests	(117)	(107)	
Net profit of the Group	785	962	22,5%
Current EBIT (REBIT) [1]	**1.911**	**1.715**	**-10,3%**
Net current result [1] [3]	**1.211**	**1.244**	**2,7%**

TOTAL COMPREHENSIVE INCOME	H1 2012	H1 2013	%
In '000 €			
Net profit of the Group	**785**	**962**	**22,5%**
Currency translation differences	189	(367)	
Net reevaluation of hedging instruments	0	27	
Other comprehensive income, net of related tax effects	**189**	**(340)**	
Total comprehensive income of the Group	**974**	**622**	**-36,1%**

EARNINGS PER SHARE (€ per share)	H1 2012	H1 2013	%
Number of shares outstanding [2]	5.296.324	5.190.296	
Net result [3]	0,15	0,19	25,1%
Net current result [1] [3]	0,23	0,24	4,8%
Number of shares fully diluted [2]	5.296.324	5.190.296	
Net diluted result [3]	0,15	0,19	25,1%

(1) «Current» excludes restructuring expenses and non current income/costs
(2) Weighted average number of outstanding shares
(3) Attributable to equity holders of the parent company

FINANCIAL POSITION	31/12/2012	30/06/2013
In '000 €		
ASSETS		
Tangible assets	**13.625**	**14.545**
Intangible assets	**5.433**	**6.135**
Goodwill	**39.878**	**39.924**
Deferred tax assets	**3.204**	**4.317**
Financial assets and other non current assets	**556**	**573**
Non-current assets	**62.697**	**65.494**
Inventories	**15.631**	**16.270**
Current trade and other receivables	**57.724**	**52.062**
Trade receivables	53.852	47.512
Construction contracts	1.556	1.787
Other receivables	2.317	2.763
Current tax assets	**216**	**256**
Current prepayments	**9.900**	**11.510**
Cash and cash equivalents	**12.797**	**9.140**
Current assets	**96.268**	**89.239**
TOTAL ASSETS	**158.964**	**154.732**
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent	**76.461**	**73.848**
Issued capital	54.311	49.895
Reserves	21.725	26.494
Own shares	(3.253)	(3.502)
Profit of the period	3.677	962
Non controlling interests	**1.039**	**843**
Total equity	**77.501**	**74.691**
Non current interests bearing borrowings	**798**	**417**
Non current non-interests bearing borrowings	**214**	**134**
Non current provisions	**771**	**706**
Non current obligations	**241**	**242**
Deferred tax liabilities	**1.854**	**2.317**
Non current liabilities	**3.878**	**3.815**
Current interests bearing borrowings	**4.921**	**7.346**
Current provisions	**114**	**0**
Current obligations	**33**	**26**
Current trade and other payables	**68.185**	**65.317**
Trade payables	31.524	27.429
Advances received	23.006	24.176
Other payables	13.656	13.712
Current tax liabilities	2.617	2.050
Other current liabilities	**1.715**	**1.487**
Current liabilities	**77.586**	**76.226**
TOTAL EQUITY AND LIABILITIES	**158.964**	**154.732**

CASH FLOW STATEMENT	H1 2012 (6 months)	2012	H1 2013 (6 months)
In '000 €			
CASH AND CASH EQUIVALENTS, BEGINNING BALANCE (I)	**14.306**	**14.306**	**12.797**
Cash flows from the P&L	**3.303**	**10.541**	**3.764**
Result before tax	1.034	4.956	992
Depreciation on fixed assets	2.412	5.033	2.544
Depreciation on development costs	976	1.686	874
Write-downs on stock & receivables	16	538	327
Write-downs on financial assets	23	26	44
Provisions	(300)	(19)	(188)
Net Financial charges	76	153	80
Income tax paid	(907)	(1.694)	(836)
Other increase (decrease) incl. badwill	(27)	(138)	(73)
Working capital	**1.554**	**1.840**	**(649)**
Decrease (increase) in assets	5.861	3.235	3.180
Increase (decrease) in liabilities	(4.307)	(1.395)	(3.828)
CASH FLOWS FROM OPERATIONS (II)	**4.857**	**12.381**	**3.115**
Acquisitions	**(4.060)**	**(7.934)**	**(5.725)**
Fixed Assets	(2.515)	(5.361)	(4.042)
Subsidiaries, net of cash acquired	(590)	(740)	(343)
Developments	(955)	(1.834)	(1.340)
Disposals	**161**	**201**	**294**
Fixed Assets	161	201	294
Interests received (+)	**21**	**71**	**17**
CASH FLOWS RELATING TO INVESTING ACTIVITIES (III)	**(3.877)**	**(7.662)**	**(5.414)**
Proceeds from cash flows from financing	**105**	**105**	**1.268**
Capital	105	105	2
Proceeds from finance lease/bank loans	0	0	1.267
Repayments relating to cash flows from financing	**(1.360)**	**(1.500)**	**773**
Repayments of finance lease liabilities/bank loans	(944)	(2.080)	(1.016)
Bank overdrafts increase (decrease)	(343)	588	1.768
Cash restricted or pledged	(73)	(8)	20
Financial charges	**(97)**	**(224)**	**(98)**
Shareholders payments	**(3.438)**	**(4.580)**	**(3.125)**
Dividends paid	(2.895)	(2.895)	(2.875)
Own shares	(543)	(1.685)	(250)
CASH FLOWS RELATING TO FINANCING ACTIVITIES (IV)	**(4.791)**	**(6.199)**	**(1.182)**
NET INCREASE IN CASH AND CASH EQUIVALENTS (V)=(II)+(III)+(IV)	**(3.811)**	**(1.481)**	**(3.481)**
OTHER VARIATIONS (incl. effect of exchange rate) (VI)	**65**	**(28)**	**(176)**
CASH AND CASH EQUIVALENTS, CLOSING BALANCE (VII)=(I)+(V)+(VI)	**10.560**	**12.797**	**9.140**

CHANGES IN SHAREHOLDERS' EQUITY H1 2013

In '000 €	Issued capital	Reserves	Own shares	Currency translation reserves	Hedging reserves	Total	Non controlling interests	Total equity
Balance at 31 December 2012	**54.311**	**25.649**	**(3.253)**	**(234)**	**(13)**	**76.461**	**1.039**	**77.501**
Net result of the period		962				962	(107)	855
Result directly allocated to equity				(367)	27	(340)		(340)
Total comprehensive income		**962**		**(367)**	**27**	**622**	**(107)**	**515**
Dividends		(2.875)				(2.875)		(2.875)
Acquisition / sales of own shares			(250)			(250)		(250)
Increase (decrease) through changes in ownership interests in subsidiaries that do not result in change of control		(110)				(110)	(82)	(192)
Other variations	(4.416)	4.416				(0)	(8)	(8)
Balance at 30 June 2013	**49.895**	**28.043**	**(3.502)**	**(601)**	**14**	**73.848**	**843**	**74.691**

CHANGES IN SHAREHOLDERS' EQUITY 2012

In '000 €	Issued capital	Reserves	Own shares	Currency translation reserves	Hedging reserves	Total	Non controlling interests	Total equity
Balance at 31 December 2011	**54.311**	**24.812**	**(1.568)**	**(286)**	**0**	**77.270**	**1.115**	**78.385**
Net result of the period		3.677				3.677	(152)	3.526
Result directly allocated to equity				106	(13)	94		94
Total comprehensive income		**3.677**		**106**	**(13)**	**3.771**	**(152)**	**3.619**
Capital increase						0	105	105
Dividends		(2.895)				(2.895)		(2.895)
Acquisition / sales of own shares			(1.685)			(1.685)		(1.685)
Other variations		54		(54)		0	(29)	(29)
Balance at 31 December 2012	**54.311**	**25.649**	**(3.253)**	**(234)**	**(13)**	**76.461**	**1.039**	**77.501**

CHANGES IN SHAREHOLDERS' EQUITY H1 2012

In '000 €	Issued capital	Reserves	Own shares	Currency translation reserves	Hedging reserves	Total	Non controlling interests	Total equity
Balance at 31 December 2011	**54.311**	**24.812**	**(1.568)**	**(286)**	**0**	**77.270**	**1.115**	**78.385**
Net result of the period		785				785	(117)	669
Result directly allocated to equity				189		189		189
Total comprehensive income		**785**		**189**	**0**	**974**	**(117)**	**857**
Capital increase						0	105	105
Dividends		(2.895)				(2.895)		(2.895)
Acquisition / sales of own shares			(543)			(543)		(543)
Other variations		0				0	(21)	(21)
Balance at 30 June 2012	**54.311**	**22.703**	**(2.111)**	**(97)**	**0**	**74.806**	**1.082**	**75.888**

SEGMENT REPORTING (P&L)	H1 2012	H1 2013	%
In '000 €			
Sales			
Goods ID	82.624	81.765	-1,0%
People ID	20.608	21.247	3,1%
Corporate	0	0	
Total sales	**103.232**	**103.013**	**-0,2%**
Gross margin			
Goods ID	33.728	32.725	-3,0%
In % of sales	40,8%	40,0%	
People ID	11.559	11.512	-0,4%
In % of sales	56,1%	54,2%	
Corporate	0	0	
Total gross margin	**45.287**	**44.237**	**-2,3%**
Total gross margin in % of sales	**43,9%**	**42,9%**	
Operating expenses			
Goods ID	(31.482)	(29.629)	-5,9%
People ID	(7.025)	(7.519)	7,0%
Corporate	(1.478)	(1.623)	9,9%
Total operating expenses	**(39.985)**	**(38.771)**	**-3,0%**
Current EBITDA			
Goods ID	2.246	3.096	37,9%
In % of sales	2,7%	3,8%	
People ID	4.534	3.993	-11,9%
In % of sales	22,0%	18,8%	
Corporate	(1.478)	(1.623)	9,9%
Total current EBITDA	**5.302**	**5.466**	**3,1%**
Total current EBITDA in % of sales	**5,1%**	**5,3%**	
EBITDA			
Goods ID	1.593	2.769	73,8%
People ID	4.528	3.993	-11,8%
Corporate	(1.478)	(1.623)	9,8%
Total EBITDA	**4.644**	**5.139**	**10,7%**
Current EBIT			
Goods ID	(58)	337	-683,4%
In % of sales	-0,1%	0,4%	
People ID	3.483	3.058	-12,2%
In % of sales	16,9%	14,4%	
Corporate	(1.515)	(1.680)	10,9%
Total current EBIT	1.911	1.715	-10,3%
Total current EBIT in % of sales	**1,9%**	**1,7%**	
EBIT			
Goods ID	(710)	9	-101,3%
People ID	3.478	3.058	-12,1%
Corporate	(1.515)	(1.679)	10,9%
Total EBIT	**1.253**	**1.389**	**10,8%**

Comments

The Company is organized into two business units operating differently and, therefore, are reviewed separately: the Goods ID and the People ID.
For the Goods ID, the company has built an international structure with physical infrastructures all over Europe, in Israel and in South Africa (15 countries).
To the opposite, the People ID business is strongly centralized. The internal reporting for each business units is limited to the analysis of the sales, the gross margin, the operating expenses, the EBITDA and the depreciation.
Zetes Group has also a «corporate» structure whose expenses are reviewed separately.

SEGMENT REPORTING (BS)	31/12/2012	30/06/2013	%
In '000 €			
Goodwill			
Goods ID	36.569	36.615	*0,1%*
People ID	3.309	3.309	*0,0%*
Total goodwill	**39.878**	**39.924**	***0,1%***
Fixed assets			
Goods ID	14.289	14.504	*1,5%*
People ID	4.552	5.926	*30,2%*
Corporate	218	250	
Total fixed assets	**19.058**	**20.680**	***8,5%***
Inventories			
Goods ID	11.619	12.245	*5,4%*
People ID	4.012	4.025	*0,3%*
Total inventories	**15.631**	**16.270**	**4,1%**
Current trade and other receivables			
Goods ID	56.588	53.557	*-5,4%*
People ID	9.024	7.576	*-16,0%*
Corporate	140	128	
Total current trade and other receivables	**65.752**	**61.261**	**-6,8%**
Total ASSETS			
Goods ID	119.065	116.921	*-1,8%*
People ID	20.896	20.836	*-0,3%*
Corporate and other non allocated assets	19.003	16.975	
Total ASSETS	**158.964**	**154.732**	**-2,7%**
Current trade and other payables			
Goods ID	60.432	56.976	-5,7%
People ID	7.989	7.022	*-12,1%*
Corporate	729	572	
Total current trade and other payables	**69.150**	**64.570**	***-6,6%***
Total LIABILITIES			
Goods ID	60.432	56.976	*-5,7%*
People ID	7.989	7.022	-12,1%
Corporate and other non allocated liabilities	90.543	90.734	
Total LIABILITIES	**158.964**	**154.732**	**-2,7%**
Capital expenditures			
Goods ID	5.929	3.030	
People ID	1.185	2.275	
Corporate	80	77	
Total Capital expenditures	**7.195**	**5.382**	

GOODS ID GROWTH

Goods ID	H1 2012	H1 2013	%
In '000 €			
Turnover	82.624	81.765	-1,0%
Gross Margin	33.728	32.725	-3,0%
% Gross Margin / Sales	*40,8%*	*40,0%*	
Total Operating expenses	(31.482)	(29.629)	-5,9%
Current EBITDA	2.246	3.096	37,9%
% Current EBITDA / Sales	*2,7%*	*3,8%*	
EBITDA	1.593	2.769	73,8%

Goods ID (Excluding currency impact)	H1 2012	H1 2013	%
In '000 €			
Turnover	82.624	83.189	0,7%
Gross Margin	33.728	33.323	-1,2%
% Gross Margin / Sales	*40,8%*	*40,1%*	
Total Operating expenses	(31.482)	(30.232)	-4,0%
Current EBITDA	2.246	3.091	37,6%
% Current EBITDA / Sales	*2,7%*	*3,7%*	
EBITDA	1.593	2.744	72,2%

PEOPLE ID GROWTH

People ID	H1 2012	H1 2013	%
In '000 €			
Turnover	20.608	21.247	3,1%
Gross Margin	11.559	11.512	-0,4%
% Gross Margin / Sales	*56,1%*	*54,2%*	
Total Operating expenses	(7.025)	(7.519)	7,0%
Current EBITDA	4.534	3.993	-11,9%
% Current EBITDA / Sales	*22,0%*	*18,8%*	
EBITDA	4.528	3.993	-11,8%

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. Consolidated interim financial statements

The consolidated interim financial statements have been prepared in accordance with the International Financial Reporting Standards (and specifically IAS 34), as adopted in the European Union.

2. Zetes Industries shares

	H1 2012	2012	H1 2013
Number of shares issued at the end of the period	5.389.714	5.389.714	5.389.714
Number of own shares acquired at the end of the period	133.397	215.769	234.322
Average number of shares for IFRS calculation of earnings per share	5.296.324	5.247.116	5.190.296
Average number of shares for IFRS calculation of diluted earnings per share (1)	5.296.324	5.247.116	5.190.296

(1) At the end of June 2013, the outstanding number of options is 184,669. As the weighted average listing price does not exceed the exercise prices, the options are not taken into account to compute the dilution effect.

3. Declaration by responsible persons

In the name of the Board of Directors, Mr. Alain Wirtz and Mr. Pierre Lambert, respectively C.E.O. and C.F.O. of the Zetes Group declare that to the best of their knowledge the condensed consolidated interim financial statements reflects a faithful image of the financial situation, the financial performance and the cash flows of the Zetes Group.

The management of risk and uncertainties analysis shown in the last annual report is still valid and available on the Internet www.zetes.com (section investor relations).

The same accounting policies and methods of computation are followed in the interim financial statements as were followed in the annual financial statements of 2012.

4. Exchange rates

AVERAGE RATE H1 2013			
GBP/EUR	CHF/EUR	NIS/EUR	ZAR/EUR
1,1750	0,8131	0,2076	0,0826

CLOSING RATE (30/6/2013)			
GBP/EUR	CHF/EUR	NIS/EUR	ZAR/EUR
1,1666	0,8105	0,2119	0,0765

5. Summary of changes in accounting policies

Accounting standards applied for the first time for the financial year beginning 1st of January 2013.

Amendements to IAS 1	Presentation of Items of Other Comprehensive Income (1/7/2012)
Amendements à IAS 19	Employee Benefits (1/1/2013)
Amendements à IAS 34	Interim financial reporting
Amendements à IFRS 1	Government loans (1/1/2013)
IFRS 7	Financial Instruments: Disclosures - Offsetting Financial Assets and Financial Liabilities - Amendments to IFRS 7 (1/1/2013)
IFRS 13	Fair value Measurement (1/1/2013)

NOTES

NOTES

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This report was written in French. The Dutch and English versions are provided for the convenience of the reader. Only the French version is legally binding.