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This interim report and its constituent parts have been translated from the original French versions. For the purposes of interpretation, the French originals will take precedence over the English translation.

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Key consolidated figures are presented below:

In EUR millions	30 June 2014 IFRS	30 June 2013 IFRS	31 Dec. 2013 IFRS
Advisory revenues	-	-	-
Third party management revenues (1)	2.0	3.1	4.8
Proprietary trading revenues (2)	24.8	8.0	24.0
Net revenues	**26.8**	**11.1**	**28.8**
Payroll costs	(5.5)	(4.2)	(9.1)
Occupancy costs	(0.8)	(0.8)	(1.7)
Other expenses	(2.2)	(1.7)	(3.7)
Other taxes	(0.2)	(0.2)	(0.0)
Income before tax	**18.1**	**4.5**	**14.3**
Net income	**11.3**	**3.1**	**10.1**

N.B.: Figures expressed in millions of euros rounded to one decimal place. Percentage changes are calculated on the basis of non-rounded figures in euros.

(1) Third party management revenues correspond to management and performance fees earned by ABC arbitrage Asset Management from external investors in fully consolidated funds, which are eliminated in consolidation.

(2) Net gains on derivative financial instruments measured at fair value through profit or loss (€26.8 million) + net provision reversals (€0.0 million) – third party management revenues (€2.0 million).

1 → Operating performance

IFRS net revenues came to €26.8 million and net income to €11.3 million for the first half of 2014. These figures faithfully reflect the Group's activity levels during the period. Excluding the negative fair value adjustment to the securities portfolio required under IFRS (which was abnormally high in first-half 2013), net revenues were up by more than 13% year-on-year, an excellent performance in markets dominated by volatility levels regularly below 10% and weak trading volumes.

The Group has embarked on a new growth dynamic to counter these market conditions and has a large portfolio of arbitrage transactions enabling it to spread risks and results across different strategies. In the first quarter of 2014, the Group was able to capitalise on its innovations, helped by a few weeks of rising volatility and volumes. However, both parameters quickly moved back to very low levels for all types of financial instruments, despite an upturn in M&A announcements since the second quarter.

The Group continued to implement its Ambition 2016 growth plan. Work on developing new strategies and adjusting existing ones to the prevailing market conditions helped the Group to better employ its equity to develop its activities while maintaining stable risk ratios. As announced in 2013, implementation of the plan's four priorities led to an increase in staff costs and other plan-related costs.

Staff: During the first half, eight new people – some graduates, some more experienced – were hired in the quantitative research and IT development teams. As announced in 2013, the Group has also been gradually adapting its compensation structure to changes in the industry by increasing fixed salaries, while remaining true to its underlying performance-based compensation policy.

Innovation: Continued commitment to the policy of developing new strategies and adjusting existing ones in a flat market environment.

Geographical expansion: In early July, Quartys Ltd carried out a €7 million share issue that was taken up in full by ABC arbitrage and began operations later that month. In addition, ABC arbitrage Asset Management Asia was created and applied for approval from the Monetary Authority of Singapore (MAS) in early August to act as a portfolio management company, with the aim of starting up operations before the end of the year.

Asset management: On 22 July, ABC arbitrage Asset Management obtained approval as an AIFof the French securities regulator (AMF) to operate as an Alternative Investment Fund Manager (AIFM). The AMF's decision confirms the Group's ability to adapt to the new European requirements and will provide an edge for developing the asset management business.

Revenues from the asset management business came to €2 million in first-half 2014 compared with €3.1 million in first-half 2013. The decrease stemmed mainly from a decline in assets under management, which have been adversely affected since the end of 2012 by a lack of volatility and volumes coupled with quantitative easing policies. However, the funds have proved resilient and fulfilled their role of protecting capital in quiet markets.

At 1 September, assets under management amounted to €257 million, including €137 million from external investors.

Incentive plans

Based on cumulative consolidated net income for 2012 and 2013, a total of 10,304 shares out of a maximum possible 44,800 vested on 14 May 2014.

On that date, the Board also awarded a maximum of 850,000 performance shares under the Ambition 2016 plan, through three separate plans:
- a maximum of 283,333 performance shares, which will vest according to cumulative consolidated net income for 2014 and 2015;
- a maximum of 283,333 performance shares, which will vest according to cumulative consolidated net income for 2014 to 2016;
- a maximum of 283,334 performance shares, which will vest according to cumulative consolidated net income for 2014 to 2017.

2 → Dividend distribution

The Annual Shareholders' Meeting of 23 May 2014 approved a 2013 dividend of €0.20 per share, which was paid on 4 July 2014. Shareholders had the option of receiving the dividend either in cash or in new shares.

At the end of the option period, 1,311,492 new ordinary shares, ranking *pari passu* with existing shares, were issued at a price of €4.75. The dividend ultimately paid in cash amounted to €4.03 million. The total issue proceeds included €20,983.87 in paid-up capital and €6,208,603.13 in additional paid-in capital. The new ordinary shares are fully paid.

At 23 July 2014, the share capital of ABC arbitrage was represented by 53,577,482 fully paid ordinary shares each with a par value of €0.016. At that date, the Group held 956,353 treasury shares. Adjusted earnings per share therefore amounted to €0.22.

In light of these results and its confidence in the Group's ability to pursue its growth, the Board of Directors has decided to pay an interim dividend of €0.20 per share for 2014. Shareholders may opt to reinvest all or part of their dividend in ABC arbitrage shares at a price of €4.42. The payment date will be announced later but is expected to be before the end of 2014.

3 → Outlook

Activity levels in the third quarter are below the first-half 2014 average and similar to the second-quarter average, reflecting persistently lacklustre markets. In these conditions, all alternative investment managers seem to be having difficulties attracting new inflows as institutional investors are turning away from this type of investment. ABC arbitrage, although sensitive to this general market trend, believes it has the track record and strategies required to remain attractive, not only because of its high-quality internal processes but also because of ability to protect capital and deliver a strong performance in lively markets.

Its teams are determined to achieve the Ambition 2016 plan, which should demonstrate the Group's growth potential over the long term.

The Board of Directors
18 September 2014

Balance sheet - assets

In EUR	Note	30 June 2014 IFRS	31 Dec. 2013* IFRS
Intangible assets	2.2	47,040	60,248
Property and equipment	2.2	1,801,302	1,904,527
Work in progress		-	-
Current financial assets	2.3	659,286	666,974
Deferred tax assets		840,829	1,687,054
Total non-current assets		**3,348,457**	**4,318,803**
Financial assets at fair value through profit or loss	2.5	484,888,834	730,064,150
Other accounts receivable	2.6	10,743,132	6,639,110
Current tax assets		-	-
Cash and cash equivalents		18,910,840	16,023,822
Total current assets		**514,542,806**	**752,727,081**
TOTAL ASSETS		**517,891,262**	**757,045,884**

**Amounts restated compared with the 2013 published financial statements following the introduction of IFRS 10 (see note 1.1).*

Balance sheet - liabilities

In EUR	Note	30 June 2014 IFRS	31 Dec. 2013* IFRS
Paid-up share capital		836,256	836,256
Additional paid-in capital		105,256,131	105,256,131
Retained earnings		2,558,634	2,711,853
Interim dividend		-	-
Net income		11,303,284	10,053,417
Total equity attributable to equity holders	**2.4**	**119,954,304**	**118,857,657**
Minority interests		(180)	(180)
Total equity		**119,954,124**	**118,857,477**
Provisions		300,000	300,000
Non-current financial liabilities		-	-
Deferred tax liabilities		57,329	-
Non-current liabilities		**357,329**	**300,000**
Financial liabilities at fair value through profit or loss	2.5	377,937,579	629,363,195
Other liabilities	2.6	15,901,459	5,402,684
Taxes payable		3,639,993	3,014,389
Short-term debt		100,779	108,139
Current liabilities		**397,579,809**	**637,888,407**
TOTAL EQUITY AND LIABILITIES		**517,891,262**	**757,045,884**

**Amounts restated compared with the 2013 published financial statements following the introduction of IFRS 10 (see note 1.1).*

Statement of income

In EUR	Note	30 June 2014 IFRS	30 June 2013 IFRS
Net gain/loss on financial instruments at fair value through profit or loss	3.1	26,832,326	10,961,453
Other revenue	3.2	38,817	32,589
Administrative expenses	3.3	(2,722,187)	(2,259,806)
Taxes and duties		(422,831)	(24,680)
Payroll costs	3.4	(5,305,484)	(3,999,542)
Depreciation and amortisation expense		(311,499)	(312,032)
OPERATING INCOME		**18,109,143**	**4,397,982**
Provision expense	3.5	(18,000)	100,000
INCOME BEFORE TAX		**18,091,143**	**4,497,982**
Current taxes		(5,884,305)	(4,719,723)
Deferred taxes		(903,554)	3,340,157
NET INCOME		**11,303,284**	**3,118,415**
Attributable to equity holders		11,303,284	3,118,415
Attributable to minority interests		-	-
Number of ordinary shares		52,265,990	52,265,990
Earnings per ordinary share		0.22	0.06
Diluted earnings per ordinary share		0.22	0.06

Statement of comprehensive income

In EUR	Note	30 June 2014 IFRS	30 June 2013 IFRS
Net income		11,303,284	3,118,415
Change in foreign exchange		-	-
Remeasurement of available-for-sale assets		-	-
Remeasurement of hedging instruments		-	-
Remeasurement of non-current assets		-	-
Actuarial gains and losses on defined benefit plans		-	-
Share of other comprehensive income on equity-accounted affiliates		-	-
Income tax		-	-
TOTAL OTHER COMPREHENSIVE INCOME		**-**	**-**
Net income and other comprehensive income		11,303,284	3,118,415
Attributable to equity holders		11,303,284	3,118,415
Attributable to minority interests		-	-

In EUR thousand	Paid-up share capital	Equity instruments and related reserves	Elimination of treasury shares	Retained earnings and net income	Total equity attributable to equity holders	Minority interests	Total equity
At 31 December 2012	**835**	**112,539**	**(760)**	**25,466**	**138,082**	**nm**	**138,082**
Issue of shares	-	-	-	-	**-**	-	**-**
Elimination of treasury shares	-	-	199	-	**199**	-	**199**
Share-based payments	-	-	-	(1,104)	**(1,104)**	-	**(1,104)**
Appropriation of net income 2012	1	324	-	(14,067)	**(13,742)**	-	**(13,742)**
Net income for the period	-	-	-	3,118	**3,118**	-	**3,118**
At 30 June 2013	**836**	**112,863**	**560**	**13,414**	**126,553**	**nm**	**126,553**

nm: non-material

In EUR thousand	Paid-up share capital	Equity instruments and related reserves	Elimination of treasury shares	Retained earnings and net income	Total equity attributable to equity holders	Minority interests	Total equity
At 31 December 2013	**836**	**105,256**	**(4,898)**	**17,663**	**118,858**	**nm**	**118,858**
Issue of shares	-	-	-	-	**-**	-	**-**
Elimination of treasury shares	-	-	309	-	**309**	-	**309**
Share-based payments	-	-	-	(63)	**(63)**	-	**(63)**
Appropriation of net income 2013	-	-	-	(10,453)	**(10,453)**	-	**(10,453)**
Net income for the period	-	-	-	11,303	**11,303**	-	**11,303**
At 30 June 2014	**836**	**105,256**	**(4,588)**	**18,450**	**119,954**	**ns**	**119,954**

nm: non-material

In EUR thousand	30 June 2014 IFRS	30 June 2013 IFRS
Net income	**11,303**	**3,118**
Net allocations to provisions	18	(100)
Net allocations to depreciation and amortisation	312	312
Change in deferred taxes	904	(3,340)
Others	145	-
Net cash provided by operations before changes in working capital	**12,681**	**(10)**
Changes in working capital	**(109,189)**	**36,403**
Net cash provided by operating activities	**(96,508)**	**36,393**
Net cash used by investing activities	**(187)**	**(185)**
Net cash provided by capital transactions	-	-
Dividends paid	(10,453)	(13,741)
Share-based payments	101	(905)
Net cash used by financing activities	**(10,352)**	**(14,647)**
Net change in cash and cash equivalents	**(107,047)**	**21,560**
Cash and cash equivalents, beginning of period	125,857	66,472
Cash and cash equivalents, end of period	18,810	88,032

1 → Accounting principles

The summarized interim consolidated financial statements for the ABC arbitrage Group for the six months ended 30 June 2014 were prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union at 30 June 2014. In particular, the interim financial statements were prepared and are presented in accordance with IAS 34 "Interim Financial Reporting".

As permitted by IAS 34, this condensed set of financial statements includes only selected explanatory notes. These condensed consolidated financial statements for the six months ended 30 June 2014 must be read in conjunction with the Group's 2013 consolidated financial statements.

In preparing the interim consolidated financial statements, the Group applied the same accounting principles and methods as for its 2013 annual consolidated financial statements, which were drawn up in accordance with IFRS as adopted by the European Union and described in note 1 to the 2013 consolidated financial statements "*Accounting principles and policies*".

The amendment to IFRS 10 “Consolidated Financial Statements”, approved by regulation (EU) no. 1174/2013 of 20 November 2013 and published in the EU Official Journal on 21 November 2013, introduces an exception to the consolidation requirements applicable to investments in certain subsidiaries.

ABC arbitrage operates an asset management business through its subsidiaries whose primary aim is to obtain funds from several investors for the purpose of providing them with investment management services and thereby generating management and performance fees. In this respect, ABC arbitrage provides seed money for Irish investment funds whose investments (the vast majority of which are financial instruments listed on regulated markets) are held only for trading purposes with the sole aim of generating returns from capital appreciation, investment income or both. The performance of substantially all of these investments is measured and evaluated on a fair value basis.

Following the introduction of IFRS 10 and, in particular, the amendments to IFRS 10, IFRS 12 and IAS 27 (“Investment Entities”), the ABC arbitrage Group’s interests in the investment funds are recognised as financial assets at fair value through profit or loss, measured on the basis of the funds' net asset value. The impact of applying this standard at 31 December is detailed below.

ABC arbitrage Asset Management, the Group's asset management company, is not affected by this amendment and remains fully consolidated.

Preparation of the financial statements required ABC arbitrage Group to make estimates and assumptions, which could have an impact on the amounts at which assets, liabilities, income and expenses are stated. The estimates, and the assumptions underlying them, have been made on the basis of past experience and of other factors considered to be reasonable in the circumstances. They thus serve as the basis for the judgement made in determining the carrying amounts of assets and liabilities that could not be determined directly from other sources. The definitive amounts that will be stated in ABC arbitrage Group's future financial statements may be different from the amounts currently estimated. These estimates and assumptions are reviewed on a continuous basis.

As the Group's activities are neither seasonal nor cyclical in nature, its first half results were not affected by any seasonal or cyclical factors.

The tables below show the impacts of applying IFRS 10 to the balance sheet and income statement (these impacts were referred to in the published consolidated financial statements for the year ended 31 December 2013).

Balance sheet - assets

In EUR	31 Dec. 2013 IFRS Pre-IFRS 10	31 Dec. 2013 IFRS Post-IFRS 10	Impact of IFRS 10
Intangible assets	60,248	60,248	-
Property and equipment	1,904,527	1,904,527	-
Work in progress	-	-	-
Current financial assets	666,974	666,974	-
Deferred tax assets	1,687,054	1,687,054	-
Total non-current assets	**4,318,803**	**4,318,803**	**-**
Financial assets at fair value through profit or loss	730,064,150	854,116,420	(124,052,271)
Other accounts receivable	6,639,110	4,728,419	1,910,691
Current tax assets	-	-	-
Cash and cash equivalents	16,023,822	125 ,965,148	(109,941,326)
Total current assets	**752,727,081**	**984,809,987**	**(232,082,906)**
TOTAL ASSETS	**757,045,884**	**989,128,790**	**(232,082,906)**

Balance sheet - liabilities

In EUR	31 Dec. 2013 IFRS Pre-IFRS 10	31 Dec. 2013 IFRS Post-IFRS 10	Impact of IFRS 10
Paid-up share capital	836,256	836,256	-
Additional paid-in capital	105,256,131	105,256,131	-
Retained earnings	2,711,853	2,711,853	-
Interim dividend	-	-	-
Net income	10,053,417	10,053,417	-
Total equity attributable to equity holders	**118,857,657**	**118,857,657**	**-**
Minority interests	(180)	(180)	-
Total equity	**118,857,477**	**118,857,477**	**-**
Provisions	300,000	300,000	-
Non-current financial liabilities	-	-	-
Deferred tax liabilities	-	-	-
Non-current liabilities	**300,000**	**300,000**	**-**
Financial liabilities at fair value through profit or loss	629,363,195	861,055,004	(231,691,810)
Other liabilities	5,402,684	5,793,781	(391,096)
Taxes payable	3,014,389	3,014,389	-
Short-term debt	108,139	108,139	-
Current liabilities	**637,888,407**	**869,971,314**	**(232,082,906)**
TOTAL EQUITY AND LIABILITIES	**757,045,884**	**989,128,790**	**(232,082,906)**

2. → Notes to the balance sheet – 1st half 2014

2.1. → Consolidation principles

ABC arbitrage, ABC arbitrage Asset Management, ABCA Global Fund, BC Finanzberatung GmbH, Quartys and ABC arbitrage Asset Management Asia are fully consolidated.

The ABC arbitrage Group's interests in investment funds are recognised as financial assets at fair value through profit or loss in accordance with IFRS 10 “Consolidated Financial Statements,” taking into account the exception to the consolidation requirement (see note 1).

Before adjustment for the interest held via ABCA Multi Fund, the Group’s percentage interests were as follows:

Company	Countries	% of interest
ABC arbitrage	France	Parent company
ABC arbitrage Asset Management	France	100.0%
ABCA Global Fund	France	100.0%
BC Finanzberatung GmbH	Germany	100.0%
Quartys	Ireland	100.0%
ABC arbitrage Asset Management Asia	Singapore	100.0%
ABCA Opportunities Fund	Ireland	24.0%
ABCA Reversion Fund	Ireland	7.5%
ABCA Continuum Fund	Ireland	0.1%
ABCA Fx Fund	Ireland	1.9%
ABCA Inference Fund	Ireland	1.2%
ABCA Implicity Fund	Ireland	0.0%
ABCA Multi Fund	Ireland	43.0%

After adjustment for the interest held via ABCA Multi Fund, the Group’s percentage interests were as follows:

Company	Countries	% of interest
ABC arbitrage	France	Parent company
ABC arbitrage Asset Management	France	100.0%
ABCA Global Fund	France	100.0%
BC Finanzberatung GmbH	Germany	100.0%
Quartys	Ireland	100.0%
ABC arbitrage Asset Management Asia	Singapore	100.0%
ABCA Opportunities Fund	Ireland	41.9%
ABCA Reversion Fund	Ireland	13.5%
ABCA Continuum Fund	Ireland	34.0%
ABCA Fx Fund	Ireland	40.8%
ABCA Inference Fund	Ireland	43.1%
ABCA Implicity Fund	Ireland	38.5%

During the first half of 2014, the Group set up a new alternative investment fund called ABCA Implicity Fund, which exploits inefficiencies identified on the implied volatility surface. At 30 June 2014, it had €17 million of funds under management.

ABCA Implicity rounds out the range of strategies already provided through 6 other funds.

ABCA Opportunities Fund exploits M&A arbitrage opportunities. At 30 June, it had €107 million of funds under management.

ABCA Reversion Fund exploits statistical arbitrage opportunities in the futures and ETF markets. At 30 June, it had €107 million of funds under management.

ABCA Continuum Fund exploits statistical arbitrage opportunities in the equity markets. At 30 June 2014, it had €10 million of funds under management after its re-launch with a revised strategy on 1 February 2014.

ABCA FX Fund exploits statistical arbitrage opportunities in the forex markets. At 30 June, it had €3 million of funds under management. This fund became inactive at the end of July 2014 pending an adjustment of the strategy to the new market context.

ABCA Inference Fund exploits futures strategies. At 30 June, it had €8 million of funds under management.

ABCA Multi Fund is a diversified fund that invests in other funds managed by the group.

These funds are managed by ABC arbitrage Asset Management, a portfolio manager, and are housed within ABCA Funds Ireland plc.

In addition, ABC arbitrage previously owned 100% of a German subsidiary called BC Finanzberatung GmbH, which it decided to place in voluntary liquidation. In January 2012, a German court found that the liquidated subsidiary was entitled to make a claim as a creditor. Accordingly, in its capacity as an interested party with a right to take action, ABC arbitrage asked the competent German court to reopen the liquidation and its request was granted on 5 November 2012. The subsidiary had no business activities in 2012 other than its action to recover the debt. In 2013, its only activity was completing the associated legal and fiscal formalities. The subsidiary had no activity in the first half of 2014.

In December 2013, ABC arbitrage took up 10,000 shares issued by Quartys Ltd, each with a €10 par value, representing all of the issuer's outstanding shares at 31 December 2013. This subsidiary had no business activity in 2013. It had no activity during the first half of 2014 other than preparing to launch operations in the second half. In early July, Quartys Ltd. carried out a €7 million share issue, which was taken up in full by ABC arbitrage.

On 5 May 2014, ABC arbitrage took up 500 shares issued by ABC arbitrage Asset Management Asia Pte Ltd, each with a SGD 100 par value, representing all of the issuer's outstanding shares at 30 June 2014. This subsidiary had no activity during the first half of 2014 other than taking steps to obtain the approval of the Monetary Authority of Singapore (MAS).

2.2 → Property & equipment and intangible assets

Gross value

In EUR thousand	Gross value Dec. 31, 2013*	Acquisitions	Retirements/ disposals	Gross value June 30, 2014
Concessions and similar rights	528	23	0	551
Equipment, fixtures and fittings	1,266	0	0	1,266
Vehicles	82	100	0	182
Office and computer equipment, furniture	3,748	72	0	3,820
Total gross value	**5,624**	**195**	**0**	**5,819**

**Amounts restated compared with the 2013 published financial statements following the introduction of IFRS 10 (see note 1.1).*

Amortisation and depreciation

In EUR thousand	Dec. 31, 2013*	Increases	Decreases	June 30, 2014
Concessions and similar rights	(467)	(37)	0	(504)
Equipment, fixtures and fittings	(560)	(70)	0	(630)
Vehicles	(41)	(18)	0	(58)
Office and computer equipment, furniture	(2 591)	(187)	0	(2,778)
Total amortisation and depreciation	**(3 659)**	**(312)**	**0**	**(3,971)**

**Amounts restated compared with the 2013 published financial statements following the introduction of IFRS 10 (see note 1.1).*

2.3. → Other non-current financial assets

At 30 June 2014, this item included €659 thousand in deposits.

2.4. → Consolidated equity

Share-based payment

Under the Horizon 2015 programme launched by the Board of Directors on 20 September 2010, up to 3 million performance stock options were granted at an exercise price of €9 (corresponding to 135% of the average share price prior to the date of the Board's decision) less any interim or final dividends paid from earnings, with a minimum price of €6.48. The number of stock options that vest will be determined in March 2015 on the basis of cumulative consolidated net income for the years 2010 to 2014 inclusive. For example, if cumulative consolidated net income is €200 million, then 2 million stock options will vest.

On 14 February 2012, the Board granted a maximum of 44,800 performance shares vesting rateably according to consolidated net income for the two years 2012 and 2013. Given the continuing employment condition and results for the period, only 10,304 shares vested on 14 May 2014.

On 21 March 2013, the Board granted a maximum of 60,000 performance shares vesting rateably according to consolidated net income for the two years 2013 and 2014.

On 14 May 2014, the Board awarded a maximum of 850,000 performance shares, through three separate plans:
- a maximum of 283,333 shares, which will vest according to cumulative consolidated net income for 2014 and 2015;
- a maximum of 283,333 performance shares, which will vest according to cumulative consolidated net income for 2014 to 2016;
- a maximum of 283,334 performance shares, which will vest according to cumulative consolidated net income for 2014 to 2017.

The expense is deferred over the vesting period and a corresponding amount recorded in equity based on the overall value of the plan as determined on the date of award by the Board of Directors.

The expense recognised in respect of the first half of 2014 was €145 thousand.

The after-tax loss on share buybacks used amounted to €36 thousand and was deducted from consolidated equity at 30 June 2014.

Capital increase resulting from reinvestment of dividends

The Annual Shareholders' Meeting of 23 May 2014 approved a 2013 dividend of €0.20 per share, which was paid on 4 July 2014. Shareholders had the option of receiving cash or reinvesting their dividend in shares.

The sum of €10,453 thousand was deducted from consolidated equity at 30 June 2014 to take account of the dividend payment. At the end of the option period, 1,311,492 new ordinary shares, ranking *pari passu* with the existing shares, were issued at a price of €4.75 per share. The dividend ultimately paid in cash amounted to €4.03 million.

The total issue proceeds included €20,983.87 in paid-up capital and €6,208,603.13 in additional paid-in capital. The new ordinary shares are fully paid.

At 23 July 2014, ABC arbitrage's share capital was represented by 53,577,482 fully paid ordinary shares with a par value of €0.016 each. At that date, the Group held 956,353 treasury shares. Adjusted earnings per share therefore amounted to €0.22.

Treasury stock

During first half 2014, ABC arbitrage sold 39,856 of its own shares (average price €5.07). At the same time, 33,296 shares were purchased under the market-making agreement with Kepler Cheuvreux.

At 30 June 2014, ABC arbitrage held 954,170 of its own shares, acquired at a total cost of €4,588 thousand (at 31 December 2013, the company held 1,021,246 of its own shares, acquired at a total cost of €4,898 thousand).

In accordance with IFRS, treasury stock is deducted from equity.

2.5. → Financial assets/liabilities at fair value through profit or loss

The Group holds financial instruments for trading purposes only.

Details of securities to be received and delivered are provided in note 2.7. Risks.
Cash reserves earn interest at variable rates indexed to benchmark market rates.

At 30 June 2014, financial assets and liabilities measured at fair value through profit or loss were classified in the fair value hierarchy described in note 1.1 as follows:

In EUR thousand	Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1)	Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly (Level 2)	Inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3)	Total
Financial assets at fair value through profit or loss	439,930	44,959	-	**484,889**
Financial liabilities at fair value through profit or loss	(377,938)	0	-	**(377,938)**

The only instruments classified in Level 2 are the Group's interests in the funds held by ABCA Funds Ireland plc, which, in accordance with the provisions of IFRS 10, have not been consolidated (see note 1.1) and are measured at fair value through profit or loss. They are classified in Level 2 as the value of their units is not directly observable in an active market. However, the funds only hold and trade in financial instruments whose prices are quoted in an active market and are therefore directly observable.

The primary basis for determining the fair value of a financial instrument is the quoted price in an active market. Fair value of financial assets and liabilities is defined as the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

There were no transfers between the various fair value hierarchy levels during the first half.

Financial assets and liabilities at fair value through profit or loss break down as follows:

In € thousands	a. Gross carrying amount (before netting)	b. Gross amounts netted in the balance sheet	c. Net carrying amount [a-b]	Financial assets at 30 June 2014	Financial assets at 31 Dec. 2013*
Non-derivative financial instruments	432,288	(17,341)	414,947		
Derivatives	238,113	(307,080)	(68,967)		
Commitments	211,176	(199,950)	11,226	**484,889**	*730,064*
Total long positions	**881,577**				
Interests in ABCA Funds Ireland plc	44,959	0	44,959		
Cash and cash equivalents	118,857	(36,132)	82,725		

**Amounts restated compared with the 2013 consolidated financial statements following the introduction of IFRS 10 (see note 1.1).*

In € thousands	a. Gross carrying amount (before netting)	b. Gross amounts netted in the balance sheet	c. Net carrying amount [a-b]	Financial liabilities at 30 June 2014	Financial liabilities at 31 Dec. 2013*
Non-derivative financial instruments	(364,809)	17,341	(347,468)		
Derivatives	(307,080)	307,080	0		
Commitments	(222,597)	199,950	(22,647)	**(377,938)**	*(629 363)*
Total short positions	**(894,486)**				
Cash and cash equivalents	(43,955)	36,132	(7,823)		

**Amounts restated compared with the 2013 published financial statements following the introduction of IFRS 10 (see note 1.1).*

2.6. → Other receivables and payables

A breakdown of receivables and payables by due date is provided in note 2.7.4.

In EUR thousand	Other receivables	Other payables
Trade receivables/payables	738	(599)
Accrued income/expenses	2,297	(11,410)
Accrued taxes and payroll costs	7,708	(3,892)
Total at 30 June 2014	**10,743**	**(15,901)**
*Total at 31 December 2013**	*6,639*	*(5,403)*

**Amounts restated compared with the 2013 published financial statements following the introduction of IFRS 10 (see note 1.1).*

The sharp €10.5 million increase in other payables at 30 June 2014 was mainly due to the recognition of a €10.5 million dividend payable in respect of 2013, approved at the Annual Shareholders' Meeting of 23 May 2014 and scheduled for payment in July (see note 2.4).

2.7. → Risks
2.7.1. → Equities risk

The Group's risks are the same as those described in the notes to the consolidated financial statements for the year ended 31 December 2013.

The following table summarizes the positions taken on the markets at 30 June 2014:

Type of arbitrage (in EUR thousand)	Total long positions	Total short positions
Borrowed securities not yet sold or symmetrical exposures	207,239	(207,239)
Arbitrages without market risks	610,959	(630,016)
Arbitrages with market risks	63,379	(57,231)
Total for arbitrage transactions	**881,577**	**(894,486)**

The Group has never had any exposure to the subprime mortgage market or to any directly correlated derivatives.

The main risks in this type of market environment are:
- A rise in the failure rate of arbitrages with market risks;
- Drying up of deals in the financial markets (mergers & acquisitions, issuance of various products);
- Delays in completing deals, which could give rise to related costs (financing, margin calls, etc.) in excess of the expected profits.

2.7.2. → Currency risk

In the first half of 2014, a 2% rise [fall] in the euro against all other currencies would have generated a €286 thousand increase [decrease] in net assets, all else being equal.

2.7.3 → Credit and counterparty risk

Credit ratings of the Group's main counterparties are monitored daily.

2.7.4 → Liquidity risks

The table below shows liquidity by maturity at 30 June 2014:

In EUR thousand	Less than one month	One to three months	Three to twelve months	More than twelve months	Total
Financial assets at fair value through profit or loss	1,008,537	-	-	-	1,008,537
Other receivables	376	1,491	3,346	-	5,213
Current tax assets	-	-	-	-	-
Cash and cash equivalents	88,091	-	-	-	88,091
Total current assets	**1,097,004**	**1,491**	**3,346**	**-**	**1 ,101,841**
Financial liabilities at fair value through profit or loss	(720,107)	(251,021)	-	-	(971,128)
Other liabilities	(3,154)	(2,093)	(749)	(176)	(6,172
Current tax liabilities	-	-	(2,830)	-	(2,830)
Short-term borrowings	(59)	-	-	-	(59)
Total liabilities	**(723,319)**	**(253,115)**	**(3,579)**	**(176)**	**(980,190)**
Net balance	**373,685**	**(251,624)**	**(233)**	**(176)**	**121,651**

2.7.5 → Operational risk

In the first half of 2014, operational losses represented about 0.2% of net gains on financial instruments measured at fair value through profit or loss, a sharp decrease compared with previous half-years (average of about 2%).

This risk is managed upfront by position-taking, which is governed by written procedures and strict internal controls. However, these controls cannot provide absolute assurance and operational risk, which is inherent to the arbitrage business, is constantly and carefully tracked.

2.8. → Guarantees given

Most financial instruments recorded under *"Financial assets at fair value through profit or loss"* have been given as collateral to the institutions that provide the financing.

3. → Notes to the statement of income – 1st half 2014

3.1. → Net gains on financial instruments at fair value through profit or loss

The Group has opted for presentation by nature as this is closer to the indicators customarily published in its management report.

In first-half 2014, *"Net gains or losses on financial instruments at fair value through profit or loss"* came to €26,832 (€10,961 thousand in first-half 2013).

This item corresponds to revenues from proprietary trading activities discussed in the Group's management report, except for provisions. It includes all expenses and costs directly related to the trading business, including:

- Dividends;
- Gains and losses on disposal of financial assets at fair value through profit or loss;
- Changes in fair value of instruments held or due;
- Securities carrying or lending costs;
- Exchange gains and losses.

3.2. → Other revenue

Other revenue totalled €39 thousand compared with €33 thousand in first-half 2013.

3.3. → Administrative expenses

Administrative expenses principally comprise data mining and processing costs, together with administrative and communications costs.

This item totalled €2,722 thousand versus €2,260 thousand for first-half 2013. The increase was mainly due to fees related to the Group's restructuring and to regulatory developments.

3.4. → Payroll costs

In first-half 2014, the average number of employees was 77 as for first-half 2013.

Payroll costs include (i) €3,835 thousand in fixed and performance-related compensation together with statutory and discretionary profit-sharing (versus €2,827 in first-half 2013), (ii) payroll taxes of €1,451 thousand (versus €1,15 thousand in first-half 2013). Payroll-based taxes amounted to €187 thousand (versus €169 thousand in first-half 2013).

The Group does not provide any post-employment benefits (supplementary pensions or health insurance).

3.5. → Provision expense

Provision expense amounted to €18 thousand at 30 June 2014.

4. → Segment information

Revenues by business segment

Arbitrage trading is the Group's only business activity and all revenues are derived from proprietary transactions. The Group conducts two types of arbitrage strategy with different risk profiles in various geographical markets: arbitrages without market risks – self liquidating arbitrage strategies (transactions that do not generate any directional risk or any event risk; positions are fully hedged and are governed by legally binding documentation which guarantees convergence on a fixed date) and arbitrages with market risks – suspensive clause arbitrage strategies (unlike the first category, the legally binding documentation governing suspensive clause strategies does not guarantee convergence).

Note: In the following tables, positions correspond to long positions valued at the convergence price, adjusted for the value of any payments to be made or received to close out the transaction.

Breakdown of arbitrage transactions by type of risk

1st half 2014	Average number of arbitrage transactions	Average positions (value)
Arbitrages without market risks	53%	89%
Arbitrages with market risks	47%	11%
Total	**100%**	**100%**

Breakdown of arbitrage transactions by geographic area

1st half 2014	Average number of arbitrage transactions	Average positions (value)
Euro zone (excluding France)	11%	6%
France	4%	5%
USA	59%	69%
Other markets	26%	20%
Total	**100%**	**100%**

Breakdown of arbitrage transactions by geographic area and type of risk

1st half 2014	Arbitrages without market risks	Arbitrages with market risks	Total
Euro zone (excluding France)	5%	1%	6%
France	5%	0%	5%
USA	62%	7%	69%
Other markets	17%	3%	20%
Total	**89%**	**11%**	**100%**

To the shareholders,

In accordance with the terms of our appointment by the General Meeting of Shareholders and as required by Article L.451-1-2 III of the French Monetary and Financial Code (*Code Monétaire et Financier*), we have performed a limited review of the accompanying condensed interim consolidated financial statements of ABC arbitrage for the period from January 1 to June 30, 2014, and of the information contained in the interim management report.

The condensed interim consolidated financial statements were prepared under the responsibility of the Board of Directors. Our responsibility, based on our limited review, is to report our conclusions concerning these interim consolidated financial statements.

1. Conclusions concerning the financial statements

We conducted our limited review in accordance with professional standards applicable in France. A limited review of interim financial statements consists primarily of making inquiries of the persons responsible for financial and accounting matters, and applying analytical procedures. It is less in scope than an audit conducted in accordance with auditing standards applicable in France and, consequently, does not enable us to obtain the same level of assurance that the financial statements are free from material misstatement as would be obtained from a full audit.

Based on our limited review, nothing has come to our attention that causes us to believe that the accompanying condensed interim consolidated financial statements are not prepared in accordance with IAS 34, the International Financial Reporting Standard adopted in the European Union for Interim Financial Reporting.

Without qualifying our conclusion as expressed above, we draw your attention to notes 1 "Accounting principles ", 2.1 "Consolidation principles" and 2.5 "Financial assets and liabilities at fair value through profit or loss ", which describe the impacts of first-time application of IFRS 10 "Consolidated Financial Statements".

2. Specific verification

We have also reviewed the information given in the activity report accompanying the condensed interim consolidated financial statements that were the subject of our limited review.

We have no matters to report regarding its fair presentation and conformity with the condensed interim consolidated financial statements.

Paris-La Défense et Neuilly-sur-Seine, September 29, 2014

The Statutory Auditors

ERNST & YOUNG ET AUTRES	DELOITTE & ASSOCIES
Olivier DURAND	Jean-Marc MICKELER

I hereby declare that, to the best of my knowledge, i) the condensed consolidated financial statements for the six months ended June 30, 2014 have been prepared in accordance with applicable accounting standards and give a true and fair view of the consolidated assets and liabilities, financial position and results of ABC arbitrage, and ii) the interim management report presents a true and fair view of the information required under Article 222-6 of the General Regulation of the Autorité des Marchés Financiers.

Dominique Ceolin
Chairman of the Board & CEO