

Registration Document

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2010 REGISTRATION DOCUMENT

INCLUDING THE ANNUAL FINANCIAL REPORT



This registration document was filed with the French financial market authority (*Autorité des Marchés Financiers* or *AMF*) on 11 April 2011 in compliance with article 212-13 of the AMF General Regulation. It may be used in connection with a financial transaction only if accompanied by a memorandum approved by the AMF. The original French language version of this document was prepared by the issuer and is binding on its signatories.

In accordance with Article 28 of Commission Regulation (EC) No. 809/2004 of 29 April 2004, for certain information the reader is referred to previous registration documents:

1. The Executive Board's management report, the consolidated financial statements, the Auditors' report on the consolidated financial statements for the fiscal year ended 31 December 2009 included in the registration document filed with the AMF on 1 April 2010 (No. D 10-0216)
2. The Executive Board's management report, the consolidated financial statements, the Auditors' report on the consolidated financial statements for the fiscal year ended 31 December 2008 included in the registration document filed with the AMF on 6 April 2009 (No. DD.09-0202)

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with a capital of €12,200,184
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THE GUERBET GROUP

1) History of the company

Guerbet is a French pharmaceutical group specialised in medical imaging contrast agents. It is listed on NYSE Euronext Paris (Eurolist compartment B – Mid Caps) and majority held by the Guerbet family shareholder group. The company's origin is linked to Marcel Guerbet's discovery of the first organic iodinated contrast agent in 1901, Lipiodol®.

The Guerbet company was created in 1926 by André Guerbet. Since then, the company has pursued significant growth driven by regular innovations in medical imaging technologies accompanied by the introduction of new contrast agents. On this basis, Guerbet's research and development has resulted in the launch of four major products: Telebrix®, Hexabrix®, Dotarem® and Xenetix®.

Guerbet Group milestones:

Publication	Event
1901	Discovery of Lipiodol®
1926	Creation of 'Laboratoires André Guerbet'
1970	Launch of Telebrix®
1979	Launch of Hexabrix®
1981	Construction of a second chemical production facility in Lanester
1985	Launch of Hexabrix® in the North American market
1986	Initial public offering
1987	Acquisition of Simafex (find chemicals)
1989	Launch of Dotarem®
1995	Launch of Xenetix®
2004	Acquisition of Medex (a manufacturer of injectors for contrast products)
2008	Implementation of the Iseult program, coordinated by Guerbet in France to advance the frontiers of medical imaging
2009	Agreement with Draximage to distribute its line of nuclear medicine products

2) Financial highlights

a) Revenue

In thousands of euros – IFRS	2010	2009
Consolidated net sales	352,579	335,479
Sales by region		
Europe	72.0%	77.3%
Outside Europe	28.0%	22.7%
Sales by products		
X-ray	54.1%	54.2%
MRI	37.2%	35.2%
Other	8.7%	10.6%

b) Balance sheet and income statement highlights

In thousands of euros – IFRS	2010	2009
EBITDA ¹	37,030	43,552
Current operating income	11,219	28,246
Net income	5,880	20,495
Net earnings per share	1.93	6.77
Dividend per share	1.80 ²	2.25
Cash flow	32,879	40,307
Shareholders' equity	210,516	205,306
Net debt ³	89,680	78,895
Capital expenditures	40,770	32,778
Research and development expenditures	38,435	32,709
Employees ⁴	1,314	1,287

¹ The calculation for EBITDA is described on page 34 of this document. This concept is also defined in the glossary of financial terms on page 132.

² Dividend proposed to the vote of the General Meeting of 27 May 2011.

³ The calculation for net debt is described on page 35 of this document. This concept is also defined in the glossary of financial terms on page 132.

⁴ Average headcount for the period.

3) Business overview

a) A specialist in contrast agents

Guerbet is a pharmaceutical group specialised in contrast agents for medical imaging. These products are used primarily for medical diagnostic purposes. They contribute to enhanced anatomic and morphological visualisation and the functional evaluation of human organs for the identification and diagnosis of pathologies and monitoring treatment.

These contrast products are subject to the same pharmaceutical regulatory requirements as substances with therapeutic applications. Their development also requires long-term research and development efforts involving significant cost before obtaining marketing authorisations (*Autorisations de Mise sur le Marché* or *AMM*). While, clinical trials to demonstrate the effectiveness and tolerance of such products are less cumbersome (less studies and less patients per study) compared with those conducted for therapeutic applications, they nevertheless comply with the same regulatory standards.

These contrast products are used for diagnostic applications for major pathologies including, among others, cancer, cardiovascular, inflammatory and neurodegenerative diseases. They are used for different imaging technologies including X-Ray (XR), computerised tomography (CT) or Scanners, Magnetic Resonance Imaging (MRI) and Nuclear Medicine ("marked" or radioactive products).

The treatment of the different pathologies, may involve for the same patient, use of these different imaging techniques which are in no way exclusive in respect to each other. If one analyses the major chronic illnesses such as cancer, cardiovascular disorders or central nervous system diseases, it is possible to determine what type of exams are carried out, their objectives, the type of products used and at what frequency.

By way of example, for the monitoring of cancer patients in Europe, 60% of these exams are conducted using scanners, 30% nuclear medicine and 10% MRI.

b) Guerbet's mission

More generally, in connection with providing medical treatment to patients, Guerbet's goals are to:

- Contribute to advances in the diagnosis of major pathologies and improving the efficacy of therapeutic strategies: cancers, cardiovascular, inflammatory and neurodegenerative diseases;
- Providing healthcare professionals with a complete range of contrast and imaging along with innovative injection systems so enabling them to fulfil their mission under optimal conditions for patients;
- Contribute in developing solutions for major worldwide health challenges.

In Oncology, the impact of the main forms of cancer (lung, breast, prostate, colorectal ...) is regularly increasing and nearly 14 million exams involving injections of contrast products are carried out every year in Europe's five largest countries (source: AMR 2007-2008 – TOP 5 Europe). This increase is linked in particular to the aging of the population as well as certain risk factors (tobacco, eating habits, stress and the environment, etc.) resulting in a rise in the number of exams for increasingly early diagnosis for improved outcomes through the personalisation of patient care or monitoring treatment.

If one considers in particular the case of breast cancer, the role and importance of medical imaging is clearly demonstrated with 40 million women in Europe aged between 50 and 74 expected to undergo radiographic screening. Approximately 200,000 new cases of breast cancer are diagnosed every year in Europe and MRI as well as nuclear medicine plays a critical role in the treatment and therapeutic monitoring of these women.

In Cardiology, approximately 8 million exams involving the injection of contrast products are performed in Europe in providing patient care, mainly for risk population groups (obesity, diabetes, hypercholesterolemia, stress, hypertension, tobacco, etc.). Early diagnosis allows for the stratification of patients (classification) making it possible to provide them with optimised treatment solutions (simple surveillance, therapeutic, surgical or arterial dilatation).

In this area, interventional radiology makes it possible to dilate blocked or narrowed arteries. In a number of cases, this therapeutic option replaces surgery that is very often too invasive for the patient and involving higher health care costs.

In this speciality, the patient management approach is in line with the broader trend in medical care of giving priority to the least aggressive types of intervention for patients.

In Neurology, there has been a sharp rise in the occurrence of neurodegenerative diseases such as Parkinson, multiple sclerosis and Alzheimer's disease. This latter pathology represents a major public health challenge linked to the aging of the population and longer lifespans and greater demands in providing healthcare for dependent patients.

Today, along with the clinical signs, diagnosis is generally confirmed by an MRI. The challenge of tomorrow consists in developing early diagnosis before the first signs of clinical symptoms.

Furthermore, imaging of the central nervous system (CNS) constitutes one of the most promising contributions of MRI, making it possible to perform the first diagnosis of lesions not otherwise visible notably with the x-ray scanner (example of demyelinated plaques in white matter in the case of multiple sclerosis).

To date, 3 million exam injections are performed in Europe for these CNS pathologies with nearly 60% of MRI carried out for CNS indications.

By way of example, the following table provides an overview of the number of exams in Europe's five largest countries by pathology and imaging technology:

In millions	X-ray	MRI	Nuclear medicine	Total
Oncology	8.4	2.0	3.9	14.3
Cardiology	4.7	0.6	2.2	7.5
Central Nervous System (CNS)	1.6	1.5	0.2	3.3
Total	14.7	4.1	6.3	25.2

Source: AMR 2007-2008 – TOP 5 Europe

c) The products

In addition to Hexabrix[®] and Lipiodol[®], already widely distributed worldwide, the challenge for Guerbet in the coming years will be to associate a third product, Dotarem[®], through its registration for the US market.

Today, the three major products of the Guerbet line are Dotarem[®], Xenetix[®] and Lipiodol[®], benefiting from renewed interest in the US market in the latter.

Dotarem[®], a non-specific gadolinium-based MRI contrast product, was Guerbet's largest contributor to revenue in 2010 and the market leader in volume in Europe. It is also the only ionic macrocyclic contrast agent available.

A potentially fatal disease, NSF (Nephrogenic Systemic Fibrosis), arising apparently in conjunction with the use of gadolinium-based contrast agents for certain patients suffering from severe renal failure, has since 2006 been considered a serious undesirable effect of these products. European Health Authorities have divided Dotarem[®] and its competing products into three categories for the risk of occurrence for this illness (high, intermediary and low risk). These classifications were issued on the basis of different recommendations on precautions of use and contraindications for products involving high risks for certain population groups. This has led to a strong rise in demand for Dotarem[®] that is included in the category of products classified as low risk. Consequently, and given the development of the MRI market and the need for prescribers to propose an alternatives to products that may be less safe, growth prospects for Dotarem[®] have further increased in markets where it is already has a strong presence.

In addition to those markets where it is currently present, Guerbet's goal is to soon introduce this product in the US market.

Dotarem[®] is used for the exploration of many pathologies and in particular for central nervous system, digestive tract, osteoarticular and vascular diseases.

Xenetix[®] for x-ray imaging (XR) is a second-generation low osmolar contrast media or non-ionic LOCM (low osmolar contrast media). It has had a track record of regular growth since it was first launched in 1995.

Xenetix[®] initially distributed in bottle format, has also been available in polypropylene flexi-bag packaging (Xenetix[®] in Scanbag[®]) since 2006 with successive launches in key European markets thereafter. This original and innovative packaging makes it possible to preserve the qualities of Xenetix[®] while simplifying procedures of use and introducing notable advances in waste management. This packaging solution also represents Guerbet's response to the increasingly important problem of sustainable development.

Xenetix is available with two concentrations of iodine, 300 and 350 mg per millilitre. It is generally accepted that 350 mg / mL is the preferred concentration for cardiovascular pathologies, while 300 mg / mL is used for the exploration of parenchymatous pathologies (for example, liver, kidney).

In general, LOCM products offer a better tolerance than the first-generation HOCM (High Osmolar Contrast Medium) products combined with improved comfort for the patient when injected.

Lipiodol[®] is currently today the only iodised oil contrast agent for x-ray imaging (XR). The company's origin was based on Marcel Guerbet's discovery of Lipiodol[®] in 1901. Initially used as a therapeutic application, it became the first iodinated contrast product injected into humans in 1921. In endocrinology, Lipiodol[®] in the soft capsules form is used worldwide in the prevention of iodine deficiency for adults and children. For imaging, after having been indicated for lymphography (a technique no longer used), Lipiodol[®] is today mainly used in interventional radiology in the embolization of malignant (primary cancers of the liver or liver metastasis) or benign tumours (arteriovenous malformations). For this purpose, Lipiodol[®] was granted a temporary authorisation for import by the US Food and Drug Administration (FDA) for interventional radiologists and patients.

In addition, for the exploration of female infertility, Lipiodol[®] has been shown to have therapeutic properties after imaging (incidents of resumption in fertility after hystero-salpingography).

Guerbet's offering of products is completed by other ranges to better meet the needs of healthcare professionals:

To date, Hexabrix[®] is the only ionic LOCM x-ray product currently available on the market. This product has particular physio-chemical properties conferring it with a good renal tolerance and can be used to visualise the risk of arterial thrombosis. As such it is a molecule of choice for radiologists and interventional cardiologists as well as vascular surgeons for cardiovascular exploration

Telebrix[®], an x-ray product belonging to the HOCM category of contrast products (developed prior to LOCM and gradually being replaced by the latter notably for scanner examinations). Because of excellent accessibility, Telebrix[®] continues to be used in a number of countries. It also retains preferred indications in its drinkable form of Telebrix[®] Gastro[®], particularly useful for digestive tract examinations and in particular for the performance of virtual colonoscopies for colorectal cancer. This exam is henceforth officially recognised as useful for a certain number of patients (recommendation of the French National Authority for Health (*Haute Autorité de Santé* or *HAS*) of February 2010).

Optiray/Optiject[®], a non-ionic LOCM x-ray product, is marketed by Guerbet under license by Covidien (ex-Tyco-Mallinckrodt) in France, Belgium and Switzerland. Optiject[®] is an alternative presentation of Optiray[®] packaged in pre-filled syringes. In addition, Guerbet distributes a range of injectors and medical devices of the Covidien Group for the same geographical markets.

Oxilan[®], a non-ionic LOCM x-ray product, was added to the Group's line of x-ray contrast products in February 2002 within the framework of an agreement concluded with the North American company, Cook. Since this date, Oxilan[®] has been sold directly in the U.S. and in Japan under the Imagenil[®] brand name by Terumo, the exclusive distributor for Guerbet products in Japan following the agreement concluded since October 2005.

Artirem[®], an arthrography-specific MRI contrast agent was successfully launched in the main European countries. This is the first product proposed for these pathologies for exploration through local injection (intra-articular). Artirem[®] enables Guerbet to propose an expanded and differentiated MRI offering.

THE NUCLEAR MEDICINE PRODUCT RANGE

In 2010 Guerbet started to distribute in Germany and the United Kingdom the nuclear medicine products developed by the Canadian company, Draxis.

The first products to be proposed included:

- **Draxmibi® (Sestamibi)** for myocardial perfusion imaging;
- **Medronate Draximage™ (MDP)**, for bone imaging,
- **Macrosalb Draximage™ (MAA)** for pulmonary perfusion imaging.

OTHER PRODUCTS

Medex, acquired by Guerbet Group in late 2004 sells a range of injectors for scanner imaging along with the associated consumables.

The most original product of the Medex line, the **SBI 5002-CT®** scanner injector, is currently the only product on the market that can be used with flexi-bags, ScanBag®. Synergies with Xenetix® in ScanBag® make it possible to apply a new approach for administering the contrast product, by associating the best suited delivery device. Its progressive commercial introduction in Europe will enable Guerbet and Medex to reconcile goals of clinical utility, providing benefits to patients and sustainable development.

4) Manufacturing activity, investments and Research & Development

a) Manufacturing activity

The Group's significant industrial resources cover:

- Chemical manufacturing involving complex processes for intermediates and active ingredients;
- Production of finished pharmaceutical products in the form of sterile injectable solutions.

The Group manufacturing base includes four sites:

- Lanester: This is the Group's major chemicals plant, built almost 30 years ago for which the Group has redeployed its investments in chemicals;
- Marans (near La Rochelle): A fine chemicals plant of the subsidiary Simafex which, in addition to sales to third parties, also provides the Group with the active ingredient for Dotarem[®], a key intermediate of Xenetix[®] and the active ingredient of Lipiodol[®];
- Aulnay-sous-Bois: This is the Group's principal pharmaceutical plant, specialised in vials for injectable products;
- Rio de Janeiro (Brazil); This pharmaceutical production unit supplies the South American market. It is specialised in the manufacture of injectable vials.

b) Investments

For chemicals, manufacturing facilities require significant production capacity and are essential to meeting specifications and the significant volumes required for iodinated contrast products for x-ray imaging. Compared with MRI contrast products, iodinated contrast products are distinguished by significant quantities and production capacity required for active ingredients and synthetic intermediates.

The facilities must be able to respond to demand for increasing production capacity, improving productivity and meeting international standards of quality for the manufacture of injectable pharmaceutical products. For this purpose, significant investments are planned in order to adapt to FDA requirements for distributing Dotarem[®] in the United States.

Guerbet, like its competitors, has deployed significant production capacities and maintains capital spending at ambitious levels in consequence. This strategy seeks to secure Group sourcing requirements under optimal conditions in terms of productivity and production time cycles to improve production cost and optimise inventory management. The commitment to quality, reinforced safety and respecting the environment are integral parts of this strategy.

For chemicals, investments are currently in progress at the Lanester and Simafex plants. At the Lanester plant, these investments are destined to triple our production capacity for x-ray contrast products between 2006 and 2011 for Xenetix[®]. Investments at the Simafex plant in Marans concerned the increase in production capacity for MRI contrast agents and the active ingredient of Lipiodol[®]. Chemical production capacity for MRI applications and notably Dotarem[®] will be increased threefold by the end of 2011. The fully renovated workshop for the production of the active ingredient Lipiodol[®] has been operational starting this year.

For pharmaceuticals, an investment project for a new filling unit for the manufacture of injectable solutions in the form of vials and bags is currently underway. Construction of the buildings is well advanced with the external walls and roofing completed. The utilities are now being installed with the first tests for validation scheduled for 2012.

Concerning the plant in Rio de Janeiro, investments for the renewal of equipment were made in 2010 and are now operational. These investments concerned the installation of a depyrogenation tunnel.

Finally, investments that began in 2009 at the Gonesse logistics platform are now completed and will contribute to supporting the Group's sales growth.

c) Research & development

▪ R&D objectives

Guerbet's R&D is focused on major diseases where the appropriate contrast agent can improve the initial diagnosis and monitoring the effectiveness of treatment:

- Cancer (brain, breast, prostate, bowel, metastases, etc.);
- Cardiovascular pathologies and atherosclerosis (heart attacks, strokes and cerebrovascular accidents, etc.);
- Inflammatory and neurodegenerative disease (Alzheimer's, multiple sclerosis, etc.).

Surveys conducted by Guerbet for several years among medical specialists (neurologists, cardiologists, oncologists, gastroenterologists, etc.) have made it possible to identify patient needs.

Practitioners want products that serve as tools to assist prevention, detect disease, or even provide advance signs on the evolution of abnormalities identified. Providing aid in prognosis and monitoring is consequently a major focus of Guerbet's research as it can influence the choice of treatment, limit surgery or save the lives of some patients.

That is why R&D teams are focusing on the development of **functional imaging** capable of identifying biological abnormalities even before the disease develops both in the field of magnetic resonance imaging (MRI) and nuclear medicine. This technology is comparable to what is referred to as **molecular imaging** with a purpose of contributing to more customised treatment solutions: in the prevention phase, the challenge is identifying populations at risks to provide improved monitoring capabilities. At the stage of illness, the focus is to identify the exact cause, contributing to effectively selecting treatments best adapted to the individual patient and more rapidly evaluating the effectiveness of treatment and incidents of recurrence.

▪ Product pipeline

Guerbet is currently pursuing the development of three new chemical entities (NCE):

P904 is an iron oxide-based nanoparticle MRI contrast agent for inflammatory and degenerative illnesses. The preclinical trials conducted in 2009 and 2010 demonstrate the good tolerance of this product in animals for large doses. It has now paved the way for clinical trials in humans. The synthesis of the clinical batch is in progress and the launch of the phase I clinical trial to test tolerance in humans with a small group of healthy volunteers is scheduled in late 2011.

P03246 is the first nuclear medicine product (PET) conceived and developed by Guerbet. The indication of this product is for the diagnosis of ovarian cancer. Studies on animals carried out in 2009 to prepare for the launch of clinical study have been conclusive. 2010 will be devoted to the preparation of the product in accordance with cGMP (current Good Manufacturing Practices) adapted for injections in patients. In 2011, a phase 0 clinical trial is planned to test the diagnostic efficacy of the product in a clinical environment for a small number of patients.

Guerbet is also pursuing the development of a gadolinium-based MRI contrast agent, particularly effective for high magnetic field applications. The synthesis of a preclinical batch was produced in 2010 and an evaluation of the clinical profile was launched in 2011.

In addition, an injector is currently under development by Medex for the purpose of offering new functionalities for complex injections for scanners.

▪ R&D expenses

The following table presents research and development expenditures incurred by Guerbet for the last two years.

	2010	2009	Change
R&D expenditures (thousands of euros)	38,435	32,709	+17.5%
R&D expenditures (% of sales)	10.9%	9.7%	

▪ Network-based research partnerships

To meet its research and development goals, Guerbet has accelerated efforts to provide innovations by participating in network-based research. This approach to research open to the outside world provides the Group a means of access to the most advanced worldwide scientific expertise. Medical imaging is an inherently multidisciplinary field where expertise in chemicals, biology, physics, computer science, image processing and medicine are all necessary. In this way, for Guerbet, a collaborative approach is considered to constitute a key success factor.

Several network-based collaborative research programs are being pursued at the same time. The most important among them is the Franco-German research project, **Iseult – Inumac**, co-financed by OSEO, the French innovation agency and the German Federal Ministry of Education and Research (BMBF) in Germany. The goal of this project is to contribute to advances in MRI within high magnetic fields. The benefits expected from these new technologies involve switching from anatomical imaging to molecular imaging contributing to a more detailed understanding of pathophysiological mechanisms that are today not accessible to doctors and will provide the benefits from detecting, monitoring and treating major pathologies. The clinical indications will include brain tumours, cerebrovascular and Alzheimer's disease.

This collaborative research program includes participants covering the entire R&D and MRI manufacturing spectrum: Guerbet, the coordinator for French participants and contrast agent manufacturer, Siemens Medical Solution, the coordinator for Germany and manufacturer of MRI systems, Bruker Biospin, specialised in MRI instrumentation and components, and academic research teams of Neurospin, the ultra-high-field neuroimaging centre of the (French Alternative Energies and Atomic Energy Commission (CEA) in Saclay (France), the University of Fribourg, with cutting-edge expertise in medical imaging.

In parallel with work on contrast agent applications, the **Iseult – Inumac** project will result in the construction of a whole body 11.7 Tesla MRI magnet for generating high precision images and study new imaging applications. The teams of Siemens, Bruker and the University of Fribourg will also work on developing new procedures for high field molecular imaging.

Guerbet is also pursuing R&D in nuclear medicine through two other collaborative projects co-financed by OSEO Innovation: **Gallimed** and **IMAKinib**[®].

IMAKinib[®] is focused on improving cancer treatment by developing new specific imaging biomarkers. Radiotracers are diagnostic molecules that can be marked by a radioactive fluoride (F18) to allow the creation of an image using a scanner to follow the reaction of patients undergoing anti-tumour treatments. They also give a precise location of the tumour and any metastases. Guerbet is partnering with Oncodesign, a Dijon-based oncology-focused biotech SME and project leader, along with Ariana Pharmaceuticals, a Paris-based SME specialised in data mining and analysis solutions. **IMAKinib**[®] is co-financed by OSEO innovation within the framework of the ISI program for strategic industrial innovation (*Innovation Stratégique Industrielle*) for promoting the emergence of European or global leaders.

Gallimed is a network-based collaborative research project led by Guerbet in close collaboration with the Canadian company MDS Nordion and Cyceron, the French research centre for *in vivo* isotopic imaging based in Caen. Gallimed's goal is to develop new radioactive tracer for Positron Emission Tomography (PET) specifically targeting a biological receptor overexpressed in many cancers and metastases, particularly in bone marrow, the lungs and the liver. Gallimed has received the Eurêka European label.

Guerbet is also a participant in collaborative projects implemented following calls for tender for projects by the French National Research Agency (ANR):

- **Nano-bio imaging**: Vectorisation and targeted delivery of therapeutic agents and inducible genes by heat sensitive nanoparticles under control of MRI in central nervous system pathologies;
- **Inflam**: The MRI-based study of vascular and cerebral inflammations focusing respectively on atherosclerosis and brain ischemia.

In addition, Guerbet also participates in the 6th and 7th Research and Development Framework Programme (RDFF) implemented by the European commission:

- **Meditrans**: a project for the development of nanomedicines including therapeutic agents and contrast products for MRI applications. Pathologies covered include cancer, rheumatoid arthritis and multiple sclerosis;
- **NAD**: Developing nanoparticles targeting different forms of beta-amyloid aggregates and plaques for the diagnosis and prognosis of Alzheimer's disease.

Guerbet is also a member of the worldwide competitive cluster **Medicen Paris Region**, a group of key biomedical innovators in the Ile-de-France region. In this stimulating environment two collaborative projects have emerged:

- **Athim**, completed in 2010 that enabled the Group to acquire expertise and know-how to perform comprehensive testing of an iron oxide nanoparticle contrast product soon to be launched for development. The acquisition of this expertise also contributed to identifying new research avenues to achieve breakthroughs in molecular imaging for the diagnosis of cardiovascular and cerebrovascular diseases.
- **Nanogalenic** for evaluating the delivery and the efficacy of these new antitumor formulations using MRI.

5) Group organisation

a) Executive Committee and Management Board

▪ Executive Committee

Bernard Massiot – *Chief Executive Officer (and Chief Marketing Officer ad interim)*

Marie-Christine Garnier – *Chief Quality Officer (QSE) - Deputy Chief Executive Officer, Qualified Person (QP)*

Bruno Bonnemain – *Chief Supply Chain Officer*

Claire Corot – *Chief Research Officer*

Pierre Courteille – *Vice President of Sales (Europe, Asia, South America)*

Jean-François Le Martret – *Chief Financial and Administrative Officer*

Pascal Mailliart – *Vice President, Human Resources*

▪ Management Board

Bernard Massiot – *Chief Executive Officer (and Chief Marketing Officer ad interim)*

Marie-Christine Garnier – *Chief Quality Officer (QSE) - Deputy Chief Executive Officer, Qualified Person (QP)*

Philippe Barthelet – *Vice President, Business Development and US Operations*

Virginie Beck – *Vice President, Strategic Projects & information*

Bruno Bonnemain – *Chief Supply Chain Officer (and Pharmaceuticals Officer ad interim)*

Claire Corot – *Chief Research Officer*

Pierre Courteille – *Vice President of Sales (Europe, Asia, South America)*

Anne-Laure Delasalle – *Vice President, Communications and Image*

Pierre Desche – *Vice President, Medical and Regulatory Affairs*

Frédéric Duchet – *Chief Information Officer*

Alain Le Jeune – *Vice President, Medex*

Jean-François Le Martret – *Chief Financial and Administrative Officer*

Pascal Mailliart – *Vice President, Human Resources*

Antoine Mazraani – *Vice President, Europe*

Dominique Meyer – *Vice President, Chemicals*

Elena Puntorieri – *Vice President, Purchasing*

b) Board of Directors

Jean-Jacques Bertrand – *Chairman of the Board of Directors (Independent Director)*

Bernard Massiot – *Chief Executive Officer*

Philippe Biju-Duval

Jacques Biot – *Independent Director*

Jacky Boudeville – *Independent Director*

Vincent Dagommer

Olivier Guerbet

Christian Louvet

c) International presence

Region	Country	Subsidiaries	Ownership interest (%)
Europe	France	Guerbet France	N/A
		Simafex	100.00%
		Medex	60.00% ¹
	Germany	Guerbet GmbH	100.00%
	Austria	Guerbet Austria	100.00%
	Belgium	Guerbet NV	99.56%
	Spain	Guerbet Laboratorios Farmaceuticos	100.00%
	Italy	Guerbet Spa	100.00%
	Netherlands	Guerbet NLBV	100.00%
	Portugal	A. Martins & Fernandes	99.73%
	United Kingdom	Guerbet Laboratories	100.00%
	Switzerland	Guerbet A.G.	99.60%
	Turkey	Guerbet A.S.	99.99%
Americas	Brazil	Guerbet Produtos Radiologicos	100.00%
	Mexico	Guerbet Mexicana	100.00%
	United States	Guerbet LLC	100.00%
Asia	Hong Kong	Guerbet Asia Pacific	100.00%
	South Korea	Guerbet Korea	100.00%
	Taiwan	Guerbet Taiwan	100.00%
	Japan	Guerbet Japan KK	100.00%

¹ Guerbet has a commitment to purchase the minority share of Medex which is accordingly fully consolidated.

d) Industrial assets – list of establishments

Establishment	Address	Activity
Villepinte	15 rue des Vanesses 93420 Villepinte France	Registered office
Aulnay-sous-Bois	16/24 rue Jean Chaptal 93600 Aulnay-sous-Bois France	Main site for pharmaceutical production, research laboratories
Lanester	705 rue Denis Papin 56607 Lanester France	Main chemicals plant
Marans (Simafex)	16 rue des Fours-à-Chaux 17320 Marans France	Fine chemicals
Saint-Priest (Medex)	240 allée Jacques Monod 69800 Saint-Priest Cedex	Distribution of injectors and medical equipment
Rio de Janeiro	Rua André Rocha 3000 – Jacarapegua CEP 22710 – 561 Rio de Janeiro Brazil	Second pharmaceutical manufacturing plant

Guerbet is the owner of the registered office of Villepinte, most of the Aulnay-sous-Bois and Lanester sites. Simafex is the owner of most of the Marans site. Medex is the lessee of its premises. Guerbet Produtos Radiologicos is the owner of the Rio site.

e) Distribution

Group sales are assured:

- Directly through the sales organisation;
- Through licensees;
- Through distributors.

▪ Direct sales

The Group has focused on progressively developing a network of direct sales subsidiaries. A direct local presence in key markets has been decisive in developing strong and durable customer relationships. The Group has a network of direct operations in Europe, Asia, North and South America.

▪ License agreements

Under this type of agreement, generally long-term (10 years or more), licensees assure all or part of the pharmaceutical development, pharmaceutical production and the sale of the product for a given territory.

At present, Guerbet distributes Hexabrix® both through a license granted to Covidien and directly through its subsidiary Guerbet LLC.

▪ **Customer segments**

The structure of Guerbet's local customer base in each of the national markets, excluding of course distributors and licensees, varies from one country to the next. However, in a majority of countries there exist two main categories:

- Hospitals and purchasing groups accounting for a significant portion of sales (generally through calls for tenders);
- Wholesalers-distributors that supply pharmacies.

▪ **Distribution agreements**

In markets not covered by direct sales or a Guerbet license agreement, the Group has recourse to distributors. The key markets covered by distributors are Scandinavia, Eastern Europe, Greece, Africa and the Middle East, certain countries in South America, Asia and Oceania. The average duration of distribution agreements is three years.

CORPORATE GOVERNANCE

1) Board of Directors

a) Board members

Director	Other appointments and functions
<p>Jean-Jacques Bertrand</p> <p><i>Chairman of the Board of Directors</i></p> <p>Independent Director</p> <p>Date of appointment: 21 May 2010</p> <p>Expiration of appointment: AGM 2016</p>	<p>Chairman of the Board of Directors of CANVAC (Canadian Network for Vaccines & Immunotherapeutics)</p> <p>Chairman of the Supervisory Board of Cytheris (biotechnology company)</p> <p>Director, Fondation pour la Recherche Médicale</p> <p>Honorary Chairman, LEEM</p> <p>-----</p> <p>A graduate of the Business School HEC Paris, Jean-Jacques Bertrand has occupied since 1965 a number of functions within pharmaceutical companies and in particular, the following management functions:</p> <p>Chief Executive Officer of Pharmaceutical Operations of Rhône-Poulenc Santé in France in 1985</p> <p>Chief Executive Officer of Rhône-Poulenc Rorer in 1990</p> <p>Chief Executive Officer of Pasteur Mérieux Connaught (Aventis Pasteur in 2000) from 1994 until the end of 2002</p> <p>Executive Committee member of Rhône-Poulenc in 1999 and Deputy Chief Executive Officer of Aventis Pharma.</p> <p>Jean-Jacques Bertrand was successively appointed:</p> <p>Member of the Supervisory Board of Guerbet on 25 May 2002</p> <p>Vice Chairman of the Supervisory Board of Guerbet on 15 November 2002;</p> <p>Chairman of the Supervisory Board of Guerbet as of 19 May 2006, appointment exercised until 21 May 2010.</p> <p>-----</p> <p>Jean-Jacques Bertrand is co-author with Prof. Pierre Saliou of the work "<i>Les sentinelles de la vie</i>" on the world of vaccines published by Albin Michel.</p>
<p>Bernard Massiot</p> <p><i>Chief Executive Officer</i></p> <p>Director & Guerbet shareholders agreement member</p> <p>Date of appointment: 21 May 2010</p> <p>Expiration of appointment: AGM 2016</p>	<p>Managing Partner of SARL MBAM</p> <p>Co-Manager S.C. RFDC</p> <p>Co-Manager of Matrix Montpellier Propco EURL</p> <p>Managing Partner of G.F.A. de Croisilles</p> <p>-----</p> <p>Bernard Massiot is a graduate of Paris-Dauphine University with a degree in Public Accounting. He began his career in audit and finance and subsequently general management in sectors including the press and media, industry (Northeast France) and services, primarily in France or in Europe.</p> <p>Bernard Massiot was successively appointed:</p> <ul style="list-style-type: none"> - Director of Guerbet on 15 May 1993 - Member of the Supervisory Board of Guerbet on 27 October 2001 and serving until 10 January 2010. - Chairman of the Executive Board of Guerbet from 10 January to 21 May 2010.

Director	Other appointments and functions
<p>Philippe Biju-Duval</p> <p>Director & Guerbet shareholders agreement member</p> <p>Date of appointment: 21 May 2010</p> <p>Expiration of appointment: AGM 2016</p>	<p>Graduate of the ENA (National School of Administration).</p> <p>Philippe Biju-Duval was appointed member of the Supervisory Board of Guerbet on 18 May 2006 and served until 21 May 2010.</p>
<p>Jacques Biot</p> <p>Independent Director</p> <p>Date of appointment: 21 May 2010</p> <p>Expiration of appointment: AGM 2016</p>	<p>Chairman & Chief Executive Officer, JNB – Développement SA Chairman of the Board of the <i>Ecole des Mines d'Alès</i> Chairman of the Board of the <i>Fondation du Rein</i></p> <p style="text-align: center;">-----</p> <p>Graduate of Ecole Polytechnique (1971), member of the <i>Corps des Mines</i>, Jacques Biot has:</p> <ul style="list-style-type: none"> - Occupied the position of Technical Advisor, responsible for industry and technology for the office of the Prime Minister; - Served as Management Board member for the companies Roussel-Uclaf and Pasteur-Mérieux Sérums et Vaccins. - <p>Jacques Biot founded JNB-Développement (JNBD) in 1992 for which he is the Chairman and Chief Executive Officer, a company of expert consultants in the healthcare field proposing to different participants in that sector aid and support in developing strategies as well as operational services.</p> <p>Jacques Biot was appointed member of the Supervisory Board of Guerbet on 25 May 2002 and served until 21 May 2010.</p> <p style="text-align: center;">-----</p> <p>Jacques Biot is author and co-author of several reports and studies in the healthcare field:</p> <ul style="list-style-type: none"> • Biot-Dangoumau Report on the future of the French pharmaceutical industry written at the request of the Ministry of Health, Industry and Research (1989) • Report on the reorganisation of the French system for the fractionation of plasma derivatives produced in the request of the Ministry of Health (1992) • The French medical equipment industry: overview, outlook and proposals. Report produced at the request of the Ministry of the Economy, Finance and Industry (July 2001) • The impact of biotechnologies on pharmaceutical R&D, La Jaune et la Rouge, special biotechnology issue, December 2003 • Biot J., Fasano C., Dos Santos C. From orthoclone to denosumab, the fast growing market of monoclonal antibodies <i>Médecines Sciences</i>, n° 12, vol. 25, December 2009; 1177-82
<p>Jacky Boudeville</p> <p>Independent Director</p> <p>Date of appointment: 21 May 2010</p> <p>Expiration of appointment: AGM 2016</p>	<p>Professor of E.S.C.P.-E.A.P (C.C.I.P. graduate programme) Member of the Research Committee Institut Français des Administrateurs.</p> <p>Jacky Boudeville was successively appointed:</p> <ul style="list-style-type: none"> - Director of Guerbet on 7 June 1986 - Member of the Supervisory Board of Guerbet on 27 October 2001 and serving until 21 May 2010.

Director	Other appointments and functions
<p>Vincent Dagommer</p> <p>Director & Guerbet shareholders agreement member</p> <p>Date of appointment: 21 May 2010</p> <p>Expiration of appointment: AGM 2016</p>	<p>With a business degree from the Ecole Supérieure de Commerce de Paris, Vincent Dagommer since the beginning of his professional career in 1990, occupied several responsibilities in the area of management control, mainly in large pharmaceutical groups in France, Brazil and Switzerland.</p> <p>Since early 2008, Vincent Dagommer has been responsible for global manufacturing and supply chain management control for Novartis' Europe OTC operations.</p>
<p>Olivier Guerbet</p> <p>Director & Guerbet shareholders agreement member</p> <p>Date of appointment: 21 May 2010</p> <p>Expiration of appointment: AGM 2016</p>	<p>Senior executive of SAS Keosys Managing Partner of SARL ADS</p> <p style="text-align: center;">-----</p> <p>With a degree from the Institut Supérieur de Gestion, Olivier Guerbet participated in the INSEAD Advanced Management Program. Olivier Guerbet has occupied functions in the sale and marketing of biomedical instruments in the United States, France within US multinationals. In 1993, he joined the Group bearing his family name and during nine years successively created the Turkish subsidiary, repositioned the biomedical activity and managed the fine chemicals subsidiary. In 2001, giving preference to an entrepreneurial project, he joined the Board of Directors. He is the owner of a small company specialised in marine aquaculture with an interest in developing intermediate sized companies or SME with potential for future development.</p> <p>Olivier Guerbet was successively appointed:</p> <ul style="list-style-type: none"> - Director of Guerbet on 19 May 2001; - Member of the Supervisory Board of Guerbet on 27 October 2001, serving until 21 May 2010.
<p>Christian Louvet</p> <p>Director & Guerbet shareholders agreement member</p> <p>Date of appointment: 21 May 2010</p> <p>Expiration of appointment: AGM 2016</p>	<p>An Optician-Optometrist and Audioprosthetist by training, with a management degree from IFG (Institut Français de Gestion), in 1972 Christian Louvet joined the Essilor Group where he exercised the majority of his career occupying successively from 1979 until 2002 a number of management functions.</p> <p>Christian Louvet was successively appointed:</p> <ul style="list-style-type: none"> - Director of Guerbet on 15 May 1993; - Member of the Supervisory Board of Guerbet on 27 October 2001, serving until 21 May 2010; - Secretary General of the Guerbet family shareholders agreement since October 2001.

The members of the Board of Directors have chosen the Company's registered office to serve as the address for service.

At no time has any of these Directors been convicted for fraud or ever been involved in a bankruptcy, receivership or liquidation procedure.

b) Conflicts of interest

To the best of the issuer's knowledge, there are no items that could potentially give rise to conflict of interest between the duties of members of the Board of Directors vis-à-vis the Company and their private interests. There exist no arrangements or understandings concluded with customers, suppliers or others by virtue of which one of the parties mentioned above was selected to serve.

2) Report of the Chairman of the Board of Directors on corporate governance and internal control and the principles for setting the compensation of corporate officers

In accordance with article L 225-37 subsection 6 of the French Commercial Code, we are pleased to report to you notably on the composition of the Board, procedures for preparing and organising its work as well as the procedures established by the Board of Directors for determining compensation and benefits of any nature granted to corporate officers, as well as the internal control and risk management procedures implemented by your company. This report was approved by your Board of Directors on 1 March 2011.

It is noted that the Ordinary and Extraordinary General Meeting of the Shareholders of 21 May 2010 modified Guerbet's system of corporate governance, adopting the formula providing for a Board of Directors in article L. 225-17 *et seq.* of the French Commercial Code.

Guerbet adheres to the AFEP/MEDEF corporate governance code. However, exceptions to these guidelines are mentioned in this report. This code can be consulted at the website www.code-afep-medef.com.

I - Corporate governance

Your Board of Directors had eight members at 31 December 2010, three of whom considered independent directors as they are not members of the Guerbet family shareholders group nor have any relationship with the company or the Guerbet Group. These are Messrs. Jean-Jacques Bertrand, Jacques Biot and Jacky Boudeville. Jacky Boudeville is still qualified as an independent director even though he was first appointed to a Company body of corporate governance 12 years ago. Jean-Jacques Bertrand is the Chairman of the Board of Directors. No independent directors hold a significant number of the Company's shares. Furthermore, no Board of Directors member has an employment contract with the parent company or any of its subsidiaries.

When Guerbet changed to the model of corporate governance by a Board of Directors, Dr. Michel Guerbet, was confirmed as the Company's Honorary Chairman allowing him to attend meetings of the Board of Directors and the different Committees though without voting rights.

In accordance with the provisions of the law and the Company's Articles of Association, appointments of Board of Directors members are for six years. In light of the specific characteristics of the Company's activities and the Board's wish to pursue a long-term approach, the Board has not in this case followed the provisions of the AFEP-MEDEF corporate governance code recommending that appointments not exceed four years.

On 21 May 2010, the Board of Directors adopted the board charter. This charter sets forth and completes the operating procedures of the Board provided for under the Articles of Association and statutes.

It is specified that in 2010, under the previous form of corporate governance with an Executive Board and a Supervisory Board, these two bodies each met three times with attendance rate of 100% for the first and 74% for the second. On 11 January 2010, the Supervisory Board replaced Philippe Decazes as Chairman of the Executive Board by Bernard Massiot, who thereupon terminated his term of office on the Supervisory Board. The Supervisory Board subsequently met on 1 March and 7 May respectively to review the annual financial statements for fiscal 2009 and the accounts of the 2010 first-quarter. Since 21 May 2010, the Board of Directors has met three times.

On 21 May 2010, the Board appointed Jean-Jacques Bertrand as Chairman of the Board of Directors and Bernard Massiot, also a director of the company, to serve as Chief Executive Officer. Marie-Christine Garnier, as the "Qualified Person" for pharmacy of Guerbet, was appointed Deputy Chief Executive Officer (*Directeur Général Délégué*). This same Board meeting also defined the powers of the Chief Executive Officer and the Deputy Chief Executive Officer and set the compensation of the Chairman and Executive Officers in addition to forming four Committees and appointing their members. On 28 July the Board of Directors approved the interim financial statements for fiscal 2010 and authorised the Chief Executive Officer to apply the debt waivers in favour of two of its subsidiaries. On 25 November the Board of Directors reviewed the 2011 budget, approved the 2010 third quarter accounts and authorised a capital increase for the South Korean subsidiary. The average attendance rate for these meetings was 96%.

Since the beginning of 2011, the Board of Directors met twice, including once to review the annual financial statements for fiscal 2010.

I – 1 Organisation of the work of the Board of Directors

Evaluation

In accordance with the provisions of the board charter adopted on 21 May 2010, at the end of the 2011 first half the Board of Directors will devote a meeting to evaluate its ability to meet the expectations of shareholders.

Committees

To prepare its work and improve the effectiveness of its meetings the Board of Directors established four specialised committees on 21 May 2010.

These Committees represent bodies destined for study and reflection. With an advisory function only, these Committees do not issue decisions and report to the Board of Directors on their work.

Strategy Committee

All members of the Board of Directors participate in this committee that meets in general at least once every quarter and more frequently if required (4 meetings in 2010). This Committee is headed by the Chairman of the Board of Directors.

The work of this Strategy Committee consists in reviewing five-year plans and the ten-year strategic plan, progress on strategic initiatives, research projects and the organisation of the Group.

Compensation Committee

This Committee is chaired by the Chairman of the Board of Directors, Jean Jacques Bertrand, also the sole Independent Director serving on this body. Messrs. Christian Louvet and Jacky Boudeville are also members of this Committee. It is noted that the recommendations of the AFEP-MEDEF Code providing for three independent directors has not been applied. This Committee met two times in 2010.

The mission of the Compensation Committee is to ensure that the Board of Directors is able to determine under optimal conditions all compensation and benefits of executive officers.

Its mission also is to:

- Review the compensation policy applied within the Group, and;
- Address in particular succession plans for senior management and persons considered to exercise key functions within the Group.

Audit committee

This Committee is chaired by Jacques Biot. Messrs. Jean-Jacques Bertrand, Olivier Guerbet, Jacky Boudeville and Vincent Dagommer are also members. Three out of the five members of this committee are considered as Independent Directors. This Committee met five times in 2010.

In compliance with article L.823-19 of the French Commercial Code, the Audit Committee covers, under the exclusive and collective responsibility of its members the following issues:

- Preparing and reviewing the separate and consolidated financial statements;
- The independence and objectivity of the Statutory Auditors;
- The effectiveness of internal control and risk management procedures.

It receives input provided by the Chief Executive Officer, Chief Financial and Administrative Officer, and the Statutory Auditors who participate in the work of the Committee.

"Research and Innovation" Committee

All members of the Board of Directors participate in this Committee headed by Jacques Biot. This Committee met two times in 2010.

The Research and Innovation Committee:

- Provides members of the Board of Directors with regular updates on work and progress on research projects selected within the framework of the Strategy Committee along with scientific and technological developments in the field of medical imaging, and more generally, on healthcare policies with potential impacts on the Group's strategy;
- Prepares if it considers useful, with the assistance of the Chief Research Officer, or any other employee or consultant whose assistance it may solicit, decisions relating to innovation or research that the Board of Directors for the Strategy Committee may be required to render.

I – 2 Principles and rules for determining compensation and benefits granted to corporate officers

The Compensation Committee is tasked by the Board of Directors to study compensation and contribute to the preparation of the decisions of the Board.

Board of Directors

1) Board members

For fiscal 2010, the combined shareholders' meeting to be held on 27 May 2011 will be asked to approve a total allocation for attendance fees of €166,200 consisting of fixed and variable portions calculated according to the contributions of each member to Audit Committee and Compensation Committee meetings.

Based on comparisons, these amounts are in the lower range for the companies of similar size.

2) Chairman of the Board of Directors

In 2010, a gross amount of €47,478.35 or a net amount of €37,925 in compensation was set for the Chairman of the Board of Directors.

Executive Management

The Chief Executive Officer receives compensation for the performance of his functions as a corporate officer. Though without an employment contract, he is entitled to the same social benefits allocated to Guerbet executive management.

He also receives attendance fees for his services as director. Finally, he is entitled to reimbursement for costs incurred in the performance of his duties and notably travel and entertainment costs subject to submission of expense vouchers.

The Qualified Person, as Deputy Chief Executive Officer of Guerbet, receives compensation for this office in addition to compensation under the terms of an employment contract as Chief Quality Officer.

I – 3 Information on changes to the Board of Directors

In connection with changes in Guerbet Group's system of governance, following the recommendations of the AFEP-MEDEF Code and the French Institute of Directors (*Institut Français des Administrateurs* or *IFA*), and legislative reforms providing for a more balanced representation of men and women on Boards, Jacky Boudeville, Independent Director, appointed for the first time in 1986, submitted his resignation as a member of the Board. The Board of Directors will propose the appointment of Marie Claire Janailhac-Fritsch to the vote of the next General Meeting.

In my capacity as Chairman, I express my considerable gratitude, both in my own name and on behalf of the Board of Directors to Jacky Boudeville for his contribution to the development of Guerbet over the course of his successive terms of office.

I – 4 Participation in General Meetings

Procedures governing shareholder participation in General Meetings and, notably, for the grant of entitlement to double voting rights for shares held in registered form, are defined in articles 18 and 19 of the articles of Association.

I – 5 Items having a potential impact in the event of public offerings

Information relating to items that could have an impact in the event of public offerings mentioned in article L.225-100-3 of the French Commercial Code is presented in the "Management Report of the Board of Directors".

II - Internal control and risk management

The Group considers internal control as a set of policies and processes destined to provide a reasonable assurance as to the achievement of operational objectives, the reliability of information and compliance with applicable laws and regulations.

Internal control is based on:

- The organisation and operating procedures of company management bodies such as those described above;
- Guerbet's own quality system, including activities of control, indicators, risk assessment and, steering process procedures;
- Procedures and organisation related to the elaboration of the financial and accounting information.

II – 1 The Guerbet "quality" system

The Group's parent company is certified ISO 9001 according to the V 2000 standard. The Group's principal subsidiaries also benefit from ISO 9001 certification.

The quality strategy is focused on three key priorities:

- Customer satisfaction;
- Standards specific to its activity and notably pharmaceutical industry standards for which its operations are furthermore subject to inspections;
- Ongoing improvements in processes and organisational efficiency.

Guerbet has defined eight major processes on which its operations are based (one steering process, three implementation processes and four support processes) to which the main Group procedures are linked. Implementation processes are overseen by decision-making committees while steering processes are managed by an Executive Committee responsible for decisions relating to strategy and the allocation of resources.

Activity indicators have been developed for each process. The control of these indicators has provided a tool for highlighting incidents and/or progress for each process. The organisation of steering committee meetings has provided opportunities to monitor indicators and identify areas for improvement.

A Failure Mode, Effects and Criticality Analysis (FMECA) is periodically updated during process reviews to measure risks associated with activities, identify potential emergencies and define the necessary organisation and resources in response and periodically reassess the organisation and resources that have been allocated.

Finally, Ongoing Quality Improvement Plans are developed process by process to achieve efficiency gains and reach their performance goals.

Guerbet's quality program provides for:

- The formalisation of activities through a system of documents which define methods and responsibilities;
- Ongoing training of personnel;
- Upstream and downstream traceability for all product batches;
- Internal audits;
- Corrective measures when cases of non-conformity are detected and the improvement of processes

This quality system is regularly inspected by:

- French Health Authorities;
- Foreign food and drug agencies (FDA, etc.);
- Certification agencies (AFAQ, SGS, TUV);
- The Group's French and foreign commercial and industrial customers and partners.

II – 2 Procedures and organisation related to the preparation and processing of the financial and accounting information.

Internal controls of financial and accounting information is destined to ensure the compliance within Guerbet Group of accounting and financial information with laws and regulations. Internal controls are also destined to ensure that instructions and guidelines set by the Executive Management are followed.

General management, financial management and financial control activities are centralised at the level of Guerbet parent company. In addition, most Group subsidiaries have administrative and accounting departments.

Guerbet Group has adopted a procedure for conducting controls of off-balance sheet commitments, notably relating to security and guarantees, and market instruments that are periodically reviewed by the Audit Committee and the Board of Directors.

The Group Finance Department has drawn up an Accounting Plan and procedures applicable by all the entities of the Group. These procedures relate to accounting standards and the transmission of information.

Group subsidiaries have also undertaken to apply key general principles (notably the Group finance policy) through Group charters signed between them and the parent company.

Group consolidated accounts are prepared by head office teams. A consolidation package in conformity with Group standards is established for every consolidated subsidiary, based on the financial data from local information systems.

Finally, the Group regularly organises internal audits to verify the level of compliance in relation to applicable strategies and procedures in force.

II – 3 Risk management

Risks incurred by the company are identified, evaluated and ranked by importance.

The risks of every process, project and business line are regularly reviewed, making it possible to implement risk prevention and reduction measures.

Measures implemented are monitored through continuous improvement plans.

The Group's environmental safety policy is focused on two major priorities:

- Ensuring the health and security conditions at all our sites;
- Managing the environmental impacts of our activity.

The Risk Manager is responsible for promoting and developing risk management expertise by transmitting this expertise and providing methodological support to line management. The Risk Manager is also responsible for optimising the cost of risk by eventually transferring it to insurers.

Chairman of the Board of Directors

3) Statutory Auditors' report prepared in accordance with article L.225-235 of the French Commercial Code on the report of the Chairman of the Board of Directors of Guerbet

This is a free translation into English of a report issued in the French language and is provided solely for the convenience of English speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the shareholders:

As the statutory auditors of Guerbet and in accordance with article L.225-235 of the French Commercial Code, we hereby report to you on the document prepared by the Chairman of your company in accordance with article L. 225-37 of said code for the year ended 31 December 2010.

The Chairman is required to prepare a report describing the internal control and risk management procedures implemented within the Company and providing the other information required by article L. 225-37 of the French Commercial Code notably relating to the system of corporate governance.

It is our responsibility to:

- Report our observations on the information set out in the Chairman's report on the internal control and risk management procedures relating to the preparation and processing of financial and accounting information, and;
- Certify that the report contains the other information required by article L. 225-37 of the French Commercial Code, knowing that we are not responsible for verifying the fairness of this other information.

We performed our procedures in accordance with professional standards applicable in France.

Information concerning the internal control and risk management procedures relating to the preparation and processing of financial and accounting information

Professional accounting standards require that we perform procedures to assess the fairness of the information on the internal control and risk management procedures relating to the preparation and processing of financial and accounting information set out in the Chairman's report. These procedures notably consisted in:

- Obtaining an understanding of the internal control and risk management procedures relating to the preparation and processing of financial and accounting information, on which the information presented in the Chairman's report is based, as well as reviewing supporting documentation;
- Obtaining an understanding of the work performed to prepare this information, as well as reviewing supporting documentation;
- Determining if material weaknesses in internal control procedures relating to the preparation and processing of financial and accounting information detected in the course of our engagement have been properly disclosed in the Chairman's report

On the basis of these procedures, we have no matters to report in connection with the information given on the internal control and risk management procedures relating to the preparation and processing of financial and accounting information, contained in the Chairman's report, prepared in accordance with article L. 225-37 of the French Commercial Code.

Other information

We certify that the Chairman's report contains the other information required by article L. 225-37 of the French Commercial Code.

Paris and Neuilly-sur-Seine, 08 April 2011

The Statutory Auditors
[French original signed by]

Horwath Audit France

Marc de Prémare

Deloitte & Associés

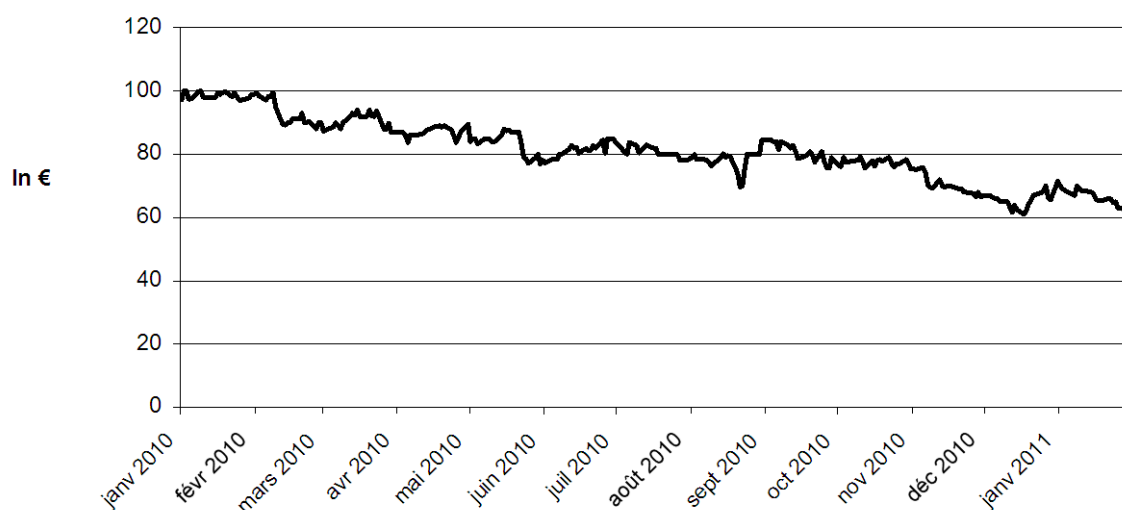
Jean-Marie Le Guiner

SHAREHOLDER INFORMATION

1) The Guerbet share

Guerbet's shares are traded on NYSE Euronext Paris - Eurolist (Compartment B). Its ISIN code is FR0000032526. On the basis of the closing price on 3 February 2011, Guerbet has a market capitalisation of €190 million.

Share price since January 2010



Trading activity (range & volume).

	Closing price (in euros)		Trading volume (number of shares)	Trading volume (thousands of euros)
	High	Low		
January 2010	104.99	97.10	15,629	1,543
February 2010	99.59	87.20	9,069	865
March 2010	94.50	85.50	18,802	1,692
April 2010	90.00	83.75	23,971	2,086
May 2010	89.53	76.35	33,117	2,762
June 2010	85.00	77.00	13,665	1,083
July 2010	85.00	78.14	8,493	684
August 2010	81.00	61.00	32,328	2,365
September 2010	85.87	75.03	14,491	1,173
October 2010	79.88	74.32	11,701	900
November 2010	79.48	66.66	53,900	3,930
December 2010	71.47	60.60	58,987	3,805
January 2011	71.50	62.40	39,618	2,584

2) Three year dividend highlights

Year	Total distribution	Gross dividend per share	Tax allowance ¹
2007	€6,760,280.25	€2.25	€0.90
2008	€6,794,921.25	€2.25	€0.90
2009	€6,843,962.25	€2.25	€0.90

3) Shareholder base

In the fiscal year, 8,285 shares were created by the exercise of stock options.

At 31 December 2010, the share capital was €12,200,184 divided into 3,050,046 shares with a par value of 4 euros, fully paid up.

In light of shares held in registered form, the shareholder base breaks down as follows²:

	SHARES		VOTING RIGHTS	
	Number	%	Number	%
Guerbet family shareholder group	1,687,930	55.34%	3,342,660	66.78%
Employees, ex-employees & FCP	127,522	4.18%	231,479	4.62%
Other registered shares	203,447	6.67%	405,491	8.10%
Treasury stock	5,107	0.17%	-	-
Free float including	1,026,040	33.64%	1,026,040	20.50%
<i>Financière de l'Echiquier</i> ³	171,700	5.63%	171,700	3.43%
TOTAL	3,050,046	100.00%	5,005,670	100.00%

At 31 December 2010, Michel Guerbet, Honorary Chairman of the Board of Directors and the Directors held 16.52% of the share capital and 19.53% of the voting rights.

In the previous two fiscal years, the breakdown of the shareholder base was as follows:

Shareholder base at 31 December 2009	SHARES		VOTING RIGHTS	
	Number	%	Number	%
Guerbet family shareholder group	1,688,233	55.50%	3,366,135	67.46%
Employees, ex-employees & FCP	111,512	3.67%	210,592	4.22%
Other registered shares	178,304	5.86%	354,881	7.11%
Treasury stock	5,107	0.17%	-	-
Free float	1,058,605	34.80%	1,058,605	21.21%
TOTAL	3,041,761	100.00%	4,990,213	100.00%

¹ For natural persons having their tax residence in France.

² The breakdown of share capital corresponds to ownership of shares and voting rights for Ordinary General Meetings. The breakdown relating to the Extraordinary General meeting is only marginally different without modifying the share capital structure.

³ In light of the notification of the crossing of the ownership disclosure threshold on 13 August 2010.

Shareholder base at 31 December 2008	SHARES		VOTING RIGHTS	
	Number	%	Number	%
Guerbet family shareholders group	1,675,990	55.50%	3,340,560	67.83%
Salariés, ex-salariés et FCP	116,970	3.87%	214,946	4.36%
Other registered shares	214,817	7.11%	362,376	7.36%
Treasury stock	5,107	0.17%		
Free float	1,007,081	33.35%	1,007,081	20.45%
TOTAL	3,019,965	100.00%	4,924,963	100.00%

To the best of the Company's knowledge, four shareholders with registered shares have crossed disclosure thresholds set by with respect to the number of shares and/or voting rights held. The crossing of these thresholds was not subject to notifications in fiscal 2010 as they did not relate to that period.

Shareholder	SHARES (AGM)		VOTING RIGHTS (AGM)		SHARES (EGM)		VOTING RIGHTS (EGM)	
	Number	%	Number	%	Number	%	Number	%
Michel Guerbet	199,723	6.55%	393,399	7.86%	56,390	1.85%	106,733	2.13%
SC Guerbet Fron	176,236	5.78%	331,236	6.62%	176,236	5.78%	331,236	6.62%
Brigitte Lamort	165,659	5.43%	331,318	6.62%	127,481	4.18%	254,692	5.09%
Annie Guerbet	120,889	3.96%	241,778	4.83%	130,889	4.29%	261,778	5.23%

4) Transactions by executive officers or equivalent persons

The following table summarises transactions by related parties subject to the provisions of article L.621-18-2 of the French Monetary and Financial Code in 2010¹.

Type of transaction	Name	Quantity	Amount
Purchase of shares	SC Guerbet Fron	15,427	€1,291,466.69
	Michel Guerbet	2,390	€189,939.80

5) Ownership disclosure thresholds

A number of cases of ownership threshold being crossed were reported in fiscal 2010

Date	Company	Nature of change	Threshold
11 January	Fidelity Management Research LLC	Decrease	5%
13 August	Financière de l'Echiquier	Increase	5%
	Kempen Capital Management NV	Decrease	5%

To the best of the Company's knowledge, there have been no new cases of the crossing of thresholds reported since 1 January 2011.

¹ Persons within the Guerbet Group concerned are the Chief Executive Officer, Deputy Chief Executive Officer, members of the Board of Directors as well parties having personal ties to the latter as defined by article R 621-43-1 of the French Monetary and Financial Code.

6) Shareholders' agreements and joint undertakings to retain shares

▪ Shareholders agreement

An agreement concerning principally family shareholders was concluded on 16 November 2002. This agreement was published by the CMF on 13 December 2002 under No. 202C1653.

Its purpose is notably to "*coordinate the group of founder shareholders (principally family shareholders), organise the transfers of Guerbet shares each member possesses or will possess and ensure the cohesion and representation of the group they form within the framework of applicable laws and regulations*" and to "*associate parties to the agreement with the company's proposed business plan; coordinate the disposal of shares; actively participate in the eventual selection of new Guerbet partners; suggest the designation of new members of the Board of Directors of Guerbet*".

▪ Undertaking to retain shares through a "Dutreil agreement"

Two collective pledges to retain shares entered into in accordance with article 885-I bis of the French general tax code¹ were signed on 21 December 2010 by certain Guerbet shareholders and notably those of the Guerbet family. The first agreement concerned 1,303,216 shares or 42.73% of the share capital and the second 1,065,053 shares or 34.92% of the share capital at 31 December 2010.

Two other collective pledges to retain shares entered into in accordance with article 787 B of the French General Tax Code² were signed on 21 December 2010 by certain Guerbet shareholders and notably those of the Guerbet family. The first agreement concerned 1,242,054 shares or 40.72% of the share capital and the second 912,662 shares or 29.92% of the share capital at 31 December 2010.

7) Rules applicable to the appointment and replacement of members of the Board of Directors Board and modifications to the Articles of Association

▪ Appointing and replacing members of the Board of Directors

Members of the Board of Directors, whether natural person or legal entities, are appointed by the ordinary general meeting of the shareholders for terms of six (6) years, that expire at the end of the de ordinary general meeting of the shareholders ruling on the financial statements for the fiscal year ended and held in the year during which the term of office expires.

Each Board member must be an owner of at least one (1) qualifying share of the Company. If on the day of his or her appointment, a Board member is not an owner of the qualifying share required or if during his or her term of office, is no longer an owner, he or she shall be considered to have resigned from the Board, if the situation is not remedied within three months.

The number of Board members having reached the age of 70 may not represent more than one third of members serving. In the case where this limit is exceeded, the oldest board members serving shall be considered to have automatically resigned at the end of the ordinary general meeting called to rule on the financial statements of the period during which this age limit was exceeded.

The renewal, resignation, appointment by co-optation and revocation of members of the Board of Directors are carried as provided for by statutes

¹ Article 885-I bis of the French General Tax Code stipulates that "*shares of company exercising an industrial activity are not included in the base for assessing the French wealth tax for up to three quarters their fair value when they are subject to a collective pledged to retain shares*".

² Article 787 B of the French General Tax Code stipulates that "*companies exercising an industrial activity are entitled to an exemption from transfer duties at no cost for up to 75% when subject to a collective pledge to retain shares*".

8) Powers of the Executive Board concerning the issuance and repurchase of shares

The shareholders' meeting of 21 May 2010 authorised the Executive Board for 18 months to implement a share buyback programme limited to 5% of the capital.

The shareholders' meeting of 15 May 2009 authorised the Executive Board for 26 months to undertake capital increases for an aggregate amount not to exceed 20% of the share capital.

The shareholders' meeting of 15 May 2009 authorised the Executive Board for 38 months to implement stock option plans to subscribe for and/or purchase shares in favour of members of the personnel.

The shareholders' meeting of 15 May 2009 authorised the Executive Board for 26 months to increase the share capital through the issuance of shares or securities giving access to the share capital of the company reserved for adherents of a Group employee savings plan (*Plan Epargne Groupe* or PEG).

The above three authorisations granted to the Executive Board by the General Meeting of 15 May 2009 were transferred to the Board of Directors when the company adopted the form of corporate governance of a French joint stock company (*Société Anonyme*) with a Board of Directors.

9) Summary of authorisations having a potential impact on the share capital

Authorisations granted by the General Meeting to the Executive Board and the Board of Directors remaining in force	Amounts used in fiscal 2010
Authority to repurchase shares of the company granted on 21 May 2010 for 18 months.	-
Authority to undertake a capital increase granted on 15 May 2009 for 26 months.	-
Authority to undertake capital increases reserved to members of a Group employee savings plan (PEG) on 15 May 2009 for 26 months.	-
Authority to issue options to subscribe for and/or purchase shares granted on 15 May 2009 for 38 months.	-

10) Provisions of the Articles of Association relating to share capital

▪ Double voting rights (Article 19)

Except where deprived as provided by law, voting rights attached to shares equal the percentage of capital they represent. However, double voting rights are granted to fully paid-up shares registered in the same name for at least two years.

New shares issued further to the capitalisation of reserves, earnings or premium will also benefit from double voting rights when freely allotted to shareholders as a result of existing shares.

▪ General meetings (Article 18)

Shareholders' meetings are called according to the procedures defined by law.

They are held at the registered office or any other location indicated in the notice of meeting.

All shareholders are entitled to attend and vote in shareholders' meetings and participate in discussions, either in person or by proxy, however many shares they hold, provided they can demonstrate that they are shareholders of record.

This right shall remain subject to, either registration of the shareholder or the registered financial intermediary, as provided for under article L.228-1 of the French Commercial Code, in the account for registered shares, or the filing for bearer shares, at the locations indicated in the meeting notice, of a document certifying that the shares have been deposited in a blocked account with an authorised intermediary at least three (3) business days before the meeting date;

It is specified that all shareholders may, if the Board of Directors so permits when the general meeting is called, participate in the meeting by videoconferencing or other electronic telecommunications or teletransmission means subject to the reservations and conditions established under applicable laws and regulations. These shareholders shall thereupon be considered as present for the purpose of calculating the quorum and majority quorum.

▪ Identifiable bearer shares (Titres au Porteur Identifiables) (Article 8)

At any time the company may request the clearing organisation, according to procedures provided by law, disclosure of the identity of holders of shares conferring present or future voting rights at shareholders' meetings as well as the number of shares held and where applicable, restrictions thereon.

▪ Special disclosure obligations with respect to crossing share ownership thresholds

The Company's Articles of Association do not impose additional disclosure requirements relative to reporting percentages of ownership in the capital and voting rights less than the one twentieth mentioned in article L. 233-7 paragraph 1 of the French Commercial Code.

▪ Actions necessary to change the rights of holders of shares indicating where the conditions are more significant than is required by law

There exist no conditions more stringent than those required by law.

MANAGEMENT REPORT

1) Analysis of revenue and earnings

a) Revenue highlights

▪ Sales by type of product

		2010	2009	Change
X-ray products	Xenetix®	190,842	183,095	+4.2%
	Hexabrix®			
	Telebrix®			
	Optiray®/Optiject®			
	Oxilan®			
MRI products	Dotarem®	131,003	118,247	+10.8%
	Artirem®			
	Lumirem®			
	Endorem®			
Other products ¹		30,735	34,137	-10.0%
Total sales		352,579	335,479	+5.1%

▪ Sales by region

IFRS (In thousands of euros)	2010	2009	Change
Europe	253,996	259,193	-2.0%
Outside Europe	98,583	76,286	+29.2%
Total sales	352,579	335,479	+5.1%

b) Analysis of sales

Guerbet's consolidated revenue in 2010 was up 6.6% like-for-like or 5.1% including the operations of Falk in 2009.

Dotarem®, Guerbet's flagship magnetic resonance imaging (MRI) product delivered a solid performance. In the 2010 fourth quarter, Dotarem® sales grew 10.4% or 11% for the full year with gains of 6.2% in Europe and 47% growth in other markets.

¹ Including notably Lipiodol®, barium sulphate-based products, "bleu patenté" and fine chemicals.

Xenetix® (x-ray imaging) experienced mixed trends for the year. After 12% growth in the first half, Xenetix® sales declined 4.2% and 4.1% in the third and fourth quarters, mainly in Europe, in response to production incidents before and after the summer shutdown that have since been resolved. Sales worldwide for Xenetix® expanded 3.7%. This performance included a 1.8% decline in Europe and 18.6% growth in other markets.

Finally, Lipiodol®, the Group's long-established product, currently used primarily for chemical embolization, was granted a temporary authorisation for import by the US Food and Drug Administration (FDA). This measure contributed to very robust growth that was further boosted by sales in Asia.

c) Earnings highlights

IFRS (In thousands of euros)	2010		2009	
		% of sales		% of sales
+ Net sales	352,579	100.0%	335,479	100.0%
+ Other revenue ¹	6,173	1.8%	4,614	1.4%
+/- Change in immediate and finished goods, work in progress	2,924	0.8%	(10,814)	-3.2%
- Supplies used in operations	(101,725)	-28.9%	(82,113)	-24.5%
- External charges and other	(117,810)	-33.4%	(101,658)	-30.3%
- Staff costs	(93,379)	-26.5%	(86,413)	-25.8%
- Taxes other than on income	(11,732)	-3.3%	(15,543)	-4.6%
EBITDA	37,030	10.5%	43,552	13.0%
- Extraordinary appropriations for amortisations and reserves	(25,811)	-7.3%	(15,306)	-4.6%
Current operating income	11,219	3.2%	28,246	8.4%
+/- Other operating income and expenses ²	(2,942)	-0.8%	1,478	0.4%
- Net interest expense	(2,557)	-0.7%	(3,489)	-1.0%
+/- Currency gains/(losses) and other financial income and expense	(591)	-0.2%	(265)	-0.1%
+/- Tax charge	751	0.2%	(5,475)	-1.6%
Net income	5,880	1.7%	20,495	6.1%
Research and development expenditures	38,435	10.9%	32,709	9.7%

¹ Including operating grants, capitalized production costs, sold production for services and royalties

² Detailed information for this line item is presented in the notes to the consolidated financial statements on page 86.

d) Factors affecting results

Research and development expenditures in 2010 amounted to €38.4 million up from €32.7 million in the prior year. The roadmap for registering Dotarem in the US is being pursued as planned. The recruitment of patients for the angiographic study of the cervical region is completed and the inclusions relating to the Central Nervous System study are now in line with expectations.

EBITDA was impacted by the increase in R&D expenditures (+ €5.7 million) relating primarily to the program for registering Dotarem in the US. It was also impacted by production incidents that occurred before and after the summer shutdown.

Current operating income in the second half was furthermore reduced by an increase in provisions recorded in the period in relation to fiscal 2009.

Net income for 2010 was €5.9 million, impacted by allowances for the impairment of intangible fixed assets and down from €20.5 million in the prior year.

e) Financial position

IFRS (In thousands of euros)	2010	2009
Cash flow	32,879	40,307
Change in WCR:	3,367	(6,714)
<i>of which change in inventories</i>	<i>(2,073)</i>	<i>4,767</i>
<i>of which change in trade receivables</i>	<i>(5,043)</i>	<i>(6,639)</i>
<i>of which change in trade payables</i>	<i>9,208</i>	<i>(4,256)</i>
<i>of which change in other assets and liabilities</i>	<i>1,275</i>	<i>(586)</i>
Capital expenditures	(40,770)	(32,778)
Dividends	(6,832)	(6,783)
Other ¹	571	5,435
Free cash flow	(10,785)	(533)
Net debt³	89,680	78,895
Number of months of cash flow	33	23

¹ Including primarily tax, the effect of exchange rate fluctuations, fixed asset disposals and capital increases described in detail in the consolidated cash flow statement.

³ Net debt constitutes the sum total of current and non-current borrowings less cash and cash equivalents.

f) Factors affecting the financial position

Working capital requirements showed improvement on a decline of €3.5 million. Capital expenditures amounted to €40.8 million. This included €13 million for a new pharmaceutical filling unit at our Aulnay-sous-Bois site.

Net debt amounted to €89.7, increasing €10.8 million reflecting major capital expenditures in 2010.

g) Outlook

Strongly focused on the needs of practitioners, Guerbet has adapted its positioning with respect to pathologies/products in each major geographical market to ensure the highest quality medical service while optimising profitability from sales.

In light of the increasing utility of imaging technologies in preventing and treating pathologies, growth in 2011 is expected to equal or exceed 2010.

The Executive Board will ask the General meeting of 27 May 2011 to approve the distribution of a dividend of €1.80 per share compared to the prior year of €2.25 representing a payout ratio of 2.8% based on the share price of 31 December 2010.

2) Risk factors

On the basis of a review performed by the company, its risks are considered limited to those presented below.

a) Operational risks

▪ Pharmaceutical risks

Pharmaceutical risks could potentially result in liability incurred by the company for the effects caused by its products or financial risk resulting thereof (loss of revenue), legal risks (notably recourse by patients), reputational risk (reputational damage vis-à-vis customers).

A system of pharmacovigilance or post-marketing surveillance is in place in the Group that consists of monitoring and reporting to health authorities undesirable effects arising when one of our products is administered. Furthermore, to manage and limit this risk, the information notices of products can be modified and healthcare professionals and patients informed on precautions of use.

With respect to new products in an experimental phase, mandatory civil liability insurance, necessary to obtain the authorisation to conduct the study by the ethics committees, covers risks that may be incurred to persons included in the clinical investigation protocol.

In addition a risk management plan that complies with public health requirements exists to prepare for the monitoring that must be conducted during the marketing phase of products. Finally, as required by law, the company has implemented a system for ensuring the traceability of products sold making it possible, when necessary, to immediately recall product batches whether in clinical trial or marketing phases in all countries where they are distributed.

▪ Pricing and product reimbursement risks

Guerbet is subject to regulatory constraints with respect to market prices that may apply in certain countries that could result in a potential decrease in sales.

▪ Dependency on industrial patents or licenses

For several years, Guerbet has successfully developed technologies through license agreements. The following table presents all license agreements remaining in force.

Product	License holder
Dotarem®	Bayer Schering Ag ¹
Optiray® / Optiject®	Covidien ²
Lumirem®	Amag ³
Endorem®	

The evaluation of opportunities and risks relating to industrial property is assured by several members of the Management Board. The implementation of partnerships for research and development and the distribution of products take into account the issue of patents. When intellectual property rights lapse, generic products could compete with the Group's current products.

¹ The pioneer license of Schering (subsequently Bayer Schering Ag) has now expired in most countries. For Japan, an agreement was signed in 2005 enabling Guerbet to sell Dotarem® through its agent Terumo.

² For France, Belgium and Switzerland.

³ Primarily for Europe and Latin America.

▪ Industrial and environmental risks

The production of chemical active ingredients for contrast agents generates different security and environmental risks. These risks result from dangers inherent in chemical products, their production, transport, use and elimination.

Active chemical ingredients used to produce contrast agents for medical imaging are distinguished by their low toxicity and excellent level of tolerance, even though certain ingredients might be noxious in their natural form. In contrast, certain synthetic intermediates or products used in the production of these active ingredients (raw materials, solvents, reactants, intermediates, etc.) may present the following risks: risk of fire/explosion with potential consequences on people and business continuity, rates of pollution/accidental emissions involving products with potential consequences on the environment and people.

→ *The Group's environmental safety policy is specifically designed to manage this risk. This issue is discussed in the section on environmental information and in the Report of the Chairman of the Board of Directors on corporate governance and internal control and the principles for setting the compensation of corporate officers.*

▪ Sourcing risks

Iodine, the principal raw material used in the production of medical imaging contrast products for x-rays, is invoiced in US dollars. However, the portion represented by the purchase price of iodine in the total cost price of manufactured products is however of relative impact. In addition, the Group has developed a policy of diversified sourcing and maintains long-term relations with suppliers.

The logic of having multiple sources for supplies is valid for the Group's sourcing needs and is accompanied by a policy for managing supplier quality. In addition, Guerbet has implemented contracts for pharmaceutical outsourcing.

▪ Regulatory risks

As a designer, manufacturer and distributor of pharmaceutical products, Guerbet is subject to a number of regulatory constraints both in France and in other countries. In particular, Guerbet is required to comply with French public health laws (*Code de la santé publique*) as well as the good practices defined by the Minister of Health for laboratory work, clinical trials, the manufacture and distribution of pharmaceutical products, information provided to clients and pharmacovigilance.

For the production of active chemical ingredients for its products, the Group is subject to regulations governing facilities designated as "Seveso" sites regularly inspected by regional environmental authorities (DREAL). These products are manufactured and controlled according to the conditions defined and approved by the marketing authorisation issued by the health authorities and their manufacture is subject to rules of good manufacturing practices for raw materials used for pharmaceutical applications.

The Group is also subject to the European regulation (REACH or "*Registration, Evaluation, Authorisation and Restriction of Chemical substances*") reinforcing requirements for the registration of chemical substances manufactured or imported in the European Union.

As a modification of these regulations, both in France and other countries could have a material effect on the Group's business, it cannot in consequence guarantee that such changes, in particular those affecting the key markets where it operates, will not have an adverse impact on its business and operating performance.

b) Market risks

▪ Interest rate risks

The Group carries a structural risk under liabilities concerning floating-rate bank debt not offset by equivalent positions under assets. In recent years, floating-rate debt has increased to represent a greater percentage of total debt in relation to fixed-rate debt in line with Guerbet's objective to profit from the structural reduction in interest in the European interbank rate or Euribor. To manage the risk of rising interest rates that would have an unfavourable impact on interest expense, 75% of Guerbet's floating-rate debt is hedged through the use of traditional instruments such as swaps, caps and floors. Maintaining open positions on these financial instruments is prohibited.

→Information on the exposure to interest rate risks and hedging operations related to the period is presented in the notes to the consolidated financial statements.

▪ Foreign exchange risk

Because two thirds of Group sales and purchases are in euros, it does not have an exposure to foreign exchange risk. The Group's €/USD exposure is marginal as Group U.S. dollars purchases and sales offset each other. However, because of its international operations, the Group is exposed to foreign exchange fluctuations for certain currencies of its subsidiaries, and notably the Brazilian real, the South Korean won and the Turkish lira. The hedging strategy is to cover residual currency risks on assets and liabilities by concentrating resources in currencies involving the greatest amounts and volatility. Hedging instruments used include swaps, forward instruments, calls and puts. Maintaining open positions on these financial instruments is prohibited.

→Information on the exposure to foreign exchange risks and hedging operations related to the period is presented in the notes to the consolidated financial statements.

▪ Liquidity risk

Concerning the risk of insufficient borrowing resources or cases of default imposing immediate repayment of these loans, the Group is required to respect certain prudential ratios in connection with financial management. Detailed information on these covenants is provided on page 90 of this document. In the event ratios are breached, Guerbet and its banking partners are required to negotiate amendments to loan agreements. In the event of a disagreement in these negotiations, these loan agreements provide for the immediate repayment of the debt.

In addition, the Group's objective is to extend the duration of its medium and long-term capital resources. Short-term liquid assets are centralised by the parent company through an automatic cash pooling arrangement that has been adopted by most subsidiaries.

The company has reviewed this liquidity risk and has resources to honour its future payment obligations.

▪ Risks related to financial investments

The Group, in connection with its industrial pharmaceutical activity is not led to invest in short-term securities. However, it may on occasion have recourse to investments in open-ended investment trusts (SICAV) or other UCITS (undertakings for collective investments in transferable securities). The Group's policy is to purchase shares on the money market without particular risks and subject to no volatility.

c) Other risks

▪ Litigation risks

There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the company is aware) which may have or have had during the last twelve months a significant effect on the financial position or profitability of the company.

→ *Information on legal risks, for cases when provisions have been set aside, is provided in the notes to the consolidated financial statements.*

▪ Risk of counterfeiting

The risk of counterfeit contrast products is very unlikely. Nevertheless, a procedure describing the conduct to be adopted when occurrence of a counterfeit is suspected is in place making it possible to notify the relevant authorities to take action (attachment, recalls, search for the potential source).

d) Insurance and risk management

An essential tool of Group risk management includes coverage by insurance policies. This insurance coverage is provided in the traditional insurance market from top standing insurance companies.

A strategy based on an international programme offers the coverage benefits of local policies that take into account the specific characteristics of the countries in which Guerbet operates while optimising the levels of cover and their costs. Only operations in the United States and Canada are managed separately in order to provide coverage better adapted to the specific exposures of these markets.

Guerbet's principal insurance policies provide coverage for:

- Damage to property and business interruption. Maximum coverage for the Group is €250 million per claim. This amount can evolve according to the estimated Maximum Possible Loss (MPL) in terms of property damage or operating losses resulting from business interruption.
- Civil liability: product liability, liability for clinical trials and comprehensive general liability;
- Transport insurance for goods and merchandise both for France and international shipments.

Other coverage includes a policy for directors and officers liability plus, as required, Works Building Insurance and Contractor's All Risk Insurance for our most important construction projects.

3) Human resources

a) Employee data

▪ Workforce of the parent company, Guerbet SA

At 31 December 2010, the Guerbet parent company had 792 employees with permanent contracts:

- 571 employees for Categories I to VI and sales representatives;
- 221 for Categories VII and above (excluding sales representatives).

Including those with fixed-term contracts, there were 842 employees at year-end.

In 2010, Guerbet recruited 52 employees with permanent contracts and 51 with fixed-term contracts. Recruitment of employees with permanent contracts concerned primarily sites in the Ile de France region (39 employees). In respect to employees who left during the period, 53 had permanent contracts and 43 fixed-term contracts.

Guerbet had recourse to 4,871 hours of overtime (a 63.4% increase on 2009). This overtime concerned in large part , the supply chain, chemical production as well as quality control.

The normal workweek is 35 hours. However, in certain production units as a result of specific working hours, the workweek is 28.875, 32, 33 or 33.5 hours.

At 31 December 2010, there were 71 part-time employees including 67 working more than half-time. Part-time positions, selected by the personnel themselves, concern in majority women.

In 2010, the absenteeism rate was 5.06%, with 3.72% the result of the sick leave, a rate in line with the rate of prior year.

▪ Salaries

At 31 December 2010, the average annual salary¹ for Guerbet was €48,981 representing an increase of 1.99% over the previous year. The average salary for women is €49,385 and for men €49,403, representing a differential of 2.10% between men and women. This variance that was considerably reduced from the previous period (4.37%) is in line with the distribution of qualifications. For employees in Categories IV to VI, where there exists no difference in the skill sets between men and women, the average salary difference was 1.88% in favour of women.

The base salary (excluding seniority bonuses and adjustments though including the increase for "continuous work operations") for non-management personnel with permanent employment contracts increased 1.23%. This change reflects general wage increases (1.5% in 2010) in addition to individual wage increases. The base salary (excluding adjustments) increased 3.22% for managers with permanent employment contracts. The purpose of these increases is to take into account the performance of managers and bring their compensation in line with the level of comparable companies in the pharmaceutical sector.

In 2010, employees received total benefits from voluntary and statutory profit sharing plans² for fiscal 2009 corresponding respectively to €412,000 and €333,000. For fiscal 2011 employees will receive profit-sharing benefits from statutory plans in 2011 of €235,000 and no payments from voluntary plans.

In 2010, 29,519 hours were allocated to training. Out of the total number of employees in the company with permanent contracts, 93.3% have received training.

▪ Occupational accidents

The number of occupational accidents in 2010 increased. These included 20 occupational accidents followed by paid sick days in 2010 compared with 13 in 2009. There were also two "work commute" related accidents that resulted in paid sick days.

¹ Annual payroll divided by the number of permanent employees (*bilan social* or social responsibility report).

² The mandatory profit-sharing (*participation*) plans concerned employees of Guerbet, Simafex and Medex. The voluntary (*intéressement*) profit-sharing plans concerned employees of Guerbet and Simafex.

▪ **Labour relations**

The agreement involving an action plan promoting employment of older workers signed in 2009 between management and labour organisations was implemented this year. Key actions have included the organisation of:

- Information sessions on new retirement provisions;
- A training program on "profiting from one's retirement" in connection with the individual training benefits (*Droit Individuel à la Formation*);
- A training program on "gestures and positions" specifically adapted for older workers.

New voluntary and statutory profit sharing agreements were signed with management on 12 November 2010.

The mandatory annual negotiation with labour organisations resulted in the conclusion of a unanimous agreement.

2010 was also marked by renewed joint sessions of and the opening of negotiations on GPEC forward-looking employment and skills management initiative.

▪ **Handicapped workers**

Guerbet's rate of compliance with statutory obligations regarding the employment of handicap workers was two thirds. In addition, the company has developed a partnership with a vocational rehabilitation centre for disabled workers (ESAT) that provides unpacking services. Certain services (landscaping, mailing, copying, etc.) are also subcontracted to similar organisations.

▪ **Social benefits**

Amounts for social benefits (works council, restaurant services, housing) totalled €774,000 in 2010 compared with €765,000 in the previous year.

b) Compensation of executive officers

▪ Compensation of executive officers

The following table provides a summary of compensation provided to each of the two executive officers for fiscal 2010. Bernard MASSIOT and Marie-Christine GARNIER are considered to be executive officers as respectively Chief Executive Officer (*Directeur Général*) and Deputy Chief Executive Officer (*Directeur Général Délégué*) (in addition to exercising the function of Qualified Person).

Summary of compensation for Bernard Massiot

	Fiscal 2010	Fiscal 2009
Compensation paid in the fiscal year o.w.:	312,450.32	39,500.00
<i>Attendance fees as Vice Chairman of the Supervisory Board</i>	21,462.50	21,000.00
<i>Compensation as Vice Chairman of the Supervisory Board</i>	-	18,500.00
<i>Compensation as Chief Executive Officer</i>	290,987.82	-
Valuation of options granted in the period	-	-
Valuation of performance shares granted in the period	-	-
Total	312,450.32	39,500.00

Breakdown of compensation for Bernard Massiot

	Fiscal 2010		Fiscal 2009	
	Due	Paid	Due	Paid
Fixed compensation o.w.:	290,987.82	290,987.82	-	18,500
<i>Compensation as Vice Chairman of the Supervisory Board pursuant to the decision of the 2008 AGM</i>	-	-	-	18,500
<i>Compensation as Chief Executive Officer</i>	290,987.82	290,987.82	-	-
Variable compensation	Not yet determined	-	-	-
Exceptional compensation	-	-	-	-
Attendance fees	-	21,462.50	21,462.50	21,000
<i>Pursuant to the decision of the 2009 AGM</i>	-	-	-	21,000
<i>Pursuant to the decision of the 2010 AGM</i>	-	21,462.50	21,462.50	-
Benefits in-kind	-	-	-	-
Total	290,987.82	312,450.32	21,462.50	39,500

Summary of compensation for Marie-Christine Garnier

	Fiscal 2010	Fiscal 2009
Compensation paid in the fiscal year	155,906.45	147,914.98
Valuation of options granted in the period	-	-
Valuation of performance shares granted in the period	-	-
Total	155,906.45	147,914.98

Breakdown of compensation for Marie-Christine Garnier

	Fiscal 2010		Fiscal 2009	
	Due	Paid	Due	Paid
Fixed compensation	122,509.80	122,509.80	117,797.88	117,797.88
Variable compensation	Not yet determined	19 434.69	19 434.69	16 155.14
Exceptional compensation	11,216.96	11,216.96	11,216.96	11,216.96
Attendance fees	-	-	-	-
Benefits in-kind	2,745.00	2,745.00	2,745.00	2,745.00
Total	136,471.76	155,906.45	151,194.53	147,914.98

▪ Other information on compensation for executive officers

	Employment contract		Supplementary retirement benefits		Severance payments or benefits owed on termination or change of functions		Compensation payable under noncompete clauses	
	Yes	No	Yes	No	Yes	No	Yes	No
Bernard Massiot		X	X			X		X
Marie-Christine Garnier	X		X			X		X

Executive officers, as Guerbet senior executives, benefit from an individual retirement account funded by contributions from Guerbet. Funded pension benefits paid to these individual retirement accounts in 2010 amounted to €15,556.06 for the two executive officers including €9,878.24 for Bernard Massiot and €5,677.82 for Marie-Christine Garnier.

- **Attendance fees paid to corporate officers**

Director	In 2010 pursuant to the decision of the AGM of 21 May 2010	In 2009 pursuant to the decision of the AGM of 15 May 2009
Bernard Massiot	€21,462.50	€21,000.00
Jean-Jacques Bertrand	€21,962.50	€21,500.00
Philippe Biju-Duval	- ²	€18,500.00
Jacques Biot	€20,962.50	€19,500.00
Jacky Boudeville	€21,462.50	€19,500.00
Michel Guerbet	€18,962.50	€18,500.00
Olivier Guerbet	€20,962.50	€20,500.00
Christian Louvet	€20,462.50	€19,500.00

- **Compensation of the Chairman of the Board of Directors**

Jean-Jacques Bertrand, Chairman of the Supervisory Board from 1 January to 21 May 2010, and subsequently Chairman of the Board of Directors thereafter, received gross compensation of €47,478.35 or net compensation of €37,925.

- **Commitments granted to corporate officers following the assumption, changes or termination of functions**

None

² For personal reasons, Philippe Biju-Duval has waived his entitlement to attendance fees.

c) Stock option and stock purchase option plans

- **Stock options or stock purchase options granted to executive officers in 2010¹**

None

- **Stock options or stock purchase options exercised by the executive officers in 2010**

None

- **Stock options or stock purchase options not exercised by the executive officers in 2010**

Marie-Christine Garnier still holds 2,000 stock options not yet exercised at 31 December 2010.

- **Stock options granted to non-officer employees in 2010**

None

- **Summary of stock option plans in force at 31 December 2010**

Refer to page 88 of the notes to the consolidated financial statements.

- **Stock options or stock purchase options exercised in 2010 by salaried employees who are not corporate officers**

	Number of options exercised	Exercise price
Employee 1	4,400	€37.16
Employee 2	2,000	€37.16
Employee 3	1,500	€37.16
Employee 4	200	€82.91
Employee 5	75	€82.91
Employee 6	60	€82.91
Employee 7	50	€82.91

¹ With the meaning of executive officers defined by the French Law 2001-420 of 15 May 2001 (NRE) and as of 31 December 2010, i.e. the Chief Executive Officer (*Directeur Général*), Deputy Chief Executive Officer (*Directeur Général Délégué*) and the Chairman of the Board of Directors.

4) Environmental information

▪ Utility consumption in connection with the company's manufacturing activities

Utility consumption of the Aulnay, Lanester, Marans and Rio de Janeiro plants is summarised below:

	Aulnay	Lanester	Marans	Rio de Janeiro	Total
Water (in m3)	46,991	175,504	42,450	18,376	283,321
Electricity (in MWh)	9,582	18,321	8,516	1,446	37,865
Gas (in MWh)	5,879	46,654		1,432	53,965
Fuel (in m3)			636		636

Total or consumption of our manufacturing sites rose only 2.2% over the prior year despite the sustained pace of production output. By way of comparison, on a like-for-like basis for production output in 2010, water consumption would have declined 7.2% from 2009.

▪ Policy relating to the use of chemical products

The production of chemical active ingredients for contrast agents generates different safety and environmental risks. These risks result from dangers inherent in chemical products, their production, transport, use and elimination.

Active chemical ingredients used to produce contrast agents for medical imaging are distinguished by their low toxicity and excellent level of tolerance, even though certain ingredients might be noxious in their natural form. In contrast, certain synthetic intermediates or products used in the production of these active ingredients (raw materials, solvents, reactants, intermediates, etc.) may present certain risks.

In 2010, the Group's safety and environmental policy adopted by Guerbet continued to be deployed. HSE (Health, Safety and the Environment) management systems continued to be implemented through revised or recently implemented HSE manuals at the Lanester, Marans, Aulnay and Gonesse sites based on an approach of achieving ongoing improvements.

These manuals describe the safety and environmental systems and management organisations deployed at the sites. An internal HSE Group enterprise repository was created in 2010 making it possible to identify different priorities for improvement following audits of the sites. This repository integrates standards and systems such as OHSAS18001, ISO14001 and SGS (Management and Security System for SEVESO sites in France).

The foundation of these management systems is based on work involving an evaluation of risks destined to prevent incidents having an impact on people and property (including major accident scenarios).

The Lanester and Marans plants (SEVESO sites) organise full-scale response exercises for managing emergency situations in collaboration with regional authorities. The Internal Emergency Plan (POI) and the Emergency Response Plan (PPI) are in this way tested for the purpose of achieving ongoing improvements in the abilities of teams to respond in the event of a crisis, both internally and, when interfacing with outside emergency relief teams.

Outside communications for Seveso site operations are assured through local coordinating bodies (CLIC or *Comité Local d'Information et de Concertation*) that include members of the operating entity, departments of the Prefecture, local elected officials and associations representing stakeholders.

En 2010, the review of the PPRT (*Plans de Prévention des Risques Technologiques*) technology risk prevention plans was continued and represented a priority for local stakeholders. These plans define zoning measures applicable around the Lanester and Marans sites.

The safety and environmental risk management systems implemented at the sites also define:

- Performance indicators and associated objectives;
- Training requirements for operational staff and regular follow-up;
- Lessons-learned management via analysis of incidents or near accidents within or outside the sites (ex: use of BARPI databases on industrial risks and pollution that maintains records of industrial accidents) and adoption of necessary corrective measures;
- Inspections and audits;
- Review of the system and its performance by supervisory staff.

▪ **Environmental actions carried out in the year**

A number of environmental projects or initiatives were carried out in 2010. These include efforts by local teams on implementing a system for recovering iodine at the Lanester site, and the continuation of projects seeking to improved solutions for the treatment of effluents at the Lanester and Marans sites. Investments were also undertaken in 2010 to comply with VOC emission standards at the Lanester site.

In conjunction with these measures, an awareness raising initiative focusing on simple and responsible environmental actions was organised when the paper sorting facility was implemented at our Villepinte site accompanied by a campaign promoting good practices for safe, ecologically efficient and economic driving for our pharmaceutical sales representatives.

For all these HSE themes, inter-site exchanges were organised to share good practices, accelerate feedback and develop synergies.

Finally, in 2010 Guerbet Group pursued work to ensure the registration of substances falling under the scope of the REACH regulation (Registration, Evaluation, Authorisation and Restriction of Chemical substances) within the stipulated timetable.

5) Other statutory disclosures

▪ Five-year financial highlights for Guerbet SA

En euros	2010	2009	2008	2007	2006
CAPITAL STOCK AT YEAR-END					
Share capital	12,200,184	12,167,044	12,079,860	12,018,276	11,942,072
Number of ordinary shares	3,050,046	3,041,761	3,019,965	3,004,569	2,985,518
Preferred non-voting stock	-	-	-	-	-
Maximum number of future shares to be issued:					
▪ By conversion of bonds	-	-	-	-	-
▪ By exercise of warrants	77,294	97,637	117,233	134,679	150,255
OPERATIONS AND INCOME FOR THE YEAR					
Sales ex-VAT of services and other products	264,309,452	245,860,666	229,517,636	233,664,367	205,032,052
Income before taxes, employee profit-sharing, depreciation, amortisation and provisions	6,501,502	28,820,141	36,524,946	34,709,255	27,756,321
Income tax	(5,938,312)	(1,201,339)	2,591,252	4,744,508	(119,361)
Employee profit-sharing for the financial year	234,809	412,000	1,101,000	1,892,000	357,401
Earnings after taxes, employee profit-sharing, depreciation, amortisation and provisions	84,918	12,560,045	9,724,904	22,026,975	15,859,093
Income distributed to shareholders	5,490,083	6,843,962	6,794,921	6,760,280	5,971,036
EARNINGS PER SHARE					
Earnings after taxes and employee profit-sharing, but before depreciation, amortisation and provisions	4.00	9.73	10.87	9.34	9.22
Earnings after taxes, employee profit-sharing, depreciation, amortisation and provisions	0.03	4.13	3.22	7.33	5.31
Net income after dilution	0.05	4.05	3.17	7.15	5.15
Net dividend	1.80	2.25	2.25	2.25	2.00
PERSONNEL					
Workforce at 31 December (permanent and fixed term contracts)	842	820	810	783	783
Payroll	41,791,527	38,981,274	39,111,571	36,660,060	35,392,712
Social charges and benefits	18,210,348	17,142,664	16,109,138	15,230,776	14,380,666

▪ **Aged trial balance information on trade payables of Guerbet SA**

Effective as of 1 January 2009, the French Economic Modernisation Act (LME) established a maximum period from the issuance date of an invoice for settlement within 60 days (or 45 days from the end of the month).

At 31 December 2010, the balance of *trade* payables of the parent company financial statements broke down as follows:

In thousands of euros	+ 120 days	Between 61 and 120 days	Between 0 and 60 days	Unbilled payables	Total
Trade payables for goods and services/France	143	479	12,795		13,417
Trade payables for goods and services/outside France	389	624	3,722		4,735
Trade payables for goods and services	532	1,103	16,517	11,272	29,424
Payables to suppliers of fixed assets/France	133	153	3,453		3,739
Payables to suppliers of fixed assets/Outside France	-	-	931		931
Payables outstanding for investment securities	72	-	-		72
Payables to suppliers of fixed assets	205	153	4,384		4,742
Total	737	1,256	20,901	11,272	34,166

At 31 December 2009, the balance of trade payables of the parent company financial statements broke down as follows:

In thousands of euros	+ 120 days	Between 61 and 120 days	Between 0 and 60 days	Unbilled payables	Total
Trade payables for goods and services/France	99	727	10,082		10,908
Trade payables for goods and services/outside France	83	930	3,282		4,295
Trade payables for goods and services	182	1,657	13,364	6,202	21,405
Payables to suppliers of fixed assets/France	215	39	5,170		5,424
Payables to suppliers of fixed assets/Outside France	-	27	172		199
Payables outstanding for investment securities	72	-	-		72
Payables to suppliers of fixed assets	287	66	5,342		5,695
Total	469	1,723	18,706	6,202	27,100

- **Other information to be covered in the Management Report and already included in the Registration Document**

In addition to disclosures already included in this section, Guerbet Group provides in this document other information to be covered in the Management Report under the provisions of the French Commercial Code. The following table indicates for each type of information the section where this information is presented.

Type of information	Relevant section of the Registration Document
List of appointments and functions exercised by each corporate officer during the fiscal year	Corporate governance – pages 18 to 20
Employee stock ownership	Shareholder information – page 28
Dividends distributed for the last three financial periods	Shareholder information – page 28
Disallowed deductions under Article 39-4 of the French General Tax Code	Financial statements and notes – page 110

FINANCIAL STATEMENTS AND NOTES

1) Consolidated financial statements and notes

a) Guerbet Group consolidated financial statements

▪ Consolidated balance sheet

ASSETS (net)	Note	2010	2009
In thousands of euros			
Intangible assets	5	34,190	34,729
Property, plant and equipment	6	166,223	145,528
Non-current financial assets	7	6,640	2,035
Deferred tax assets	8	7,132	6,995
Total Actifs non courants		214,185	189,287
Inventories	9	91,067	88,994
Trade receivables and related accounts	10 & 1.1	85,867	80,627
Current assets held for sale		-	-
Other current financial assets	1.1	21,681	26,565
Cash and cash equivalents	1.2	9,210	8,846
Total current assets		207,825	205,032
TOTAL ASSETS		422,010	394,319
LIABILITIES AND SHAREHOLDERS' EQUITY (net)			
In thousands of euros	Note	2010	2009
Common stock		12,200	12,167
Other reserves		186,658	171,586
Consolidated net income		5,880	20,495
Translation adjustments		5,778	1,058
Shareholders' equity including attributable to the Group	11	210,516 210,516	205,306 205,306
Non-current financial liabilities	2.1	85,541	66,667
Other non-current financial liabilities	2.0	664	1,022
Deferred tax assets	8	5,820	7,493
Current provisions	12	13,157	14,108
Total non-current liabilities		105,182	89,290
Trade payables and equivalent		39,462	30,450
Current financial liabilities	2.1	13,349	21,074
Other non-current financial liabilities	2.2	37,155	37,167
Impôts courant exigibles		8,677	6,845
Current provisions	12	7,669	4,187
Total current liabilities		106,312	99,726
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		422,010	394,319

▪ **Consolidated income statement**

In thousands of euros	Note	2010	2009
Net sales	4	352,579	335,479
Royalties		45	697
Other revenue	13	6,128	3,917
Supplies used in operations		(101,725)	(82,113)
Staff costs	14	(93,379)	(86,413)
External charges	15	(116,153)	(99,185)
Taxes other than on income	16	(11,732)	(15,543)
Allowances for depreciation and amortisation	17	(20,104)	(18,956)
Net allowances for reserves		(5,707)	3,650
Change in work in progress and finished goods		2,924	(10,814)
Other current operating income and expenses	18	(1,657)	(2,473)
Current operating income		11,219	28,246
Other operating income and expenses	19	(2,942)	1,478
Operating profit		8,277	29,724
Income from cash and cash equivalents		91	64
Finance costs	20	(2,648)	(3,553)
Net interest income / (expense)		(2,557)	(3,489)
Currency gains and losses		(605)	(130)
Other financial income and charges		14	(135)
Income tax	21	751	(5,474)
Consolidated net income before controlling interests including attributable to the Group		5,880 5,880	20,495 20,495
Basic earnings per share (€)	27	1.93	6.77
Basic earnings per share (€)	27	1.90	6.56

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

In thousands of euros	2010	2009
Net profit of the period	5,880	20,495
Income and expense recognised directly in equity		
Actuarial gains/(losses) on retirement benefits (IAS 19)	1,023	(233)
Translation adjustments	4,720	4,554
Total net profit and income and expense recognised directly in equity	11,623	24,816

▪ **Consolidated statement of cash flows**

In thousands of euros	Note	2010	2009
Net income		5,880	20,495
Allowances and reversals of provisions for fixed assets		23,141	18,952
Allowances and reversals for contingencies	12.1	4,120	(264)
Changes in fair value of hedging instruments		(607)	747
Stock option expenses	14.2.2	87	251
Income from the disposal of fixed assets and other adjustments		258	126
Cash flow after net interest expense and tax		32,879	40,307
Net interest income / (expense)		2,557	3,489
Tax expenses (including deferred tax)	21	(751)	5,475
Cash flow before net interest expense and tax		34,685	49,271
Tax payments		(1,014)	(5,339)
Change in inventories	9	(2,073)	4,767
Change in trade receivables and related accounts	10	(5,043)	(6,639)
Change in trade payables and related accounts		9,208	(4,256)
Increase/(decrease) in other assets		882	454
(Decrease)/increase in other liabilities		393	(1,040)
Change in operating working capital		3,367	(6,714)
CASH FLOWS FROM OPERATING ACTIVITIES (A)		37,038	37,218
Capital expenditures		(40,770)	(32,778)
<i>for intangible assets</i>	5	(1,766)	(1,253)
<i>for property, plant and equipment</i>	6	(38,662)	(30,381)
<i>for financial assets</i>		(342)	(1,144)
Proceeds from the disposal of fixed assets		991	276
CASH FLOWS FROM INVESTING ACTIVITIES (B)		(39,779)	(32,502)
Dividends paid		(6,832)	(6,783)
Capital increases		325	1,299
New long-term debt		34,720	26,943
Repayment of borrowings		(19,518)	(35,873)
Purchase and sale of treasury stock		-	-
Net interest payments (including on capital leases)		(2,613)	(3,670)
CASH FLOWS FROM FINANCING ACTIVITIES (C)		6,082	(18,084)
Impact of foreign exchange fluctuations (D)		1,021	3,724
NET CHANGE IN CASH AND CASH EQUIVALENTS (A) + (B) + (C) + (D)		4,362	(9,644)
OPENING CASH AND CASH EQUIVALENTS		(728)	(8,916)
CLOSING CASH AND CASH EQUIVALENTS	12	3,633	(728)

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

In thousands of euros	Share capital	Consolidated reserves	Income	Translation reserve	Total
Balance at 31/12/2008	12,080	152,753	24,389	(3,496)	185,726
Capital increase	87	1,212			1,299
Capitalisation of 2008 income		24,389	(24,389)		-
Stock options		251			251
Distribution of dividends		(6,783)			(6,783)
2009 consolidated income			20,495		20,495
Actuarial gains and losses		(233)			(233)
Translation adjustments				4,554	4,554
Other changes		(3)			(3)
Balance at 31/12/2009	12,167	171,586	20,495	1,058	205,306
Capital increase	33	292			325
Capitalisation of 2009 income		20,495	(20,495)		-
Stock options		87			87
Distribution of dividends		(6,832)			(6,832)
2010 consolidated income			5,880		5,880
Actuarial gains and losses		1,023			1,023
Translation adjustments				4,720	4,720
Other changes		7			7
Balance at 31/12/2010	12,200	186,658	5,880	5,778	210,516

b) Notes to the consolidated financial statements

Figures in these notes are presented in euros and when expressed in the original French document as “K€” (thousands of euros) have been rounded off accordingly to the nearest thousand (000s).

1) Significant accounting policies

a) Basis of presentation and compliance statement

The main accounting policies applied for the preparation of the consolidated financial statements are described below. Except where otherwise indicated, these methods have been consistently applied for all periods presented herein.

In compliance with EC regulation 1606/2002 of 19 July 2002 on international accounting standards, since 1 January 2005 the Guerbet Group consolidated financial statements have been prepared on the basis of International Financial Reporting Standards (IFRS) as approved by the European Union and applicable on the date of publication of these accounts. IFRS adopted by the European Union differ in certain respects to those published by the IASB. Nevertheless, the Group has ensured that the financial information for the periods presented herein would not be materially different if the IFRS published by the IASB had been applied.

International financial standards include IFRS (International Financial Reporting Standards), IAS (International Accounting Standards) as well as SIC (Standing Interpretations Committee) and IFRIC (International Financial Reporting Interpretations Committee) interpretations.

All texts adopted by the European Union can be consulted at the following website of the European Commission: http://ec.europa.eu/internal_market/accounting/ias_fr.htm.

The format for the financial statements complies with recommendation 2009-R-03 of the French Accounting Standards Authority (*Autorité des Normes Comptables* or *CNC*).

Main options retained for the transition to IFRS:

1) All office property in Villepinte was remeasured at fair value on 1 January 2004 on the basis of an estimate by an independent appraiser. The revaluation was for €8 million including €6.5 million allocated to buildings and €1.5 million to land.

2°) In compliance with IAS 38 intangible assets with indefinite useful lives are not amortised. The amortisation previously applied in French GAAP financial statements was maintained at the accumulated amortisation value at 1 January 2004.

3°) Translation differences existing at 1 January 2004 were recorded under “Other reserves”.

For other information relating to 2005, the reader is referred to the registration document filed with the AMF (No. D.06-0221) that can be consulted at its website.

Changes in accounting methods

Standards, amendments and interpretations whose application was mandatory commencing in 2010

Those whose application are not warranted or would not have a material effect on the consolidated financial statements established at 31 December 2010 include:

- IFRS 3R: revision of the standard on business combinations;
- IAS 27R: revision of the standard relating to the consolidation of subsidiaries completing the second phase of the business combinations project;
- Amendment IAS 39: eligible hedged items;
- IFRS 2 amendment: relating to Group cash-settled share-based payments;
- IFRIC 15: agreements for the construction of real estate;
- IFRIC 16: hedges of a net investment in a foreign operation;
- IFRIC 17: distributions of non-cash assets to owners;
- IFRIC 18: transfers of assets from customers.

Standards, amendments and interpretations adopted by the European Union, applicable in advance for the 2010 fiscal year but not yet applied by the Group

Amendment IAS 32: amendment relating to the classification of rights issues applicable to periods commencing on or after 1 February 2010;
IAS 24R on related party disclosures for periods commencing on or after 1 January 2011;
IFRS 9: financial instruments (to gradually replace the provisions of IAS 39) effective for annual periods commencing on or after 1 January 2013;
IFRS 7: disclosures relating to transfers of financial assets effective as from 1 July 2011;
IFRIC 14: amendment on prepayments of minimum funding requirements for annual periods commencing on or after 1 January 2011;
IFRIC 19: "Extinguishing financial liabilities with equity instruments" applicable for periods beginning on or after 1 July 2010.

The potential impacts of these standards and amendments are in the process of being assessed. At this stage of the review, their application is not expected to result in a significant change for the Group.

b) Estimates and assumptions

To prepare the financial statements in compliance with IFRS, the Group makes estimates and assumptions that affect the book value of assets and liabilities, income and expenses, as well as information provided in certain notes.

Management reviews these estimates and assumptions on an ongoing basis in reference to past experience as well as other factors considered reasonable that provide the basis for these assumptions.

The main estimates concern primarily the measurement of intangible assets, the impairment of inventory, provisions, litigation with third parties and deferred taxes.

c) Basis of consolidation

Guerbet applies:

- The full consolidation method for companies in which the parent company directly or indirectly exercises exclusive control;
- The equity accounting method for companies in which the Group exercises, directly or indirectly, a significant influence without assuring however the management;
- The proportionate method for companies in which the Group exercises joint control with a limited number of other shareholders.

All intercompany transactions are eliminated.

d) Consolidation of subsidiaries

Business combinations are recorded in accordance with IFRS 3 according to the purchase method. Under this method, assets and liabilities acquired in addition to contingent liabilities incurred are recorded at fair value at the acquisition date.

Identifiable assets and liabilities

On consolidation of an exclusively controlled subsidiary, identifiable assets and liabilities and contingent liabilities of the acquiree are recognised at fair value in accordance with IFRS. Goodwill arising from consolidation is recognised under assets and liabilities, including the minority's proportion of their pre-acquisition carrying amounts and not only their percentage of shares acquired.

Goodwill

The excess of the cost over the acquirer's interest in the fair value of identifiable assets and liabilities acquired is described as goodwill and when positive recognised as an asset. If negative it is immediately recognised under income.

e) Translation methods

1 - Recognition of transactions in currencies of consolidated subsidiaries:

In accordance with IAS 21, transactions denominated in foreign currencies are translated by the subsidiary in its operating currency on the transaction date.

Monetary items of the balance sheet are revalued on the basis of the exchange rate applicable on the balance sheet date. Resulting translation differences are recorded under "other financial income and expenses" taking into account forward exchange contracts and currency options.

The results of transactions in currency options are recorded at the options' maturity where they cover commercial transactions after the closing date. Premium paid is recorded in the balance sheet under assets until the maturity of the option.

2 - Translation of accounts of subsidiaries outside the euro area:

Shareholders' equity is translated on the basis of historical exchange rates, other balance sheet items at official year-end exchange rates and income statement items at average exchange rates for the year. Translation gains and losses resulting from the application of these rates are recorded under "translation adjustments" under shareholders' equity.

f) Intangible assets

Intangible assets are recorded at cost.

Trademarks recorded in the balance sheet under assets concern exclusively individual trademarks of significant long-term value supported by promotional budgets.

Intangible assets are amortised over their useful life estimated by the Group. This period is calculated case-by-case according to the nature and characteristics of the items included in this heading.

As a general rule:

- Trademarks are not amortised;
- Patents acquired are amortised on a straight-line basis for periods not exceeding their duration;
- Software is amortised on a straight-line basis for three years.

g) Research and development expenditures

In compliance with IAS 38, research costs are expensed in the period in which they are incurred.

According to IAS 38, development expenditures are capitalised as intangible assets only if the Group can demonstrate that they meet the following criteria:

- There exists an intent and financial and technical resources to complete the development;
- It is probable that future economic benefits attributable to the asset will flow to the Group;
- The cost of this asset can be measured reliably.

Because of risks and uncertainties related to regulatory authorisations, the Group considers that expenses incurred in connection with obtaining market authorisations (AMM) do not meet the above definition of intangible assets. Consequently, development expenditures are expensed in the period incurred. Furthermore, expenses incurred after market authorisations are obtained constitute selling costs that may not be capitalised under IAS 38.

h) Property, plant and equipment

Property, plant and equipment are recorded at historical acquisition cost or production cost except for the Villepinte site recorded at fair value as of 1 January 2004 according to the option available under IFRS1 for the first time adoption of IFRS.

All costs directly attributable and necessary for commissioning investments are capitalised, from pre-project costs (summaries and details) engineering costs to costs for validating and certifying installations.

In accordance with the revised IAS 23, borrowing costs are capitalised in the value of fixed assets for strategic investment projects spread over several months of manufacturing operations and having begun after 1 January 2009.

Equipment grants received are not deducted from the value of fixed assets but are presented according to their amortised value under deferred revenue.

Depreciation allowances are calculated on a straight-line basis over the assets' useful lives at acquisition or production cost. They are eventually restated, deducting when applicable their residual value. Depreciation is calculated on a straight-line basis over the estimated useful life of these assets, i.e. on average:

- | | |
|---|----------------|
| - Buildings: | 20 to 50 years |
| - Fixtures, fittings: | 10 to 20 years |
| - Technical facilities, equipment and industrial tools: | 5 to 10 years |
| - Other PPE: | 5 to 10 years |

i) Impairment of fixed assets

Goodwill and indefinite life intangible assets are subject to an impairment test in accordance with IAS 36 *Impairment of assets*, at least once a year or more frequently when there exists evidence of impairment. The annual tests are carried out in the fourth quarter.

Other intangible assets are also subject to an impairment test when there is evidence that events or changes in conditions suggest the carrying value is not recoverable.

The impairment test involves comparing the carrying value of the asset with its recoverable value. The recoverable amount of an asset is measured at the higher of its net selling price and value in use.

Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset (or groups of assets) and its disposal at the end of its useful life. The discount rate applied is the pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset. This corresponds to the expected rate of return investors would request if they were required to choose an investment involving an amount, maturity and risk equivalent to the asset in question. The net selling price is the amount obtainable from the sale of an asset (or group of assets) between knowledgeable, willing parties in an arm's-length transaction after deducting any direct incremental disposal costs.

When impairment tests indicate a loss in value, an impairment is recorded so that the carrying amount does not exceed the recoverable value.

Property, plant and equipment are subject to an impairment test whenever there is evidence of impairment. To this purpose, tangible assets are grouped into cash generating units (CGU). A CGU is a homogeneous group of assets that generates cash inflows from continuing use largely independent of the cash inflows from other assets or groups of assets. The value in use of these units is the net present value of the future cash flows expected to be derived from an asset. When the recoverable value is lower than the carrying value of the asset (or group of assets), an impairment loss is recorded in the income statement for the difference and allocated in priority to goodwill.

An impairment loss recorded for goodwill may not be reversed.

j) Capital leases

Finance leases

Property acquired through finance leases are capitalised when they transfer substantially all risks and rewards incident to ownership of an asset to the Group. The criteria for evaluating these leases are notably:

- The relationship between the lease period and the economic life of the asset;
- Total future payments in relation to the fair value of the asset financed;
- Transfer of title at the end of the lease period;
- The existence of a purchase option;
- The specific nature of the leased assets.

Assets acquired through finance leases are capitalised and an obligation of the same amount is recorded as a liability. Each lease instalment payment is broken down into interest expense and repayment of the debt.

Assets held through finance leases are depreciated over the shorter of their useful lives or the corresponding lease period.

Operating leases

Operating leases constitute all leases other than those with the characteristics of finance leases. Operating lease payments are recognised as an expense in the income statement.

k) Financial assets

Financial assets are recognised and measured by the Group in accordance with IAS 39 on the IFRS transition date (option IFRS 1). Financial assets, excluding cash and financial derivatives, are classified into one of the following four categories:

- Financial assets held for trading;
- Originated loans and receivables;
- Held to maturity investments;
- Available-for-sale financial assets.

The Group determines the classification of financial assets at the time of their initial recognition according to the purpose for which they were acquired.

Financial assets held for trading

These correspond to trading assets destined principally to generate short-term gains or intentionally classified under this category.

Initially measured at cost, they are remeasured at fair value with gains and losses recorded under income.

Originated loans and receivables

Originated loans and receivables are initially recognised at cost and subsequently measured at amortised cost - the effective interest rate. The balance sheet value includes the outstanding amount of the principal increased by accrued interest. They are subject to impairment testing of the recoverable value when there exists an indication that this amount is less than the carrying value of these assets to be conducted at least upon every financial cut-off period. When the recoverable value is less than the carrying value, an impairment is recorded in the income statement.

Held to maturity investments

Held-to-maturity-investments are financial assets the Group intends to and is able to hold to maturity. These assets are recorded at amortised cost on the basis of the effective interest method.

They are subject to impairment testing when there is an indication of impairment. When the carrying value is greater than the estimated recoverable value, an impairment is recorded.

Available-for-sale assets

Available-for-sale financial assets are any non-derivative financial assets not required to be classified as trading, originated loans or held-to-maturity. Unrealised capital gains or losses are recorded under shareholders' equity until their disposal, with the exception of impairment recorded under income upon measurement.

Currency gains and losses on these assets are recognised under income for monetary assets and shareholders' equity for non-monetary assets.

Fair value for listed securities corresponds to market price and for unlisted securities is determined on the basis of reference to recent transactions or reliable and objective indicators and third-party estimations and market data. However, when fair value cannot be reasonably estimated, it is maintained at cost. These assets are subject to impairment testing to determine their recoverable value.

This category of investments concerns mainly non-consolidated participating interests and marketable securities that do not meet the other definitions for financial assets. They are classified under other assets (current and non-current) and cash and cash equivalents.

I) Inventories

Raw materials and other supplies are recorded at the opening weighted average price. When the carrying value falls below this amount, a provision for impairment is made for the difference. Provisions are also made for inventories subject to low turnover rates.

Production in progress and finished goods are recorded on the basis of production cost that includes direct and indirect production costs excluding headquarters, financial or selling expenses. A provision for impairment is made when there is a risk that the products will not be sold before their expiration date or sold below cost, in light of selling costs that remain to be incurred.

m) Trade receivables and related accounts

Accounts receivable are recorded at face value. An allowance for doubtful accounts is recorded when a collection risk exists which is determined on a case-by-case basis.

The securitisation of receivables consists of the assignment of receivables to an entity that finances the acquisition of these receivables by the issuance of securities on capital markets. When guarantees granted to this entity do not suffice to consider that there was a real transfer of risks to the assignee, these receivables continue to be recorded under assets with a debt recorded under liabilities for the amount of financing granted by the entity.

n) Non-current assets held for sale

A non-current asset, or group of assets and liabilities, is classified as held for sale when its carrying amount will be principally recovered through a sale transaction rather than through continuing use. For this to be the case, the sale must be highly probable. For the sale to be considered highly probable, there must exist a plan to sell the asset (or "disposal group"), management must be committed to sell the asset and the asset must be actively marketed.

o) Cash and cash equivalents

Cash includes cash on hand and bank balances. Cash equivalents include marketable securities, term deposits which can be realised or sold within a very short period (less than three months) and do not

present a significant risk of impairment in response to interest rate changes. These marketable securities are considered as financial instruments remeasured at fair value in income.

p) Commitments and contingencies

Commitments and contingencies correspond to liabilities:

- Uncertain timing or amount;
- The economic impact for the Group is negative, i.e. this liability is analysed as a Group commitment to a third party for which it is probable or certain that it will result in an outflow from the Group of resources embodying economic benefits to settle the obligation, without receiving in exchange consideration of a value at least equivalent to the latter.

To manage its interest rate exposure, the Group has recourse to options recorded at fair value in accordance with IAS 39. Modifications in fair value are recorded in the income statement under "Finance costs".

q) Employee benefits

In accordance with the laws and practices applicable in the countries where the Group operates, employees may qualify for retirement indemnities.

Retirement indemnities are measured in compliance with IAS 19.

For defined contribution plans concerning post-employment benefits, the cost of benefits is estimated according to the projected unit credit method.

This method is based on benefits payable to employees on their expected date of retirement taking into account the age pyramid, rate of employee turnover, mortality rates on the basis of actuarial tables by age bracket. The amounts are revalued according to assumptions concerning inflation and promotions and discounted in respect to the date benefits will actually be paid.

When the assumptions on which calculations are based are revised, actuarial gains and losses are recorded under equity.

All plans are remeasured once year.

r) Financial instruments

The Group trades in financial instruments to manage and reduce interest rate and foreign exchange exposures. These instruments are traded with investment grade financial institutions. Under IAS 39 recourse to hedge accounting requires that its effectiveness must be demonstrated and documented from inception and throughout the life of the hedge.

The effectiveness of the hedge is evaluated in relation to the changes in the value of the hedge and the hedged item that must remain between a range of 80% and 125%.

Financial instruments are recognised in the balance sheet at market value on the closing date. Changes in the value are recognised on the basis of the following principles:

- For cash flow hedges, changes in fair value are recognised under shareholders' equity for the effective portion and the ineffective portion is recognised in the income statement;
- For fair value hedges all changes in fair value are recognised in the income statement.

Market value is determined on the basis of the trading price of third-party establishments and verified by a firm specialised in financial instruments. Changes in fair value of financial instrument derivatives are recognised in the income statement under "Finance costs" for interest rate derivatives and under "Currency gains (losses)" for foreign-exchange derivatives.

s) Revenue recognition

Revenue is recognised when there is a transfer to the buyer of the material risks and rewards incident to ownership. Revenue is recognised net of cash discounts granted.

t) Investment grants

Investment grants are not recorded as a charge to fixed assets acquisition costs but instead under deferred revenue. They are written back to other operating income on the basis of the depreciation of the corresponding fixed assets financed by these grants. Special grants received to support innovation and job creation are recorded under "Other revenue" in the period in which they are fully vested.

u) Share-based payment

Share-based payments concern stock option plans in favour of employees. The Group applies IFRS 2 to stock options granted to employees after 7 November 2002.

The binomial options pricing model is applied for the fair value measurement of options granted.

The fair value of options is recognised under staff costs and spread over the duration of the vesting period, with a reverse entry under shareholders' equity.

v) Income tax, deferred tax and French business tax

The tax charge on income corresponds to tax payable for each consolidated tax entity, adjusted for deferred tax resulting from temporary differences between the tax basis and the book basis of assets and liabilities according to the liability method when reversals can be reliably scheduled. The tax rate and rules are based on tax regulations in force at year-end and those that will apply when the transactions concerned are settled.

Deferred taxes on losses are recorded when the recovery of these taxes is considered probable in the near future.

Deferred tax assets or liabilities are offset at the level of each tax entity and the resulting net amount is recorded under liabilities or assets.

In France Guerbet and Simafex form a tax group within the framework of Article 223 A of the French general tax code and consequently constitute a single tax entity.

The new French businesses tax (*Contribution Economique Territoriale* or CET) entered into force in 2010, replacing the previous business tax (*Taxe Professionnelle*) includes a new levy on added value (*Contribution Basée sur la Valeur Ajoutée* or CVAE). After analysis and in respect to procedures for calculating this contribution, it was decided to present this levy under "Tax and similar payments" as was previously the case for the local business tax for which companies of the Group already benefited from a maximum assessment for value added. In consequence, no deferred tax has been recognised for this new tax.

w) Earnings per share

Basic earnings per share are calculated by dividing net earnings by the average number of shares outstanding during the period.

Diluted net earnings per share are calculated on the basis of all shares available for issuance and the potential savings, net of tax, from the conversion of securities conferring future rights to the capital.

- At the end of the period under review, potential shares available for issuance concern exclusively those resulting from the exercise of stock options.

-

x) Cash flow

Cash flow after net finance costs and income tax represents the sum total of:

- net income,
- income and expense recognised directly in equity,
- calculated expenses (allowances for reserves, provisions, etc.) minus estimated reversals of charges,
- plus proceeds from the disposal of fixed assets and other non-current assets

less:

- the share of investment grants recorded under income.

II) Scope of consolidation

There were no changes in Group structure with respect to consolidation. All companies are fully consolidated with ownership interests of 100% (refer to the list of companies in note 32).

The parent company, Guerbet acquired 60% of Medex shares in June 2004 for €3 million. Of the goodwill from this acquisition of €6,023,000, €5,623,000 was allocated for patents subject to amortisation.

Under the terms of a reciprocal agreement between Guerbet and the minority shareholder, in 2010 Guerbet was to have bought 40% of the remaining capital at a price to be determined in reference to Medex's commercial performance. Due to a dispute with respect to the setting of this price, this disposal has been postponed. The price provided for under the terms of this agreement or €2,400,000 continues to be recognised under "other current liabilities" at 31 December 2010.

In light of this agreement, Medex has been fully consolidated since 2004.

The financial period of all consolidated companies is twelve months ending 31 December.

III) Notes to the financial statements

Note 1 – Financial assets

2010	Available-for-sale securities	Originated loans and receivables	Financial assets measured at fair value through profit or loss	Total balance sheet
Non-current tax receivables ¹	-	4,675	-	4,675
Other non-current financial assets	116	1,849	-	1,965
Trade and other receivables	-	85,867	-	85,867
Other current financial assets o.w.:	-	21,635	46	21,681
- Current derivative financial instruments	-	-	46	46
- Other current financial assets at amortised cost	-	21,635	-	21,635
Cash and cash equivalents	-	-	9,210	9,210
Total	116	114,026	9,256	123,398

2009	Available-for-sale securities	Originated loans and receivables	Financial assets measured at fair value through profit or loss	Total balance sheet
Non-current tax receivables	-	-	-	-
Other non-current financial assets	118	1,917	-	2,035
Trade and other receivables	-	80,627	-	80,627
Current derivative financial instruments	-	-	40	40
Other current financial assets	-	26,525	-	26,525
Cash and cash equivalents	-	-	8,846	8,846
Total	118	109,069	8,886	118,073

Change in financial assets depreciation

	31/12/2009	Allowances	Reversals	Translation adjustments	31/12/2010
Non-current tax receivables	-	-	-	-	-
Other non-current financial assets	18	-	(18)	-	-
Trade and other receivables	1,849	727	(902)	66	1,740
Current derivative financial instruments	-	-	-	-	-
Other current financial assets	723	-	(694)	-	29
Cash and cash equivalents	-	-	-	-	-
Total	2,590	727	(1,614)	66	1,769

	31/12/2008	Allowances	Reversals	Translation adjustments	31/12/2009
Non-current derivative financial instruments	-	-	-	-	-
Other non-current financial assets	18	-	-	-	18
Trade and other receivables	2,737	575	(1,372)	(91)	1,849
Current derivative financial instruments	-	-	-	-	-
Other current financial assets	458	390	(125)	-	723
Cash and cash equivalents	29	-	(29)	-	-
Total	3,242	965	(1,526)	(91)	2,590

¹ Including a discounted tax receivable from a carryback of €2,118,000 plus a discounted research tax credit receivable of €2,557,000. These receivables are due for repayment no later than respectively in 2016 and 2014.

1.1 – Originated loans and receivables at amortised cost

	2010			2009		
	Cost	Depreciation	Net	Cost	Depreciation	Net
Non-current tax receivables	4,675		4,675			
Other non-current financial assets	1,849		1,849	1,935	(18)	1,917
Trade and other receivables	87,607	(1,740)	85,867	82,476	(1,849)	80,627
Other current financial assets	21,664	(29)	21,635	27,248	(723)	26,525
Total	115,795	(1,769)	114,026	111,659	(2,590)	109,069

Other current financial assets at amortised cost	2010	2009
Advances and down-payments to suppliers	507	555
Tax receivables (other than on income)	17,214	19,307
Trade receivables	267	414
Employee- related receivables	447	441
Royalty payment receivables	23	251
Grant receivables	-	2,959
Other current assets	674	779
Prepaid expenses	2,503	1,819
Total	21,635	26,525

Aged trial balance information for trade receivables at 31 December 2010	Cost	Depreciation	Net
Receivables not due	68,475	(228)	68,247
Receivables past due less than 3 months	6,998	(42)	6,956
Receivables past due less than 6 months	5,331	(66)	5,265
Receivables past due less than 1 year	3,090	(138)	2,952
Receivables past due less than 2 years	2,985	(761)	2,224
Receivables past due for more than 3 years	728	(505)	223
Total	87,607	(1,740)	85,867

Aged trial balance information for trade receivables at 31 December 2009	Cost	Depreciation	Net
Receivables not due	60,062	(111)	59,951
Receivables past due less than 3 months	13,327	(6)	13,321
Receivables past due less than 6 months	2,647	(56)	2,591
Receivables past due less than 1 year	2,831	(167)	2,664
Receivables past due less than 2 years	1,448	(250)	1,198
Receivables overdue for more than 3 years	2,160	(1,258)	902
Total	82,475	(1,848)	80,627

The balance of trade receivables is reduced by non-recourse assignments in Italy for €1.9 million in 2010 and €3.5 million in 2009.

1.2 – Financial assets measured at fair value through profit or loss

	2010	2009
Derivative financial instruments o.w.	46	40
Foreign-exchange hedges on financial debt	46	40
Financial assets measured at fair value through profit or loss excluding derivatives o.w.	9,210	8,846
Marketable securities	3,498	3,481
Cash and cash equivalents	5,712	5,365
Total	9,256	8,886

Foreign exchange and interest rate hedges generated a gain of €606,000 in 2010 compared with a loss of €642,000 and 2009.

Other marketable securities consist of money market funds (SICAV) and medium-term notes with a market value of €3,498,000 at 31 December 2010:

		SICAV 3	SICAV 4	SICAV 5	SICAV 6	MTN	Total
2008 balance	Number	7	-	-	-	12	
	Value	1,670	-	-	-	1,925	3,595
2009 purchases	Number	37	122,825	28	-	-	
	Value	4,767	27,925	6,163	-	-	38,855
2009 disposals	Number	17	122,825	28	-	12	
	Value	2,958	27,925	6,163	-	1,925	38,971
2009 balance	Number	27	-	-	-	-	
	Value	3,479	-	-	-	-	3,479
31/12/2009	Value	3,482	-	-	-	-	3,482
2010 purchases	Number	-	-	-	175	-	
	Value	-	-	-	38,654	-	38,654
2010 disposals	Number	-	-	-	175	-	
	Value	-	-	-	38,654	-	38,654
2010 balance	Number	27	-	-	-	-	
	Value	3,479	-	-	-	-	3,479
31/12/2010	Value	3,498	-	-	-	-	3,498

1.3 – Financial assets given as collateral

Under the program for the securitisation of trade receivables implemented in 2004, on 31 December 2010 the Group assigned trade receivables of €19,849,000 that generated financing of €17,686,000.

1.4 – Fair value of financial assets

Financial instruments used for hedging foreign exchange and interest-rate risks are measured at fair value and consequently marked to market. These valuations are carried out on the one hand by financial institutions from which Guerbet has obtained the financial instruments and on other hand by an independent firm. Provisions are measured and adjusted according to changes in value recognised for market instruments from one period to another.

Marketable securities are measured at the market price of 31 December.

Note 2 – Financial liabilities

2.0 - Breakdown of current and non-current financial liabilities

	2010			2009
	Current	Non-current	Total	Total
Borrowings (Note 2.1)	13,349	85,541	98,890	87,741
Trade payables	39,462	-	39,462	30,450
Other payables (Note 2.2) o.w.	37,155	664	37,819	38,189
<i>derivative instruments (cf. 3.d.)</i>	23	664	687	1,288
Total	89,966	86,205	176,171	156,380

2.1 - Breakdown of current and non-current borrowings

	2010	2009
Non-current borrowings o.w.	85,541	66,667
Securitisation	17,686	18,078
Special profit-sharing reserve	1,193	1,208
Capital leases	-	4
Medium-term borrowings	23,846	17,350
Other borrowings	42,816	30,027
Current borrowings o.w.	13,349	21,074
Capital leases	1,963	1,971
Medium-term borrowings (maturities < 1 year)	-	4,443
Other borrowings	5,824	5,036
Short-term bank loans & overdrafts	5,562	9,624
Total financial debt	98,890	87,741

This debt is primarily subject to floating-rate interest:

	2010	2009
Floating-rate debt (before hedging)	96%	96%
Fixed-rate debt	4%	4%

Currency	2010			2009		
	Year-end rate	Amount	%	Year-end rate	Amount	%
Euro		73,089	73.91%		63,109	71.93%
Yen	108.65	19,819	20.04%	133.16	16,250	18.52%
Dollar US	1.3362	806	0.82%	1.4406	2,063	2.35%
Won	1,499.06	2,028	2.05%	1,666.97	2,020	2.30%
Misc.		3,148	3.18%		4,299	4.90%
Total		98,890	100.00%		87,741	100.00%

Borrowings ranked by maturity:

	2010	2009
Less than 6 months	13,109	16,153
More than six months and less than one year	240	4,920
Between one and five years	28,893	41,096
Greater than five years	56,648	26,049
Total	98,890	87,741

Under the category of financial liabilities, capital leases have the following maturities:

	2010	2009
Less than one year	1,963	1,971
Between one and five years	-	4
Greater than five years	-	-
Total	1,963	1,975

Changes in net borrowings in the period:

	2009	Change	2010
Marketable securities ¹	3,481	17	3,498
Cash and cash equivalents	5,365	347	5,712
Total	8,846	364	9,210
Bank lines and balances	(9,574)	3,997	(5,577)
Net cash and cash equivalents	(728)	4,361	3,633
Gross borrowings excluding bank lines and balances	(78,117)	(15,211)	(93,328)
Net financial debt	(78,845)	(10,850)	(89,695)

¹ Details on marketable securities are provided above in note 1.2 herein.

2.2 – Other current financial liabilities

	2010	2009
Employee-related payables	23,115	21,906
Payables to fixed asset suppliers ¹	8,622	9,368
Grants ²	2,631	2,756
Trade debtors-credit balances	327	313
Royalties	211	313
Commissions	984	1,170
Other payables	1,265	1,075
Total	37,155	36,901

Note 3 – Management of financial risks

In compliance with its risk management policy, Guerbet hedges the main accounting risks of the balance sheet. Guerbet centralises the management of foreign currency exposures.

3.1 - Foreign exchange hedging positions open by Guerbet in 2010

In 2010, Guerbet implemented forty-seven forward exchange contracts, primarily in US dollars (USD), Turkish lira (TRY), Japanese yen (JPY) and Hong Kong dollars (HKD) including 5 contracts opened at 31 December 2010 for €11.6 million.

3.2 - Exposure to currency fluctuations at 31 December 2010

In millions of euros	USD	BRL	JPY	TRY	CHF	KRW	HKD	GBP	TWD	MXN	Total*
Budget risk **	-7.31	0.00	0.15	3.39	10.42	-0.18	12.05	2.13	0.00	3.35	38.99
Balance sheet risk ***	1.45	0.01	-5.53	1.45	0.08	0.06	2.32	0.31	-0.17	0.57	11.94
Position before hedging (3=1+2)	-5.86	0.01	-5.38	4.84	10.49	-0.13	14.37	2.44	-0.17	3.92	47.61
Outstanding hedges (4)	-1.57	0.00	5.60	-1.74	0.00	0.00	-2.10	0.00	0.00	-0.53	11.54
Position after hedging (5=3+4)	-7.43	0.01	0.22	3.10	10.49	-0.13	12.27	2.44	-0.17	3.39	39.65

Analysis of the sensitivity of net financial income (expense) to the balance sheet foreign exchange risk for key currencies

The principal sensitivity concerns foreign currencies unhedged at 31 December 2010, i.e. the net balance for balance sheet risks and outstanding hedges for these currencies. The following table presents the impact on net financial income of a 10% change in these currencies against the euro.

In thousands of euros	2010	2009
HKD	22	1
TRY	29	13
GBP	31	14

¹ Of which €2,500,000 at 31 December 2010 and €2,400,000 at 31 December 2009 corresponding to the repurchase price discounted by 40% of Medex shares.

² Of which advances received of €2,352,000 on the signature of the Iseult agreement (cf. note 28).

* Total in absolute values.

** Budget risk concerns future commercial flows for which firm orders have not yet been placed or invoices not yet booked. This risk has no immediate impact on the income statement.

*** Balance sheet risk concerns all assets and liabilities in non-euro zone foreign currencies.

3.3 - Interest-rate risks

At 31 December 2010, borrowings consisted primarily and almost entirely of floating-rate debt.

Since 2009 the interest rate hedging strategy of Guerbet Group by locking in interest rates has increased from 50% to 75% of floating-rate debt, taking into account in consequence the historically low level of rates.

3.4 - Interest rate hedging positions of Guerbet open in 2010

In the fiscal year the Group's net debt increased from €78.9 million to €89.7 million. On the basis of a strict application of the Group's hedging policy, 75% of floating-rate debt would be hedged. In 2010 Guerbet acquired an additional interest rate for €10 million to meet its hedging objective, increasing accordingly the outstanding amount open at 31 December 2010 to €52.2 million. On the same day, the hedging rate for floating-rate debt was 55% compared with the target rate of 75%, reflecting the maturity of a significant hedge at year-end for the purpose of establishing a new position in the beginning of the year.

3.5 - Exposure to interest rate changes at 31 December 2010

In thousands of euros	Current debt [*]	Non-current debt	Total
Financial liabilities at fixed-rates	(2,194)	(1,929)	(4,123)
Financial liabilities at floating-rates	(11,795)	(82,972)	(94,767)
Financial assets at floating-rates	9,209	-	9,209
Net balance before hedging ^{**}			
- fixed-rate	(2,194)	(1,929)	(4,123)
- floating-rate	(2,586)	(82,972)	(85,558)
Off-balance sheet ^{***}	5,500	46,700	52,200
Net balance after hedging			
- fixed-rate	(7,694)	(48,629)	(56,323)
- floating-rate	2,914	(36,272)	(33,358)

On the basis of forecasted Group cash and cash equivalents for 2011, average 2011 floating-rate debt not hedged by financial instruments would total approximately €27.5 million after hedging. A target amount of 75% of floating-rate debt is hedged by interest rate swaps providing coverage of balance sheet liabilities against the risk of rising interest rates.

3.6 - Analysis of the sensitivity of net financial income to interest-rate risks after hedging

Interest rate changes of:	1%
Change in net financial income	430 073 €

3.7 - Liquidity risk

Guerbet Group's objective is to extend the duration of its medium and long-term capital resources. At 31 December 2010 the average maturity of debt was 5.02 years. The percentage of confirmed payable debt with a maturity exceeding one year was 87.9%.

^{*} Total financial assets and liabilities at floating-rates plus short term fixed-rate assets and liabilities.

^{**} Total of differences (assets - liabilities) at fixed rates and (assets - liabilities) at floating-rates.

^{***} Interest rate and corridor swaps (receiving floating-rate and paying fixed rates).

Note 4 – Segment reporting

All Group activity is conducted in a single business segment covering the research and development, manufacturing and sale of contrast agents for medical imaging.

In consequence, the Group presents segment information by geographical area that corresponds to the internal reporting statements used by Management for operating purposes. This was already the case before IFRS 8 took effect on 1 January 2009.

Geographical segments are separated on the basis of an analysis of risks and returns into two subgroups, each corresponding to the internal organisation of the Group and different growth strategies of Guerbet for these markets:

- The main European markets where Guerbet Group has developed long-term relations with its customers and a strong position through its network of pharmaceutical sales representatives;
- Other markets where the Group has a direct presence through sales subsidiaries only in selected countries (Brazil, South Korea, China, USA, etc.) where sales are generated primarily from license or distribution agreements.

4.1 - Geographical segment information

Segment information is provided on the basis of the geographical location of companies with an additional market breakdown for sales.

"European companies" include European countries where the Group operates through its own network of pharmaceutical sales representatives and notably: Germany, Austria, Belgium, Spain, France, United Kingdom, Netherlands, Italy, Portugal, Switzerland, Turkey.

The portion not allocated to operating income corresponds to headquarters administrative expenses, research and development expenditure and factory overheads not allocated to products and representing components able to be allocated to the different sectors only on an arbitrary basis.

Research and development expenses and corporate support functions are based in France.

2010	European companies for their respective markets	Other	Unallocated	Total
Net sales				
European markets	245,535	8,461		253,996
Other markets		98,583		98,583
Total	245,535	107,044		352,579
Current operating income	89,705	17,230	(95,717)	11,219
Other operating income and expenses			(2,942)	(2,942)
Operating profit				8,277
Net interest expense			(2,557)	(2,557)
Other financial income and charges			(591)	(591)
Tax charge / income			751	751
Net income				5,880
- o.w. amortisation and depreciation	(2,712)	(2,061)	(15,331)	(20,104)
- o.w. other expenses without an impact on cash	(864)	(121)	(4,722)	(5,707)
Segment assets	346,239	75,771		422,010
- o.w. fixed assets	180,306	22,072		202,378
Segment liabilities excluding borrowings	102,687	15,529		118,216
Borrowings	88,103	5,176		93,279
Shareholders' equity			210,516	210,516
Segment capital expenditures				
- o.w. intangible assets	1,682	84		1,766
- o.w. property, plant and equipment	36,677	1,985		38,662
2009	European companies for their respective markets	Other	Unallocated	Total
Net sales				
European markets	250,802	8,391		259,193
Other markets		76,286		76,286
Total	250,802	84,677		335,479
Current operating income	92,452	11,186	(75,392)	28,246
Other operating income and expenses			1,478	1,478
Operating profit				29,724
Net interest expense			(3,489)	(3,489)
Other financial income and charges			(265)	(265)
Tax charge / income			(5,475)	(5,475)
Net income				20,495
- o.w. amortisation and depreciation	(5,928)	(1,620)	(11,408)	(18,956)
- o.w. other expenses without an impact on cash	(1,159)	3,343	1,466	3,650
Segment assets	326,610	67,709		394,319
- o.w. fixed assets	160,926	21,366		182,292
Segment liabilities excluding borrowings	99,199	11,650		110,849
Borrowings	60,602	17,515		78,117
Shareholders' equity			205,306	205,306
Segment capital expenditures				
- o.w. intangible assets	1,199	54		1,253
- o.w. property, plant and equipment	28,128	2,253		30,381

4.2 – Sales by product range

In thousands of euros	2010	2009
X-ray	54.1%	54.2%
MRI	37.2%	35.2%
Other	8.7%	10.6%
Total	100.0%	100.0%

Distribution of therapeutic products in Belgium by Falk was discontinued at the end of 2009. In 2009, it contributed sales of €5.1 million to the Group.

Note 5 - Intangible assets

	31/12/2009	Increase	Decrease	Other changes	Translation adjustments	31/12/2010
Trademarks	8,615				249	8,864
Patents	13,101					13,101
Marketing authorisations	6,463				1,458	7,921
Commercial relations	4,609				1,005	5,615
Goodwill	9,447				471	9,917
Software	7,527	1,940	(71)	1,034	89	10,519
Intangible assets in progress	868	(174)				694
Cost	50,630	1,766	(71)	1,034	3,272	56,631
Allowances for depreciation	(15,901)	(2,089)	32	(764)	(682)	(19,404)
Dépréciations		(2,833)			(204)	(3,037)
Net	34,729	(3,156)	(39)	270	2,386	34,190

	31/12/2008	Increase	Decrease	Other changes	Translation adjustments	31/12/2009
Trademarks	8,680				(65)	8,615
Patents	13,099			2		13,101
Marketing authorisations	6,823				(360)	6,463
Commercial relations	4,704			153	(248)	4,609
Goodwill	9,119				328	9,447
Software	6,882	1,350	(32)	(673)		7,527
Other intangible assets	459	(97)		506		868
Cost	49,766	1,253	(32)	(12)	(345)	50,630
Allowances for depreciation	(14,322)	(1,747)	32	15	121	(15,901)
Net	35,444	(494)	-	3	(224)	34,729

Trademarks purchased include mainly the barium line for worldwide distribution for €7,476,000 in 1992 and Magnescope for Japan for ¥153 million (€1,386,000 at the 2010 year-end exchange rate).

Patents for the barium line were purchased by the Group in 1992 for €7,476,000. In June 2004 patents registered by Medex were remeasured at €5,623,000 on the acquisition date of this company.

In 2005, the Group acquired marketing authorisations for Japan for Imagenil, Magnescope and Hexabrix for ¥860 million (or €7,921,000 at the 2010 year-end exchange rate). The carrying value of marketing authorisations for Imagenil and Hexabrix, of €1,528,000 had been fully amortised at 31 December 2010.

In 2005, the Group acquired for ¥600 million from the previous distributor of Imagenil (Oxilan) in Japan various intangible assets destined to maintain the commercial relations existing with the Japanese customer base when the distribution was transferred to Terumo. After conversion at the year-end exchange rate,

these intangible assets were valued at a gross amount of €5,462,000 at 31 December 2010. The net carrying value after amortisation of €1,509,000 had been fully written down at 31 December 2010.

Business goodwill was acquired from former Group distributors when commercial subsidiaries were opened in various countries. This goodwill was amortised over 20 years until the IFRS transition date of 31 December 2003. Because the useful life of this goodwill is currently considered as indefinite, as of 1 January 2004 it is no longer amortised.

Software is amortised over its useful life that is generally approximately three years.

Estimates of recoverable values of cash generating units including goodwill or indefinite life intangible assets representing material amounts:

The cash generating units were as follows:

Cash generating units	Goodwill and intangible assets	Net carrying value
Japan	Trademarks	1,386
	Commercial relations	-
	Marketing authorisations	6,393
Germany	Patents	1,745
	Trademarks	7,476
	Goodwill	990
South Korea	Goodwill	3,989
Italy	Goodwill	3,796

At 31 December 2010, impairment tests were conducted on the basis of discounted cash flows determined according to the medium-term plan or more detailed data. This MTP covers the years from 2010 to 2014. A discount rate of 8.79% was applied to all assets other than those located in subsidiaries benefiting from local financing, namely Japan (4.15%).

Calculation of value in use incorporates the notion of a terminal value.

For each of these CGUs, the present value of future cash flows significantly exceeds the net carrying value.

In respect to sensitivity, a 1 point variance in interest rates would not have resulted in the recognition of an impairment charge.

Note 6 – Property, plant and equipment

6.1 – Analysis of changes by type of asset

	31/12/2009	Increase	Decrease	Other changes	Translation adjustments	31/12/2010
Land	6,241				30	6,271
- o.w. capital leases	2					2
Buildings	95,242	4,578	(3,008)	1	754	97,567
- o.w. capital leases	2,501					2,501
Machinery and equipment	146,474	15,837	(3,379)	63	512	159,507
- o.w. capital leases	7,408					7,408
Other tangible assets	45,815	6,378	(6,581)	(33)	775	46,354
- o.w. capital leases	3,303	1,081	(1,124)		4	3,264
Construction in progress	24,984	9,082		(1,093)	186	33,159
Advances and instalments on fixed assets	432	2,787		(3)		3,216
Cost	319,188	38,662	(12,968)	(1,065)	2,257	346,074
Allowances for depreciation	(173,538)	(18,066)	12,162	791	(1,260)	(179,851)
Impairment	(122)		122			-
Net	145,528	20,656	(684)	(274)	997	166,223

	31/12/2008	Increase	Decrease	Other changes	Translation adjustments	31/12/2009
Land	6,188	4			49	6,241
- o.w. capital leases	2					2
Buildings	82,763	11,701	(669)	189	1,258	95,242
- o.w. capital leases	2,501					2,501
Machinery and equipment	137,158	19,110	(11,090)	529	767	146,474
- o.w. capital leases	7,411		(3)			7,408
Other tangible assets	43,063	4,611	(3,288)	605	824	45,815
- o.w. capital leases	2,895	1,234	(841)		16	3,303
Construction in progress	31,394	(5,284)		(1,323)	197	24,984
Advances and instalments on fixed assets	194	238				432
Cost	300,760	30,380	(15,047)	-	3,095	319,188
Allowances for depreciation	(169,402)	(17,199)	14,610	244	(1,791)	(173,538)
Impairment	(35)	(6)	174	(244)	(11)	(122)
Net	131,323	13,175	(263)	-	1,293	145,528

Significant capital expenditures since 2005 have included notably:

- Projects to enlarge and increase the capacity of the Aulnay and Lanester plants;
- Investments to improve safety and backfit all French plants;
- The transfer of production for active ingredients from Aulnay to Lanester and Marans.

In 2009, the destruction of a portion of the chemical facilities of the Aulnay plant related to the expansion of the packaging facility resulted in a reduction in gross fixed assets of €11.4 million (or €0.1 million for the net value).

6.2 – Analysis of property, plant and equipment by currency, net

Currency	2010		2009	
	Year-end rate	Amount	Year-end rate	Amount
Euro		157,395		138,137
Real	2.2177	7,791	2.5113	6,479
Other currencies		1,037		912
Total		166,223		145,528

6.3 – Revaluations

All office property in Villepinte was remeasured at fair value on 1 January 2004 in accordance with the option provided for under IFRS1 for first-time adoption of IFRS. This remeasurement was based on an estimate provided by independent appraisers. The value of the buildings was estimated at €11.3 million on the basis of the following two approaches:

- Capitalisation of revenue that could be generated from rental;
- Comparison with market values on the basis of recent transactions for properties of the same nature and in the same area.

On the basis of the net carrying value of these buildings at 1 January 2004 of €3.3 million, the revaluation was for €8 million including €6.5 million allocated to buildings and €1.5 million to land.

A second valuation was undertaken by an independent appraiser in 2008. The buildings were valued at €12.6 million, confirming that the recognition of an impairment loss was not necessary despite the real estate market downturn.

Note 7 – Other non-current assets

	2010			2009
	Cost	Current provisions	Net	Net
Deposits and guarantees	1,732	-	1,732	1,789
Carry-back receivables	2,118	-	2,118	-
Research tax credits	2,557	-	2,557	-
Loans to personnel	103	-	103	114
Other non-current financial assets	130	-	130	132
Total	6,640	-	6,640	2,035

Note 8 – Deferred tax assets and liabilities

	31/12/2009	Changes in income	Changes in equity	Translation adjustments & misc.	31/12/2010
Deferred tax assets	6,995				7,132
Deferred tax liabilities	(7,493)				(5,820)
Total	(498)	1,438	(636)	1,008	1,312
Including deferred taxes resulting from:					
Recognition of tax losses	7,478	(1,805)		1,184	6,857
Temporary differences	7,684	1,290	(566)	326	8,734
Restatement of regulated provisions	(6,341)	(2,746)		(1)	(9,088)
Remeasurement of tangible fixed assets	(2,944)	109			(2,835)
Remeasurement of intangible assets	(9,064)	(38)		(738)	(9,840)
Restatement of inventory margins	3,345	637		113	4,095
Restatement of provisions for subsidiary risks	(838)	838			-
Capital leases	(707)	243			(464)
Restatement of Medex injectors	-	45			45
Other	889	2,865	(70)	124	3,808

	31/12/2008	Changes in income	Changes in equity	Translation adjustments & misc.	31/12/2009
Deferred tax assets	5,599				6,995
Deferred tax liabilities	(5,351)				(7,493)
Total	248	(740)	45	(51)	(498)
Including deferred taxes resulting from:					
Recognition of tax losses	5,860	1,836		(218)	7,478
Temporary differences	7,690	(222)	45	171	7,684
Restatement of regulated provisions	(3,986)	(2,355)			(6,341)
Remeasurement of tangible fixed assets	(3,187)	97		146	(2,944)
Remeasurement of intangible assets	(8,581)	(565)		82	(9,064)
Restatement of inventory margins	2,925	392		28	3,345
Restatement of provisions for subsidiary risks	(554)	(284)			(838)
Capital leases	(944)	222		15	(707)
Other	1,025	139		(275)	889

Note 9 – Inventories

	2010	2009
Raw materials and packaging supplies	11,253	14,777
Trade goods	15,418	11,779
Intermediate and finished goods, work in progress	69,273	64,260
Spare parts	1,858	2,050
Cost	97,802	92,866
Current provisions	(6,735)	(3,872)
Net	91,067	88,994

Changes in the gross value of inventories in the period (+5.3%) is in line with revenue growth (+5.1%). Efforts to shorten production cycles have contributed to a €3 million decrease in inventories for intermediate goods.

Note 10 – Trade receivables and related accounts

	2010	2009
Cost	87,607	82,476
Current provisions	(1,740)	(1,849)
Net	85,867	80,627

Receivables transferred within the framework of securitisation agreements are maintained in the balance sheet as assets when the risks and rewards are not transferred in full. For further information of maturities and the assignment of receivables refer to note 1.1.

Note 11 – Shareholders' equity

At 31 December 2010, the share capital of the parent company was 3,050,046 shares with a par value of €4 per share. The Group has 5,107 treasury shares.

11.1 – Changes in the share capital of the parent company

Number of shares at 31 December 2008	3,019,965
Increase in capital from the exercise of stock options	21,796
Number of shares at 31 December 2009	3,041,761
Increase in capital from the exercise of stock options	8,285
Number of shares at 31 December 2010	3,050,046

11.2 – Analysis of shareholders' equity

	2010	2009
Guerbet common stock	12,200	12,167
Additional paid-in capital and shares from Guerbet convertible bonds	5,558	5,267
Guerbet legal reserves	1,217	1,208
Consolidated reserves	114,191	105,138
Guerbet retained earnings	65,692	59,973
Consolidated net income	5,880	20,495
Translation adjustments	5,778	1,058
Total	210,516	205,306

Note 12 – Provisions

12.1 – Analysis of changes in the period

	2009	Increases	Provisions used in the period	Reversals (unused provisions)	Translation adjustments & reclassifications	Change in actuarial assumptions	2010
Non-current	14,108	1,085	(466)	-	19	(1,589)	13,157
Deferred employee benefits (note 12.2)	14,108	1,085	(466)	-	19	(1,589)	13,157
Current							
Costs for mandatory paediatric studies	321	-	-	-	25	-	346
Tax dispute contingencies ¹	1,113	531	(77)	-	150	-	1,717
Sales-related lawsuit contingencies	983	243	(732)	-	-	-	493
Late payment interest	-	-	-	-	-	-	-
Anticipated losses on purchase commitments ²	884	3,374	-	-	-	-	4,258
Other contingencies	886	192	(150)	(114)	41	-	855
Total Provisions courantes	4,187	4,340	(959)	(114)	216	-	7,669
Total Provisions	18,295	5,425	(1,425)	(114)	235	(1,589)	20,826

	2008	Increases	Provisions used in the period	Reversals (unused provisions)	Translation adjustments & reclassifications	Change in actuarial assumptions	2009
Non-current	13,268	1,180	(281)	(22)	15	(52)	14,108
Deferred employee benefits (note 12.2)	13,268	1,180	(281)	(22)	15	(52)	14,108
Current							
Costs for mandatory paediatric studies	332	-	-	-	(11)	-	321
Tax contingencies	2,457	349	(2,184)	(29)	520	-	1,113
Sales-related lawsuit contingencies	525	458	-	-	-	-	983
Late payment interest	69	-	-	(69)	-	-	-
Anticipated losses on purchase commitments	1,065	-	(181)	-	-	-	884
Other contingencies	895	246	(238)	(50)	33	-	886
Total current provisions	5,343	1,053	(2,603)	(148)	542	-	4,187
Total provisions	18,611	2,233	(2,884)	(170)	557	(52)	18,295

12.2 – Accrued employee benefits

a) Description:

Employees of the Group are eligible for:

- deferred benefits in the form retirement severance payments (France, Italy, Austria, South Korea);
- post-employment benefits in the form of supplementary defined benefit retirement schemes (Germany) early retirement benefits for persons of 58 to 60 years of age (Belgium).

¹ Tax contingencies concerning sundry tax and customs-related disputes in Brazil with provisions of BRL 2.9 million (€1.3 million) were recorded at 31 December 2010 and a tax audit in Italy with a 0.4 million provision.

² Anticipated losses on purchase commitments resulting from a contractual obligation by Guerbet to purchase active ingredients at specified prices from a supplier.

Provisions are recorded for these benefits.

Commitments relating to supplementary retirement benefits paid to German employees are covered by financial assets corresponding to funds invested with third parties (fund assets). These assets are revalued every year at sufficient frequencies to ensure that amounts recognised not materially differ from assets and liabilities at term.

At 31 December 2010, the assets were valued at €2,683,000 with an estimated total rate of return of 4.50%.

Payments on behalf of defined contribution pension plans are incurred in the period.

b) Measurement and recognition:

Group obligations are calculated on the basis of assumptions applicable in the countries concerned. The calculation of accrued retirement indemnities since 2006 in France represents 87% of the total provision.

Actuarial gains or losses are recorded directly under equity in accordance with IAS 19.

c) Actuarial assumptions applied for France and Germany representing in 2006, 91% of the provisions and 100% of plan assets:

	France		Germany	
	2010	2009	2010	2009
Discount rate	C	C	5.15%	5.15%
Projected rate of return for plan assets	N/A	N/A	4.50%	4.50%
Rate of salary increase ¹	2.50%	2.50%	3.00%	3.00%
Inflation	0%	0%	0%	0%
Average rate of annuity increases	N/A	N/A	2.00%	2.00%
Average growth rate of medical expenses	N/A	N/A	N/A	N/A
Mortality table assumptions	T	T	T	T
Employee turnover rate	S	S	S	S
Retirement age	E	E	65	65
Rate of social charges	47.00%	47.00%	V	V

C = Bloomberg yield curve (discount rate for investment-grade companies) starting in 2010. Previously: 0-coupon yield curve of the Institute of Actuaries to take into account different maturities. The impact of a 10% change in these rates would be €339,000.

E = Estimated age of retirement on the basis of an average age at the start of employment and annuities required by regulation;

S = Table rates on the basis of statistics and guidelines of analysis such as the classification, gender and age of the employee, according to their pertinence;

T= The most recent mortality table published by the INSEE for metropolitan France and the table of Dr. Klaus Heubeck (RT 2005 G) for Germany;

V = Variable according to the remuneration.

Detailed information is not provided on the following (N/A):

- Average expected rates of return for plan assets for French companies as the French schemes do not include assets;
- Average rates of increases for annual payments as the French schemes represent lump-sum retirement indemnities and not annual payments;
- The average rate of increase for medical expenses as no companies provide coverage for medical expenses under their plans.

Application of the statistical turnover rate differentiated according to the classification and age instead of a single turnover rate constitutes the primary source of actuarial gains and losses in France in 2006.

Total actuarial gains and losses for the Group charged to equity at 31 December 2006 on the changeover to IFRS was €4,449,000 before deferred taxes or €2,901,000 net of tax.

¹ According to job category classifications for France.

Balance sheet commitments	2010	2009	2008	2007	2006
Discounted value of funded commitments	4,536	3,985	3,256	3,742	4,119
Discounted value of unfunded commitments	12,561	13,838	13,268	11,449	12,121
Subtotal: discounted value of commitments	17,097	17,823	16,524	15,191	16,240
Fair value of plan assets	(3,940)	(3,715)	(3,596)	(3,437)	(3,478)
Balance	13,157	14,108	12,928	11,754	12,762
Items not yet recognised					
Unrecognised past service costs	-	-	-	-	-
Unrecognised net actuarial gains (losses)	-	-	-	-	-
Total unrecognised items	-	-	-	-	-
Total liabilities	13,157	14,108	12,928	11,754	12,762
Amounts recognised in the balance sheet					
Accrued employee benefits	13,157	14,108	13,268	11,754	12,762
Other non-current assets	-	-	(340)	-	-
Net balance of the balance sheet (net liabilities)	13,157	14,108	12,928	11,754	12,762

Income statement expenses	2010	2009
Service costs of the year	1,152	1,122
Finance costs	639	644
Projected return of plan assets	(56)	(80)
Employer contributions to financing assets	(258)	(69)
Benefits paid	(850)	(908)
Past service cost recognised		
Actuarial losses or gains recognised		
Effect of liquidations/reductions of future service		
Change in the maximum amount of assets		(55)
Totalled net expenses of plans	627	654

Change in net liabilities of the period	2010	2009
Opening net liabilities	14,108	12,928
Service costs of the year	1,152	1,122
Finance costs	639	644
Projected return of plan assets	(56)	(80)
Employer contributions to financing assets	(258)	(69)
Benefits paid	(850)	(684)
Actuarial gains and losses	(1,597)	288
Foreign currency translation adjustments	19	14
Past service costs	-	-
Changes in consolidation scope	-	-
Reduction of future service	-	-
Liquidation of future service	-	-
Other	-	(55)
Closing net liabilities	13,157	14,108

Change in hedged assets	2010	2009
Market value of funds invested at 1 January	3,715	3,596
Projected return of funds	57	80
Actuarial gains and losses	(90)	(62)
Translation adjustments	-	-
Employer contributions	258	124
Employee contributions	-	-
Benefits paid	-	(23)
Change in Group structure (consolidation)	-	-
Plan reductions	-	-
Plan liquidations	-	-
Market value of funds invested at 31 December	3,940	3,715

Note 13 – Other revenue

	2010	2009
Sold production - services	627	551
Capitalised production costs	489	290
Operating grants	5,012	3,076
Total	6,128	3,917

Note 14 – Staff costs

14.1 – 1 Analysis of staff costs

	2010	2009
Salaries and wages	(66,723)	(61,494)
Social security charges	(26,266)	(24,182)
Employee profit-sharing	(303)	(486)
Amortisation of share-based payment	5,012	3,076
Total	(93,379)	(86,413)

14.2 – Group share-based payment highlights

The binomial options pricing model is applied for the fair value measurement of options granted. Under this method, it is possible to measure the value of options able to be exercised at any time during the option life. The value of the option thus defined is decreased by the conveyance costs resulting from restrictions to sell shares from the exercise of options prior to the fourth anniversary date of the plan.

This implicit cost is determined on a price risk-neutral basis whereby the employee is able to exercise the option at any time. This strategy consists in purchasing the share on the cash market by borrowing the funds required and in exchange to sell forward the security. The cost of this approach is a financial expense that represents a borrowing cost reduced by dividends.

14.2.1 - Stock option and stock purchase option highlights (stock options and stock purchase options granted since 7 November 2002)

Grant date	Number	Share price on date of grant	Volatility	Risk-free rate	Exercise price	Holding period
25 February 2003	2,700 ¹	€32.25	30%	3.80%	€32.24	2 years
23 September 2003	17,200 ¹	€39.16	30%	3.70%	€37.16	2 years
26 July 2005	110,207 ²	€81.90	30%	2.75%	€82.91	2 or 3 years
25 September 2007	7,000 ¹	€156.00	40%	4.46%	€150.22	2 years
26 March 2009	4,000 ¹	€112.20	35%	3.80%	€112.26	2 years

14.2.2 – Breakdown of share-based payments per year

Grant date	26 July 2005	25 September 2007	26/03/2009	Total
2005	469	-	-	469
2006	1,038	-	-	1,038
2007	628	-	-	628
2008	20	319	-	339
2009	-	184	67	251
2010	-	-	87	87
2011	-	-	20	20
Total	2,155	503	174	2,832

14.2.3 – Impact on the balance sheet

These benefits are recognised every year according to the number of options that remain to be exercised in exchange for equity.

14.3 – 3 Average number of personnel during the year

The average number of personnel for Guerbet Group in 2010 was 1,314 employees. The following tables provide a breakdown of this workforce by employee category and activity for the last three financial periods.

Year	Management	Technicians/Supervisors, Sales representatives	Plant and office staff	Total
2010	327	683	304	1,314
2009	306	705	276	1,287
2008	297	698	267	1,262

Year	Supply Chain	Commercial	Research & development	Support functions	Total
2010	542	300	201	271	1,314
2009	519	296	208	265	1,287
2008	528	298	196	241	1,262

¹ Stock options to subscribe for shares.

² Including 5,107 three-year stock purchase options and 105,100 two-year stock options.

14.4 - 4 Personnel by region at year-end

	2010	2009
Europe	1,107	1,113
Americas	162	156
Asia	45	42
Total	1,314	1,311

Note 15 – External charges

	2010	2009
Studies and services	(19,040)	(14,066)
Non-stock supplies	(11,099)	(9,792)
Lease payments and rental charges	(5,615)	(5,355)
Maintenance and repairs	(7,032)	(6,348)
Insurance	(1,725)	(1,719)
Studies and research	(9,660)	(4,836)
External personnel	(4,568)	(3,576)
Commissions and fees	(13,896)	(15,691)
Advertising and external relations	(8,802)	(8,567)
Transport expenses	(6,152)	(4,864)
Travel and entertainment costs	(6,885)	(5,884)
Postal and telecommunications expenses	(1,325)	(1,170)
Divers	(20,354)	(17,317)
Total	(116,153)	(99,185)

Note 16 – Tax and similar expenses (other than on income)

	2010	2009
Taxes on compensation	(2,374)	(2,413)
Local business tax (France)	(3,069)	(4,202)
Inami tax (Belgium)	(1,973)	(1,834)
Additional tax assessment expenses in Brazil	-	(2,148)
Other taxes	(4,316)	(4,946)
Total	(11,732)	(15,543)

Note 17 – Allowances for depreciation and reserves

	2010	2009
On intangible assets	(2,045)	(1,750)
On property, plant and equipment	(18,059)	(17,206)
Total	(20,104)	(18,956)

Note 18 – Other current operating income and expenses

	2010	2009
Royalty payments	(502)	(1,037)
Other miscellaneous income and expenses	(1,155)	(1,436)
Total	(1,657)	(2,473)

Note 19 – Other operating income and expenses

	2010	2009
Allowances for the impairment of fixed assets ¹	(2,833)	-
Investment grants	74	170
Other miscellaneous income and expenses ²	(183)	1,308
Total	(2,942)	1,478

Note 20 – Finance costs

	2010	2009
Capital leases	(169)	(166)
Securitisation	(276)	(401)
Interest from borrowings and current bank lines	(1,535)	(2,097)
Interest-rate swaps	(668)	(889)
Total	(2,648)	(3,553)

Note 21 – Corporate income tax

21.1 – Breakdown between current and deferred income tax

	2010	2009
Current tax	(687)	(4,735)
Deferred tax	1,438	(740)
Total	751	(5,475)

21.2 – Analysis of the tax charge

	2010	2009
Theoretical tax charge for the consolidated company at applicable tax rate ³	(1,709)	(8,935)
Impact of different tax rates	230	713
Impact of permanent non-deductible or tax-exempt expenses	(1,979)	(1,442)
Including tax credits	4,027	3,949
Impact of deferred taxes on unrecognised losses and misc.	182	240
Total	751	(5,475)

Note 22 – Research and development expenditures

The following amounts were recognised under expenses:

	2010	2009
Direct expenses	33,177	27,512
Indirect expenses	5,258	5,198
Total	38,435	32,710

Direct expenses include supplies used in operations, external charges, personnel expenses and allowances for depreciation.

¹ Impairment of intangible assets in Japan (see note 5)

² The Group's Belgian subsidiary received in 2009 compensation of €1,250,000 for breach of its distribution contract for Falk therapeutic products in that market.

³ The tax rates applied were 34.43% for 2010 and 33.33% for 2009.

Note 23 – Investment grants

The following investment grants were recorded under income:

Account heading	Nature	2010	2009
Other revenue	Innovation grant	4,865	2 866
Other revenue	Job creation subsidies	140	98
Other revenue	Misc. grants	7	112
Other operating income	Investment grants	74	170
Total		5 086	3,246

In December 2008, the request for aid submitted to OSEO innovation agency for the Franco-German research project, Iseult, was approved by the European commission. The aid agreement provides for financing for one half of the expenses incurred including 39% in the form of repayable advances and 61% in the form of grants.

An initial payment of €3.4 million was received in December 2008, upon the signature of the agreement. This amount is divided into a repayable advance of €1.1 million recognised under non-current borrowings and a grant of €2.3 million recorded under other liabilities. It has no impact on the income statement.

In January 2010, OSEO approved the research expenditures incurred by Guerbet until 30 June 2008 and paid in consequence a grant equal to half these expenses. This amount of €2.9 million had been recognised under grants receivable at 31 December 2009.

In December 2010, Guerbet received €5.2 million including:

- Repayable advances of €0.5 million and a grant of €3 million for research expenditures incurred by Guerbet up to 30 June 2009;
- Grants of €1.4 million for cost overruns in relation to the budget prior to 30 June 2009.

The amount of contingent income that remains to be received for research expenses incurred in the 2010 second half but not yet approved by OSEO on the balance sheet date totalled €1,062,000. This contingent income was not recognised in 2010.

Note 24 - Stock options and stock purchase options

Guerbet personnel qualify for stock options that confer a right to subscribe for or purchase shares. Under these plans at 31 December 2010, personnel were able to subscribe for or purchase 77,294 shares at a weighted average price of €83.67. The portion reserved for officers represented 2,000 shares at a weighted average price of €82.91.

At 31 December 2010, 72,187 stock options and 5,107 stock purchase options were outstanding. If all the stock options were exercised, 72,187 new shares would be issued resulting in a total number of 3,122,233 shares. The resulting new shares would represent an increase in share capital of €6,043,724.

Fully diluted net earnings per share calculated to take into account the dilutive effect of stock options grants offered to personnel was €1.90 for fiscal 2010.

A stock purchase option plan implemented by the Executive Board on 26 July 2005 and expiring on 25 July 2012 remains in force. This plan concerns the grant of one stock purchase option for 5,107 Guerbet shares at a purchase price of €82.91.

Stock option plan highlights

	Plan 4	Plan 5	Plan 6	Plan 7	Plan 8
Vesting date for tax purposes	25/02/2005	23/09/2005	26/07/2007	25/09/2009	26/03/2011
Number of options granted	3,900	19,200	106,950	7,000	6,000
<i>o.w. Bernard Massiot</i>	-	-	-	-	-
<i>o.w. Marie-Christine Garnier</i>	-	-	2,000	-	-
Subscription or purchase price	€32.24	€37.16	€82.91	€150.22	€112.26
Plan expiration date	24/02/2010	22/09/2010	25/07/2012	24/09/2017	25/03/2019
Number of options exercised	2,700	19,200	16,023	-	-
Number of options cancelled	1,200	-	15,633	7,000	4,000
Number of options outstanding	-	-	75,294	-	2,000

At 31 December 2010, 77,294 options were exercisable including 5,107 stock purchase options. In consequence, if all stock options were exercised, the share capital of the company would consist of 3,127,340 shares with a nominal value of €12,509,360. On that basis, potential dilution of the share capital is 2.47%.

Note 25 – Related parties

25.1 – Relations with non-consolidated companies

All significant Group subsidiaries are wholly-owned and fully consolidated. Inter-company transactions are eliminated.

25.2 – Compensation and benefits granted by the Group to executive management

Executive management include persons with authority and responsibility for planning, management and oversight of activities, directly or indirectly, including directors (both executive and non-executive directors). Those present at 31 December 2010 received the following compensation and benefits in-kind (in euros):

Short-term benefits	1,465,357
Fixed portion of total gross compensation (excluding benefits in-kind) ¹	1,320,016
Variable compensation ²	132,638
Benefits in-kind	12,703
Post-unemployment benefits	449,923
o.w. supplementary funded pension schemes	47,786
o.w. provisions for retirement severance payments	402,137
Other long-term benefits	None
Severance benefits	None
Share-based payments³	43,500

¹ The fixed portion includes compensation of executive management as well as indemnities for corporate officers serving as Qualified Persons amounting to €16,253, attendance fees paid to Directors of €132,737 and compensation paid to the Chairman of the Board of Directors of €47,478.

² The variable portion for each board member depends on the number of individual objectives that were achieved in the prior year. It is adjusted to take into account the performance of the Company or Group in this same year and calculated on the basis of the salary of December 2009. This variable compensation includes attendance fees paid to Directors of €13,500.

³ This concerns expenses recognised in the period for stock option grants (cf. note 14.2).

Note 26 – Off-balance sheet commitments

Commitments given:

	2010	2009
Guarantees and security and other commitments granted to third parties on behalf of associates	9,903	21,800
Guarantees and security granted to third parties	5,635	8,826
Receivables assigned within the framework of securitisation programs	19,849	19,962
Guaranteed debt	-	-
Total	35,387	50,588

Commitments vis-à-vis suppliers

In 2010, Guerbet undertook to acquire from a supplier 50 tonnes of active ingredients for a value of US\$8.45 million (or €6.3 million at the year-end exchange rate). This undertaking follows similar undertakings entered into in 2002 to purchase 200 tons and in 2008 for 30 tons. At 31 December 2010, a commitment remained for the purchase of 50 tons.

Other

The fair value of cash instruments is -€0.7 million for interest rate hedges and €0.05 million for foreign exchange hedges.

There were eight interest rate swaps for €52.2 million at 31 December 2010. In 2010 a swap was negotiated for €10 million. Total positions remaining open are presented below in detail:

Inception date	Expiration date	Contract type	Position Guerbet	Benchmark	Contract rate	Fair value (in €)	Notional amount (in €)
03/02/2006	07/02/2011	Collar	Cap	3 Month Euribor	4.00%	-442.00	500,000.00
			Floor		2.70%	-2,083.00	500,000.00
30/11/2006	04/12/2013	Swap	Purchase	3 Month Euribor	3.77%	-252,384.00	6,428,571.43
03/02/2006	07/02/2011	Collar	Cap	3 Month Euribor	4.47%	0.00	5,000,000.00
			Floor		2.70%	-20,848.61	5,000,000.00
20/06/2008	20/06/2013	Swap	Purchase	3 Month Euribor	5.12%	-131,106.92	4,000,000.00
15/06/2009	15/06/2014	Swap	Purchase	3 Month Euribor	2.49%	-192,663.00	10,500,000.00
09/12/2009	12/12/2016	Call	Purchase	3 Month Euribor	2.53%	-65,018.00	8,571,428.57
17/12/2009	17/12/2014	Call	Purchase	3 Month Euribor	2.30%	-47,967.00	8,000,000.00
28/09/2010	30/09/2013	Swap	Purchase	3 Month Euribor	1.20%	25,434.75	9,166,666.67

With respect to the management of foreign exchange risk, 47 forward exchange hedging contracts were negotiated in 2010 including five that remained open at 31 December 2010 for €11.6 million. Details of positions that remain open representing a total balance of €11.6 million are presented below in detail:

Inception date	Expiration date	Type	Spot trade	Hedging rate	Amount (in €)	Amount (in currency)	Fair value
29/11/2010	05/12/2011	TRY forward sale	1.97	2.09	-1,724,716.14	-3,600,000.00	52,888.00
30/12/2010	31/01/2011	HKD forward sale	10.30	10.30	-2,120,120.41	-21,833,000.00	16,844.00
30/12/2010	31/01/2011	JPY forward purchase	107.83	107.78	5,648,608.28	608,807,000.00	-42,055.00
30/12/2010	31/01/2011	MXN forward sale	16.40	16.43	-533,881.03	-8,773,000.00	5,597.00
30/12/2010	31/01/2011	USD forward sale	1.33	1.33	-1,580,258.09	-2,094,000.00	12,420.00

Bank covenants

	Minimum obligations for all contracts	Actual Guerbet ratios at 31/12/2010
Net debt/ Equity	<0.7	0.43
Net debt/(Gross operating profit + Net financial income/expense)	<4.0	2.65
Net debt/EBITDA ¹	<3.0	2.42

Note 27 – Basic earnings per share and diluted earnings per share

	2010	2009
Consolidated net income	5,880,000	20,495,000
Weighted average number of shares outstanding in the period	3,045,774	3,027,108
Net earnings per share	1.93	6.77

	2010	2009
Consolidated net income attributable to the Group	5,880,000	20,495,000
Annual savings of interest net of tax at the market rate and resulting from the exercise of stock options	66,484	98,224
Consolidated net income after dilution	5,946,484	20,593,224
Total number of potential shares	3,122,233	3,139,398
Net diluted earnings per share	1.90	6.56

Note 28 – Post-closing events

None

Note 29 – 2010 Appropriation of income

The Board of Directors ruled on the consolidated financial statements of 31 December 2010 on 1 March 2011. These financial statements will become definitive only after their approval by the annual shareholders' meeting. The Board of Directors will propose the distribution of a net dividend of €1.80 per share, compared with a net dividend of €2.25 per share in 2009. The total amount of dividends to be distributed will consequently be €5,490,000.

¹ EBITDA represents earnings before interest, tax, depreciation and amortisation.

Note 30 – Auditors' fees

In thousands of euros	Deloitte & Associés				Horwath Audit France			
	Amount		%		Amount		%	
	2010	2009	2010	2009	2010	2009	2010	2009
Audit								
Work as statutory auditors, certification, auditing of corporate and consolidated financial statements:								
- Issuer	83.5	83.5	36%	38%	83.5	83.5	39%	40%
- Fully consolidated subsidiaries	145.5	137.5	64%	62%	114.0	104.5	54%	50%
Other procedures and services directly related to the mission of the statutory auditors:								
- Issuer					14.9	20.4	7%	10%
- Fully consolidated subsidiaries								
Subtotal	229.0	221.0	100%	100%	212.4	208.4	100%	100%
Other procedures and services directly related to the mission of the statutory auditors:								
Total	229.0	221.0	100%	100%	212.4	208.4	100%	100%

Note 31 – Consolidated companies

Registration number (Siren)	Company	Country of registration or incorporation	Ownership interest / Controlling interest
308 491 521	Guerbet SA	France	100%
308 412 434	Simafex	France	100%
332 789 346	SCI Kalb et Compagnie	France	100%
	SA Guerbet nv	Belgium	100%
	Laboratorios Farmaceuticos Guerbet SA	Spain	100%
	Martins & Fernandes	Portugal	100%
	Guerbet AG	Switzerland	100%
	Guerbet Nederland BV	Netherlands	100%
	Guerbet GmbH	Germany	100%
	Guerbet AS	Turkey	100%
	Guerbet Laboratories Ltd	United Kingdom	100%
	Guerbet Ges.m.b.H	Austria	100%
	Guerbet SpA	Italy	100%
	Guerbet Produtos Radiologicos	Brazil	100%
	Guerbet Mexicana	Mexico	100%
	Guerbet Japan	Japan	100%
	Guerbet Korea	South Korea	100%
	Guerbet Taiwan Co.Ltd	Taiwan	100%
	Guerbet Asia Pacific Ltd	Hong Kong	100%
	Guerbet LLC	USA	100%
	Medex	France	100% ¹

¹ Of which 40% to be acquired under the terms of a reciprocal agreement between Guerbet and a minority shareholder.

2) Auditors' report on the consolidated financial statements

This is a free translation into English of the statutory auditors' report issued in the French language and is provided solely for the convenience of English speaking readers. The statutory auditors' report includes information specifically required by French law in all audit reports, whether qualified or not, and this is presented below the opinion on the financial statements. This information includes an explanatory paragraph discussing the auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the financial statements taken as a whole and not to provide separate assurance on individual account captions or on information taken outside of the financial statements. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the shareholders

In accordance with our appointment as auditors at your annual general meeting, we hereby report to you for the year ended 31 December 2010 on:

- the audit of the accompanying consolidated financial statements of Guerbet;
- the justification of our assessments;
- specific procedures required by law.

These consolidated financial statements were prepared by the Board of Directors. Our responsibility is to express an opinion on these financial statements based on our audit.

I. Opinion on the consolidated financial statements

We conducted our audit in accordance with professional standards applicable in France. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, using sample testing techniques or other selection methods, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made, as well as evaluating the overall financial statement presentation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

In our opinion, the consolidated accounts referred to above in respect to IFRS as adopted by the European Union give a true and fair view of the Group's financial position, assets and liabilities and the results of operations of companies included in the scope of consolidation for the year ended.

II. Justification of our assessments

Pursuant to the provisions of article L. 823-9 of the French Commercial Code defining our obligation to explain our assessments, we draw your attention to the following:

- The company conducts impairment tests at the end of each period for indefinite life tangible assets and also determines if there exists an indication of impairment for long-lived assets, according to the procedures described in note I. i) of the financial statements. We have reviewed the procedures implemented for these impairment tests and the forecasted cash flows and assumptions applied and have verified that Note 5 provides the appropriate disclosures.
- The company records deferred taxes on losses according to the procedures presented in note I. v) of the financial statements. Our work has consisted in evaluating the data and assumptions on which these estimations have been based, reviewing the calculations made by the company and the procedures for approval of these estimations by management. On this basis, we have assessed the reasonable nature of these estimations and have verified that Note 8 provides the appropriate disclosures.

Our assessments on these matters are part of our audit approach regarding the consolidated financial statements taken as a whole and contribute to the formation of our unqualified opinion expressed in the first part of this report.

III. Specific procedures

We have also performed specific procedures required by law in accordance with French professional standards in respect to the information provided in the management report. We have nothing to report with respect to the fair presentation of such information and its consistency with the consolidated financial statements.

Paris and Neuilly-sur-Seine, 8 April 2011

The Statutory Auditors
[French original signed by]

Horwath Audit France

Deloitte & Associés

Marc de Prémare

Jean-Marie Le Guiner

3) Parent company financial statements and notes

a) Annual financial statements of Guerbet SA

▪ Balance sheet

ASSETS (In thousands of euros)	Note	2010			2009
		Cost	Amortissements / Provisions	Net	Net
Patents, trademarks and similar rights		194	-	194	201
Other intangible assets		8,651	5,142	3,509	2,583
Intangible assets	1	8,845	5,142	3,703	2,784
Land		1,491	-	1,491	1,491
Buildings		63,383	34,378	29,005	28,629
Equipment		118,450	67,268	51,182	42,904
Other tangible assets		24,857	17,536	7,322	5,890
Construction in progress		23,291	-	23,291	18,048
Advances and instalments on fixed assets		3,216	-	3,216	432
Property, plant and equipment	2	234,688	119,182	115,506	97,395
Investments	3	52,917	11,214	41,703	40,000
Advances to associates	6	1,747	-	1,747	1,684
Loans	4/6	103	-	103	111
Other financial assets	6	9,208	-	9,208	9,596
Financial assets		63,975	11,214	52,761	51,392
TOTAL NON-CURRENT ASSETS		307,508	135,538	171,970	151,570
Inventories	5	68,208	2,413	65,795	58,852
Advances and instalments on fixed assets		473	-	473	435
Trade receivables and related accounts	6	12,161	23	12,138	12,830
Other trade receivables	6	57,610	-	57,610	49,852
Total trade receivables		70,244	23	70,220	63,117
Marketable securities and cash and cash equivalents	7	5,078	-	5,078	3,847
TOTAL CURRENT ASSETS		143,530	2,436	141,093	125,815
Deferred expenses	6	875	-	875	403
Expenses carried forward to future financial years		-	-	-	-
Translation adjustments		1,876	-	1,876	2,197
TOTAL ASSETS		453,789	137,974	315,815	279,986

SHAREHOLDERS' EQUITY AND LIABILITIES (In thousands of euros)	Note	2010	2009
Share capital		12,200	12,167
Additional paid-in capital		5,558	5,266
Legal reserve		1,217	1,208
Regulatory reserves		-	-
Other reserves		52,015	52,015
Retained earnings		65,692	59,973
Profit of the period		85	12,560
Equity capital		136,767	143,189
Regulated provisions	9	23,925	16,509
TOTAL SHAREHOLDERS' EQUITY	8	160,692	159,698
Commitments and contingencies	10	13,259	16,129
Subordinated grants		1,928	1,100
Other equity		1,928	1,100
Convertible bond loans		-	-
Borrowings and debt with credit institutions excluding current bank lines		65,292	37,796
Current bank lines and credit balances		5,756	9,664
Other loans and borrowings		1,208	1,197
Total borrowings		72,256	48,658
Trade payables and equivalent		28,769	21,405
Tax and employee-related liabilities		17,543	17,113
Payables to fixed asset suppliers and equivalent		5,398	5,695
Other payables		9,680	6,080
Total payables & misc. liabilities		61,390	50,293
TOTAL LIABILITIES	11	133,646	98,951
Deferred revenue	11	4,211	3,376
Translation adjustments		2,079	731
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		315,815	279,986

▪ **Income statement**

In thousands of euros	Note	2010	2009
Sold production - France		102,125	98,839
Sold production - International		160,500	145,463
Sales	13	262,625	244,302
Other services and products		1,640	785
License fees and royalties		45	774
Capitalised production costs		-	-
Reinstatements of reserves, charge transfers		5,581	1,686
Other services and product		-	-
Operating grants	14	5,012	3,071
OPERATING INCOME		274,903	250,618
Purchase of goods, raw materials and other supplies		(99,074)	(78,893)
+ Opening inventory		(61,470)	(64,353)
- Closing inventory		68,208	61,470
Stock variation of the period		(92,336)	(81,776)
Non-stock purchases, other services and external charges		(95,065)	(75,461)
Taxes and similar payments		(7,955)	(9,362)
Staff costs	15	(60,002)	(56,124)
Allowances for depreciation		(11,989)	(10,879)
Current provisions		(1,808)	(2,514)
OPERATING EXPENSES		(269,155)	(236,116)
OPERATING PROFIT		5,748	14,502
Reinstatements of reserves, charge transfers		6,031	4,608
Interest and similar income		5,817	5,296
Currency gains		3,488	2,928
FINANCIAL INCOME		15,336	12,833
Extraordinary appropriations for amortisations and reserves		(2,563)	(3,952)
Interest and similar expenses		(2,420)	(2,296)
Currency losses		(5,260)	(3,207)
FINANCIAL EXPENSES		(10,243)	(9,455)
NET FINANCIAL EXPENSE	16	5,093	3,378
PRE-TAX INCOME BEFORE EXTRAORDINARY ITEMS		10,842	17,879

In thousands of euros	Note	2010	2009
PRE-TAX INCOME BEFORE EXTRAORDINARY ITEMS		10,842	17,879
Extraordinary income from management operations		17	37
Extraordinary income from capital transactions		220	106
Reinstatements of amortisations and reserves		1,109	1,034
EXTRAORDINARY INCOME		1,346	1,178
Extraordinary expenses on management operations		(8,947)	(46)
Extraordinary expenses on capital transactions		(378)	(207)
Extraordinary appropriations for amortisations and reserves		(8,454)	(7,033)
EXTRAORDINARY EXPENSES		(17,779)	(7,286)
EXTRAORDINARY PROFIT (LOSS)	17	(16,434)	(6,109)
Employee profit-sharing		(261)	(412)
Income tax	18	5,938	1,201
NET INCOME FOR THE PERIOD		85	12,560

▪ **Statement of cash flows**

In millions of euros	2010	2009
Gross cash flow	15.90	28.53
Change in inventories	(6.74)	2.88
Change in trade receivables and related accounts	(0.21)	1.02
Change in trade payables and related accounts	7.20	(3.65)
Increase (decrease) in other current assets and liabilities	(0.97)	(7.09)
Cash flow from operating activities (A)	15.18	21.69
Capital expenditures for operations	(31.32)	(21.51)
Disposal of operating assets	0.10	0.11
Increase (decrease) in financial assets	(0.65)	1.33
Cash flow from investing activities (B)	(31.87)	(20.07)
Capital increase	0.32	1.30
Decrease in retained earnings	-	-
Dividends paid	(6.83)	(6.78)
New long-term debt	33.12	26.80
Debt repayment	(4.78)	(34.12)
Cash flow from financing activities (C)	21.83	(12.8)
Net change in cash (A) + (B) + (C)	5.14	(11.18)
Opening cash and cash equivalents	(5.82)	5.36
Closing cash and cash equivalents	(0.68)	(5.82)

b) Notes to the annual financial statements of Guerbet SA

Figures presented in these notes are presented in thousands of euros.

Introduction

The balance sheet has been prepared before distribution. In consequence the dividend payment proposed to the general meeting is not included under debt.

Significant accounting policies

The financial statements have been prepared in accordance with the general principles established by the 1999 French Chart of Accounts (CRC regulation 99-03).

a) Estimates and assumptions

To prepare financial statements, the Group makes estimates and assumptions that affect the carrying value of assets and liabilities, income and expenses, as well as information provided in certain notes.

Management reviews these estimates and assumptions on an ongoing basis in reference to past experience as well as other factors considered reasonable that provide the basis for these assumptions. Actual results may materially differ from these estimates in light of different assumptions or conditions.

The principal material estimates made by management concern notably changes in value of investments.

b) Intangible assets

- **Patents and marketing authorisations**

Patents are carried at their purchase cost.

Costs associated with patents and marketing authorisations are expensed.

Patents and marketing authorisations are amortised over their useful lives.

- **Trademarks**

Trademarks acquired are carried at their purchase cost.

In compliance with regulations 2002-10 and 2004-06 concerning assets adopted by the *Comité de Réglementation Comptable*, costs for registering or renewing trademarks are expensed in the period incurred.

Trademarks are not amortised

- **Commercial rights**

Commercial rights correspond to royalty payments calculated on sales over a given period.

Their initial recognition is based on the estimated amount of royalties payable and amortised over five years.

- **Research and development expenditures**

Research costs are expensed in the period incurred.

Development expenditures are capitalised as intangible assets only if they meet the following criteria:

- There exists an intent and financial and technical resources to complete the development;
- It is probable that future economic benefits attributable to the asset will flow to the company;
- The cost of this asset can be measured reliably.

Because not all these criteria have been met, development expenditures are expensed in the period incurred.

- **Other intangible assets**

Other intangible assets concern primarily software that is amortised over three years. Because of the option authorised by tax regulations to amortise software over 12 months, special excess tax amortisation has been recorded. This corresponds to the additional amortisation expense in excess of amortisation for impairment.

c) Property, plant and equipment

Property, plant and equipment are recorded at acquisition cost. Depreciation is calculated on a straight-line basis over the estimated useful life of these assets:

- Land:	20 years
- Fixtures, fittings:	10 years
- Machinery and equipment:	5 to 10 years.
- Other intangible assets:	5 to 10 years.

For all acquisitions until 31 December 1997, and again starting on 1 January 2002, all possibilities offered by tax regulations concerning accelerated and exceptional depreciation have been used. The variance resulting from the difference between accelerated and straight-line depreciation is considered as a special accelerated tax depreciation.

Property, plant and equipment may be written down to reflect their utilisation by Guerbet.

d) Investments and non-current assets

Investments are recorded at cost and depreciated to reflect the share of net equity of subsidiaries after the restatement of their intangible assets.

Other non-current assets are recorded at the lower of their cost or their carrying value.

e) Inventories and production in progress

Raw materials and other supplies are recorded at the opening weighted average price. When the carrying value falls below this amount, a provision for impairment is made for the difference. Provisions are also made for inventories subject to low turnover rates.

Production in progress and finished goods are recorded on the basis of production cost that includes direct and indirect production costs excluding headquarters, financial or selling expenses. A provision for impairment is made when justified by the inventory turnover rate and when there is a risk that products will not be sold before their expiration dates are reached or sold at a loss.

f) Trade receivables and related accounts

Accounts receivable are recorded at face value.

An allowance for doubtful accounts is recorded when a collection risk exists which is determined on a case-by-case basis.

The company has recourse to the securitisation of receivables. This transaction consists of the assignment of the trade receivables by the company owed by customers to an entity (specifically created for this purpose) that finances the acquisition of the receivables by the issuance of securities on capital markets.

From an accounting perspective, securitisation corresponds to the assignment of receivables whereby:

- The receivables assigned are eliminated from the balance sheet of the assignor;
- The costs incurred by the transaction are expensed in the period of the transaction.

g) Marketable securities

Marketable securities are recorded at cost. When the carrying value of the securities, determined on the basis of their estimated market value, i.e. their net asset value on the closing date, is less than the acquisition cost, a provision for impairment is recorded.

h) Financial instruments

When interest rate options are acquired, premium is posted to the income statement pro rata over the duration of the contract. Provisions are made for eventual charges resulting from interest rate fluctuations.

To manage foreign exchange and interest rate exposure from its industrial and commercial activities, the Group has recourse to derivatives traded in organised markets. Group policy prohibits trading in such markets on a speculative basis.

i) Translation of foreign currency items

Guerbet centralises the management of foreign currency exposures of French subsidiaries.

Payables and receivables in foreign currency outside the euro area are converted in each Group company at year-end exchange rates. Resulting unrealised currency losses and gains are recorded in the balance sheet under translation adjustments. Guerbet's foreign exchange risk is covered by forward exchange contracts and currency options and accruals made for currency losses take into account the impact of these instruments.

The results of transactions in currency options are recorded at the options' maturity where they cover commercial transactions after the closing date. Premium paid is recorded in the balance sheet under assets until the maturity of the option.

j) Regulated provisions

In compliance with the law, regulated provisions are made for:

- Investments (in connection with employee profit-sharing);
- Special accelerated tax depreciation.

The special accelerated tax depreciation is calculated according to the method explained in b) and c) for intangible and tangible assets.

k) Commitments and contingencies

Commitments and contingencies correspond to liabilities:

- Of uncertain timing or amount;
- With a negative economic impact for the company defined as an obligation to a third party resulting in a probable or certain outflow from the company of resources embodying economic benefits to settle the obligation, without receiving in exchange resources of a value at least equivalent to the latter.

l) Retirement obligations

Retirement severance benefits are recorded under commitments and contingencies.

For defined contribution plans concerning post-employment benefits, the cost of benefits is estimated according to the projected unit credit method.

This method is based on benefits payable to employees on their expected date of retirement taking into account the age pyramid, rate of employee turnover, mortality rates on the basis of actuarial tables by age bracket. The amounts are revalued according to assumptions concerning inflation and promotions and discounted in respect to the date benefits will actually be paid.

When the assumptions on which calculations are based are revised, actuarial gains and losses are recorded under income. All plans are remeasured once year.

m) Revenue recognition

Revenue is recognised when there is a transfer to the buyer of the material risks and rewards incident to ownership.

n) Investment grants

According to the option offered by the French chart of accounts (*plan comptable général*), investment grants that finance a depreciable asset are recovered over the same period and at the same rate as the depreciation of the value of the acquisition acquired or created through this grant.

Note 1 - Intangible assets

1 - 1 - Cost

	2010	2009
Intangible assets at 1 January	7,205	6,156
Allowances	1,708	1,083
Decreases	68	34
Intangible assets at 31 December	8,845	7,205

In 2010, changes in cost correspond primarily to software.

1 – 2- Allowances for depreciation and amortisation

	2010	2009
Amortisation and provisions on intangible assets at 1 January	4,421	3,896
Allowances	730	530
Reversals	(9)	(5)
Amortisation and provisions on intangible assets at 31 December	5,142	4,421

Note 2 - Property, plant and equipment

	31/12/09	2010 increase	2010 decrease	31/12/10
Land	1,491	-	-	1,491
Buildings	62,569	3,822	3,008	63,383
Machinery and equipment	107,513	14,296	3,359	118,450
Other tangible assets	25,468	3,522	4,133	24,857
Construction in progress	18,048	5,250	7	23,291
Advances and instalments on fixed assets	432	2,784	-	3,216
Property, plant and equipment	215,521	29,674	10,507	234,688

	31/12/08	2009 increase	2009 decrease	31/12/09
Land	1,487	4	-	1,491
Buildings	52,572	10,662	665	62,569
Machinery and equipment	100,596	17,779	10,862	107,513
Other tangible assets	25,639	1,612	1,783	25,468
Construction in progress	27,924	(9,861)	15	18,048
Advances and instalments on fixed assets	161	272	1	432
Property, plant and equipment	208,379	20,468	13,326	215,521

	2010	2009
Depreciation of PPE at 1 January	118,056	120,810
Allowances	11,259	10,350
Reversals	(10,133)	(13,104)
Depreciation of PPE at 31 December	119,182	118,056

Capital expenditures of €29.7 million in 2010 and €20.5 million in 2009 concerned primarily projects to increase production capacity at the Aulnay and Lanester plants.

The decreased gross value of assets is primarily due to fixed assets scrapped and replaced for reasons of obsolescence. In 2009, the gross value of fixed assets had been reduced by €11.4 million (net value of €0.1 million) from the partial demolition of the former chemical buildings of the Aulnay site.

The provision for property, plant and equipment not included in this table for €70,000 at 31 December 2009 and reversed in 2010 concerned machinery and equipment.

Note 3 - Investments

	2010	2009
Cost	52,917	51,929
Provision for impairment	(11,214)	(11,928)
Net	41,703	40,000

These amounts correspond to shares held at 31 December. Detailed financial information on these investments is presented under "Subsidiaries and associates".

In 2010, the change in the gross value (cost) of investments reflects the increased shareholding in Guerbet Korea (€0.1 million)

Note 4 - Loans

	2010	2009
Loans to personnel	103	111

Note 5 - Inventory

	2010	2009
Raw materials, supplies		
Cost	17,868	17,388
Current provisions	(274)	(319)
Net	17,594	17,069
Intermediate and finished goods		
Cost	41,966	39,257
Current provisions	(1,185)	(1,994)
Net	40,781	37,263
Trade goods		
Cost	8,374	4,825
Current provisions	(954)	(305)
Net	7,420	4,520
Total net	65,795	58,852

Note 6 – Receivables by maturity

	2010			2009
	Cost	Less than 1 year	More than one year	
Advances to associates	1,747	1,747	-	1,684
Loans	103	-	103	111
Other financial assets ¹	9,208	-	9,208	9,596
Bad or disputed debt	31	31	-	401
Other trade receivables ²	1,280	1,280	-	2,807
Bills awaiting collection	10,850	10,850	-	9,999
Personnel and similar expenses	85	85	-	108
Social security expenses and equivalent	14	14	-	20
Income tax receivables ³	8,195	3,138	5,057	6,526
VAT receivables	5,243	5,243	-	4,683
Other tax receivables	159	159	-	484
Miscellaneous tax receivables	-	-	-	-
Payables to group companies and shareholders	41,683	41,683	-	36,584
Miscellaneous receivables	2,231	2,231	-	4,546
Prepaid expenses	875	715	160	403
Total	81,704	67,176	14,528	77,952

¹ A program for the securitisation of receivables was implemented in Guerbet Group in 2004. Guerbet has deposited €8.5 million with the assignee of the receivables as security.

² Outstanding trade receivables were reduced by the amount of receivables assigned acquired by the program of the assignee. At 31 December 2010, receivables assigned totalled €15,167,000. The actual corresponding collection risks have not been transferred in their entirety to the assignee.

³ This concerns receivables for a carryback of €2,363,000 repayable no later than in 2016 and a research tax credit of €2,694,000 repayable no later than in 2014.

Note 7 – Marketable securities, cash and cash equivalents

Marketable securities consist in part of 5,107 treasury shares with a gross value of €170,000. In 2010, there were no changes in treasury shares. The market value of the Guerbet share was €65.61 at 31 December 2010 representing a total valuation of €335,000.

Other marketable securities consist of money market funds (SICAV) and medium-term notes with a market value of €3,498,000 at 31 December 2010:

		SICAV 3	SICAV 4	SICAV 5	SICAV 6	MTN	Total
2008 balance	Number	7	-	-	-	12	
	Value	1,670	-	-	-	1,925	3,595
2009 purchases	Number	37	122,825	28	-	-	
	Value	4,767	27,925	6,163	-	-	38,855
2009 disposals	Number	17	122,825	28	-	12	
	Value	2,958	27,925	6,163	-	1,925	38,971
2009 balance	Number	27	-	-	-	-	
	Value	3,479	-	-	-	-	3,479
31/12/2009	Value	3,482	-	-	-	-	3,482
2010 purchases	Number	-	-	-	175	-	
	Value	-	-	-	38,654	-	38,654
2010 disposals	Number	-	-	-	175	-	
	Value	-	-	-	38,654	-	38,654
2010 balance	Number	27	-	-	-	-	
	Value	3,479	-	-	-	-	3,479
31/12/2010	Value	3,498	-	-	-	-	3,498

Note 8 – Shareholders' equity

	2010	2009
Shareholders' equity at 1 January	159,698	146,450
Dividends distributed	(6,844)	(6,795)
Dividends allocated to retained earnings	12	11
Capital increase and paid-in capital	325	1,299
Decrease in retained earnings	-	-
Profit of the period	85	12 560
Regulated provisions	7,416	6,173
Shareholders' equity at 31 December	160,692	159,698

Changes in the number of Guerbet shares over the period:

	2010
Number of shares at 1 January	3,041,761
Shares created by exercising stock options ¹	8,285
Net	3,050,046

¹ For further detail refer to Note 22.

Note 9 – Regulated provisions

	31/12/08	2009 allowances	2009 reversals	31/12/09	2010 allowances	2010 reversals	31/12/10
Investment provisions	223	-	65	158	60	59	159
Special accelerated depreciation	10,113	7,033	795	16,351	8,394	979	23,766
Total	10,336	7,033	860	16,509	8,454	1,038	23,925

Note 10 – Provisions for contingencies and expenses

	31/12/09	2010 allowances	2010 utilisation / reclassifications	2010 reversals	31/12/10
Retirement severance benefits (1)	11,823	-	-	1,153	10,669
Interest rate hedges	-	-	-	-	-
Forex exposure	2,197	1,876	2,197	-	1,876
Trade receivables and related accounts	832	-	732	101	-
Purchase commitments for active ingredients	834	-	834	-	-
Other	443	332	61	-	714
Total	16,129	2,208	3,824	1,254	13,259

	31/12/08	2009 allowances	2009 utilisation / reclassifications	2009 reversals	31/12/09
Retirement severance benefits (1)	11,472	351	-	-	11,823
Interest rate hedges	-	-	-	-	-
Forex exposure	3,744	2,197	3,744	-	2,197
Trade receivables and related accounts	524	308	-	-	832
Purchase commitments for active ingredients	1,605	-	771	-	834
Other	154	370	81	-	443
Total	17,499	3,226	4,596	-	16,129

(1) Retirement severance payments:

The share of the provision for retirement service payments was €90,000 for corporate officers at 31 December 2010. The company does not have any commitments in respect to pensions, supplemental retirement benefits or similar benefits, except for those relating to supplementary retirement benefits for officers.

The calculation of the provision for retirement severance benefits is based on an assumption that the total number of retirements are voluntary.

The main actuarial assumptions applied to measure retirement indemnities are as follows:

Discount rate:

In 2010 the Bloomberg yield curve replaced the 0-coupon yield curve and the discount rate for "investment grade" companies replaced the 0-coupon yield curve of the French Institute of actuaries taking into account the different maturities in 2009.

Turnover rate:

Application of rate tables based on internal statistical data from recent years and analysis of the following criteria: classification and age of the employee

Salary increase rate:

The rate of salary increases adopted to calculate the commitment at 31 December 2010 was 2.5%.

Mortality table

Application of the most recent mortality table published by INSEE

In 2010, the reversal of the provision for retirement severance payments of €1.2 million reflects mainly €0.7 million for the financial discount rate and €0.5 million from retirement reform measures

Note 11 – Payables by maturity

	2010				2009
	Cost	Less than 1 year	Between 1 and 5 years	Greater than 5 years	Cost
Non-current debt (>1 year at inception)	5,763	5,763	-	-	9,665
Current debt (<1 year at inception)	65,285	2,140	32,764	30,381	37,796
Miscellaneous loans and borrowings	1,207	155	1,052		1,197
Trade payables and equivalent	28,769	28,769	-	-	21,405
Personnel expenses and equivalent	11,308	11,073	-	235	11,056
Social security expenses and equivalent	6,176	6,176	-	-	5,972
Income tax payables	-	-	-	-	-
VAT payables	-	-	-	-	-
Other tax payables	60	60	-	-	85
Payables to fixed asset suppliers and equivalent	5,398	5,398	-	-	5,695
Payables to group companies and shareholders	8,814	8,814	-	-	4,751
Other payables	866	866	-	-	1,329
Deferred revenue	4,211	1,859	-	2,352	3,376
Total	137,857	71,073	33,816	32,968	102,327

Note 12 – Accrued income and expenses

	2010	2009
Accrued income		
Advances to associates	8	13
Trade receivables and related accounts	8	22
Other receivables	1,692	3,304
Banks, financial institutions	-	-
Total	1,708	3,339
Accrued expenses		
Borrowings and loans	38	48
Trade payables and equivalent	10,617	6,202
Payables to fixed asset suppliers	655	-
Tax and employee-related liabilities	12,836	12,645
Other payables	765	950
Accrued interest on overdrafts	80	166
Total	24,991	20,011

Note 13 – Sales by region

	2010	2009
France (including overseas department and territories)	104,798	98,864
Europe excluding France	97,273	98,275
Europe including France	202,071	197,139
Asia	23,040	19,203
Latin America	20,868	12,787
North America	3,297	2,212
Other countries	13,350	12,961
Total	262,625	244,302

Note 14 – Operating grants

In December 2008, the request for aid submitted to OSEO innovation agency for the Franco-German research project, Iseult, was approved by the European commission. The aid agreement provides for financing for one half of the expenses incurred including 39% in the form of repayable advances and 61% in the form of grants.

An initial payment of €3.4 million was received in December 2008, upon the signature of the agreement. This amount is divided into a repayable advance of €1.1 recognised under non-current borrowings and a grant of €2.3 million recorded under other liabilities. It has no impact on the income statement.

In January 2010, OSEO approved the research expenditures incurred by Guerbet until 30 June 2008 and paid in consequence a grant equal to half these expenses. This amount of €2.9 million had been recognised under grants receivable at 31 December 2009.

In December 2010, Guerbet received €5.2 million including:

- Repayable advances of €0.5 million and a grant of €3.3 million for research expenditures incurred by Guerbet up to 30 June 2009;
- Grants of €1.4 million for cost overruns in relation to the budget prior to 30 June 2009.

The amount of contingent income that remains to be received for research expenses incurred in the 2010 second half but not yet approved by OSEO on the balance sheet date totaled €1,062,000. This contingent income was not recognised in 2010.

Note 15 – Staff costs

	2010	2009
Salaries and wages	(41,792)	(38,981)
Social security charges	(18,210)	(17,143)
Total	(60,002)	(56,124)

Note 16 – Net financial income/(expense)

	2010	2009
Dividends	5,183	4,256
Interest	(633)	(691)
Income tax	(2,649)	(577)
Net provisions on investments	3,147	(65)
Cancellation of debt ¹	-	-
Other	45	455
Total	5,093	3,378

Note 17 – Extraordinary profit (loss)

	2010	2009
Cancellation of Guerbet Japan KK debt ²	(8,896)	-
Net charges on regulated provisions	(7,416)	(6,173)
Net gains from the retirement of assets	(270)	73
Insurance repayments	115	-
Other	(33)	9
Total	(16,434)	(6,109)

Note 18 – Income tax

Since 1988, the Group has opted for filing under the French tax-sharing provisions for tax groups. The tax group includes Guerbet and Simafex.

The tax charges are recorded by the consolidated companies (subsidiaries and parent company) as in the absence of tax consolidation. Savings achieved by the Group unrelated to losses (adjustments related to certain intercompany transactions) are passed on to the parent company and recorded by the latter as income. Research and tax credits are re-allocated to the companies that produced them. Tax savings resulting from tax losses of subsidiaries are also re-allocated in their favour by applying them to future tax earnings.

The total tax profit at the standard rate of the tax group for fiscal 2010 was €7.09 million. The tax income for the tax consolidation group amounted to €5.11 million after the application of tax credits including a research tax credit of €2.69 million. Because the tax charge owed by the Group is lower than the amount of prepayments, government receivables are recorded under "Other trade receivables" for €8.20 million and including a carry back of €2.36 million.

¹ See Note 21 – Associates on page 111.

² This waiver is accompanied by a "better fortunes" clause.

Tax income or expense recorded in the income statement breaks down as follows:

	2010	2009
Group tax income / (expense)	5,111	803
Tax charge from consolidated subsidiaries	1,195	754
Tax savings passed back to consolidated subsidiaries	(345)	(356)
Other tax charges	(23)	-
Tax income/(expense) of the company heading the tax group	5,938	1,201

Tax income or expense for the company heading the tax group breaks down as follows:

	2010	2009
Income tax on current income ¹	294	(1,303)
Income tax on extraordinary profit (loss)	5,644	2,504
Other tax charges	-	-
Tax income /(expense) of the company heading the tax group	5,938	1,201

Disallowed deductions provided for under article 39-4 of the French general tax code

For 2010, disallowed deductions incurred by Guerbet concerned €135,000 for the depreciation of private vehicles.

Note 19 – Deferred taxes

Guerbet deferred tax has been calculated on the basis of tax group filing starting in 1988. In consequence, taxes paid in advance resulting from the difference between income and expenses recorded and their inclusion in tax earnings, and taxes payable on items under shareholders' equity (regulated provisions) have been determined for all companies included in the tax group.

	2010	2009
Net deferred tax resulting from timing differences (tax assets) ²	4,884	5,341
Deferred tax on shareholders' equity items (tax liabilities)	9,083	6,342

These deferred taxes were calculated at the rate of 33 1/3% increased by the French social contribution tax.

Note 20 – Impact of the application of tax rules on income of the period

To benefit from certain tax provisions, the company is required to record certain items under income as non-recurring items that do not constitute book expenses or income.

	2010	2009
Pre-tax income	(5,853)	11,359
Net allowances or reversals of regulated provisions and special tax depreciation charges	(7,415)	(6,173)
Adjusted pre-tax income	1,562	17,532

¹ Including a research tax credit of €2.35 million

² including tax prepayments of €287,000 in connection with purchase commitments for active ingredients in 2009

Note 21 – Associates

All material transactions concluded with affiliated undertakings potentially falling under the scope of Article R 123-198 of the French Commercial Code concern wholly owned subsidiaries.

	2010	2009
Financial assets		
Investments in associates	52,809	51,821
Advances to associates	1,747	1,684
Trade receivables and related accounts	74	1,095
Receivables		
Other receivables	1,618	-
Short-term advances	41,683	36,583
Commitments and contingencies	-	-
Payables		
Miscellaneous loans and borrowings	-	-
Trade payables	394	231
Payables to fixed asset suppliers	72	72
Other payables	-	-
Short-term advances	8,814	4,751
Deferred revenue	896	204
Operating revenue		
Sale of goods	130,344	121,226
Sale of services	184	597
Other products	-	77
Operating expenses		
Purchase of goods and supplies	(27,413)	(21,936)
Non-stock purchases, other services	(16,236)	(10,710)
Taxes other than on income	-	-
Financial income		
Dividends	5,183	4,256
Interest and similar income	488	539
Reinstatements of reserves, charge transfers	3,834	864
Currency gains	-	-
Financial expenses		
Extraordinary appropriations for amortisations and reserves	687	1,755
Interest and similar expenses	(73)	(99)
Cancellation of debt	-	-
Currency losses	-	-
Extraordinary expenses		
Extraordinary appropriations for amortisations and reserves	-	-
Cancellation of debt	(8,896)	-

Debt waiver agreements granted to affiliated undertakings and implemented in 2010:

A debt waiver was granted to Guerbet Japan KK for €8,896,000.

Note 22 – Stock options and stock purchase options

	Plan 4	Plan 5	Plan 6	Plan 7	Plan 8
Vesting date for tax purposes	25/02/2005	23/09/2005	26/07/2007	25/09/2009	26/03/2011
Number of options granted	3,900	19,200	106,950	7,000	6,000
<i>o.w. Bernard Massiot</i>	-	-	-	-	-
<i>o.w. Marie-Christine Garnier</i>	-	-	2 000	-	-
Subscription or purchase price	€32.24	€37.16	€82.91	€150.22	€112.26
Plan expiration date	24/02/2010	22/09/2010	25/07/2012	24/09/2017	25/03/2019
Number of options exercised	2,700	19,200	16,023	-	-
Number of options cancelled	1,200	-	15,633	7,000	4,000
Number of options outstanding	-	-	75,294	-	2,000

Note 23 – Financial instruments subject to potential market risks

The fair value of cash instruments is -€0.7 million for interest rate hedges and €0.05 million for foreign exchange hedges.

There were eight interest rate swaps for €52.2 million at 31 December 2010. In 2010 a swap was negotiated for €10 million. Total positions remaining open are presented below in detail:

Inception date	Expiration date	Contract type	Position Guerbet	Benchmark	Contract rate	Fair value (in €)	Notional amount (in €)
03/02/2006	07/02/2011	Collar	Cap	3 Month Euribor	4.00%	-442.00	500,000.00
			Floor		2.70%	-2,083.00	500,000.00
30/11/2006	04/12/2013	Swap	Purchase	3 Month Euribor	3.77%	-252,384.00	6,428,571.43
03/02/2006	07/02/2011	Collar	Cap	3 Month Euribor	4.47%	0.00	5,000,000.00
			Floor		2.70%	-20,848.61	5,000,000.00
20/06/2008	20/06/2013	Swap	Purchase	3 Month Euribor	5.12%	-131,106.92	4,000,000.00
15/06/2009	15/06/2014	Swap	Purchase	3 Month Euribor	2.49%	-192,663.00	10,500,000.00
09/12/2009	12/12/2016	Call	Purchase	3 Month Euribor	2.53%	-65,018.00	8,571,428.57
17/12/2009	17/12/2014	Call	Purchase	3 Month Euribor	2.30%	-47,967.00	8,000,000.00
28/09/2010	30/09/2013	Swap	Purchase	3 Month Euribor	1.20%	25,434.75	9,166,666.67

With respect to the management of foreign exchange risk, 47 forward exchange hedging contracts were negotiated in 2010 including five that remained open at 31 December 2010 for €11.6 million. Details of positions that remain open representing a total balance of €11.6 million are presented below in detail:

Inception date	Expiration date	Type	Spot trade	Hedging rate	Amount (in €)	Amount (in foreign currency)	Fair value
29/11/2010	05/12/2011	TRY forward sale	1.97	2.09	-1,724,716.14	-3,600,000.00	52,888.00
30/12/2010	31/01/2011	HKD forward sale	10.30	10.30	-2,120,120.41	-21,833,000.00	16,844.00
30/12/2010	31/01/2011	JPY forward purchase	107.83	107.78	5,648,608.28	608,807,000.00	-42,055.00
30/12/2010	31/01/2011	MXN forward sale	16.40	16.43	-533,881.03	-8,773,000.00	5,597.00
30/12/2010	31/01/2011	USD forward sale	1.33	1.33	-1,580,258.09	-2,094,000.00	12,420.00

Note 24 – Compensation to officers

	2010	2009
Compensation granted to officers	496	605

This refers to compensation paid to executives of the company in their capacity as officers and salaried employees.

Note 25 – Average number of personnel during the year

	2010	2009
Office and plant workers	189	176
Technicians, supervisors, sales representatives	409	401
Management	238	227
Total	836	804

Note 26 – Off-balance sheet commitments

	2010	2009
Guarantees and security and other commitments granted to third parties on behalf of associates	9,903	21,800
Guarantees and security granted to third parties	3,422	7,891
Receivables assigned within the framework of securitisation programs	15,167	14,737
Property and equipment capital lease commitments:	-	4
- less than 1 year	-	4
- between 1 and 5 years	-	-
- greater than five years	-	-
Guaranteed debt	-	-
Total	28,492	44,449

	Capital lease payments in 2010	Capital lease payments in 2009
On property leases	4	30
On equipment leases	-	-
Total	4	30

Capital lease commitments relative to these items are as follows:

	2010	2009
Value of property and equipment	-	26
Depreciation allowance if acquired by the company	-	3
Residual value of the property at the end of the contract	-	€524.2

For 2010, the breakdown of property held under capital leases by nature is as follows:

	Initial recognition	Allowances for depreciation in the period	Accumulated depreciation	Net
Land	-	-	-	-
Buildings	-	-	-	-
Machinery and equipment	-	-	-	-
Total	-	-	-	-

Commitments vis-à-vis suppliers

In 2010, Guerbet undertook to acquire from a supplier 50 tonnes of active ingredients for a value of US\$8.45 million (or €6.3 million at the year-end exchange rate).

This undertaking follows similar undertakings entered into in 2002 to purchase 200 tons and in 2008 for 30 tons. At 31 December 2010, a commitment remained for the purchase of 50 tons.

Note 27 – Other information

1. The number of training hours corresponding to vested rights in connection with training benefits eligible under French law (*droit individuel à la formation*) that have not been claimed totalled 72,909 hours. Guerbet financed 470 training hours in fiscal 2010.

2. Development expenditures of €35,593,000 not capitalised were expensed in 2010.

3. Auditors' fees incurred by Guerbet for fiscal 2010 are presented in Note 30 of the consolidated financial statements.

Note 28 – Post-closing events

None

SUBSIDIARIES AND ASSOCIATES

In thousands of euros

Detailed information on subsidiaries and associates	Share capital	Other equity and earnings	Ownership interest in equity capital (%)	Gross value of shares	Net value of shares	Loans and advances granted by the company	Guarantees and sureties	Net sales Products	Dividends	Income for the last financial year
A – INVESTMENTS WHOSE GROSS VALUE EXCEEDS 1% OF Guerbet'S CAPITAL										
SUBSIDIARIES										
Simafex (France)	1,280	12,547	100.00	1,224	1,224	7,832		22,413		2,998
Medex (France)	180	-812	60.00	3,000	316	3,852	2,500	6,143		-783
S.C.I. KALB (France)	63		99.76	615	156	95		120		93
Guerbet Produtos Radiologicos (Brazil)	13,643	7,594	100.00	11,197	11,197	8	282	46,064	4,433	7,719
SA Guerbet N.V. (Belgique)	541	9,042	99.56	379	379			27,501		724
Martins & Fernandes (Portugal)	410	41	99.73	1,224	448	424		2,855		-3
Guerbet A.G. (Switzerland)	400	4,523	99.60	304	304			16,050		964
Guerbet G.M.B.H. (Germany)	511	13,363	100.00	19,962	19,962			48,750	508	605
Guerbet A.S. (Turkey)	561	-461	99.99	795	206	1,470		6,039		111
Laboratorios Farmaceuticos Guerbet (Spain)	781	491	100.00	790	790	6,543		8,909		102
Guerbet Austria G.M.B.H. (Austria)	73	987	100.00	146	146			3,673	242	821
Guerbet Korea LTD (South Korea)	5,593	-4,118	100.00	8,202	4,571	94	2,028	6,471		-18
Guerbet Taiwan (Taiwan)	180	-42	100.00	191	191		672	2,342		17
Guerbet SPA (Italy)	500	4,313	100.00	500	500	2,831	1,800	15,600		222
Guerbet LLC (USA)	1,197	-1,110	100.00	1,624	78	2,111	102	4,896		-18
Guerbet Mexicana (Mexico)	532	-319	100.00	600	172	572	2,227	4,100		-44
Guerbet Japan KK (Japan)	1,565	-4,488	100.00	1,951	850	14,284		12,632		3,771
SUBSIDIARIES	-	-	-	-	-	-		-	-	-
B – INVESTMENTS WHOSE GROSS VALUE DOES NOT EXCEED 1% OF Guerbet'S CAPITAL										
SUBSIDIARIES										
Guerbet Nederland B.V. (Netherlands)	91	1,335	100.00	92	92	821		9,140		155
Guerbet Laboratories LTD (England)	12	231	100.00	13	13	184	292	4,122		180
Guerbet Asie Pacifique (Hong Kong)	N.M.	4,364	100.00	N.M.	N.M.	2,042		14,479		37
SUBSIDIARIES										
Investments in French companies	N.D.	N.D.		108	108					N.M.
Subsidiaries					Associates					
General information relating to subsidiaries or associates	French			Other countries		French			Other countries	
Book value of shares:										
- Cost:	4,839			48,078		108			-	
- Net:	1,696			40,007		108			-	
Loans and advances granted	11,779			31,384		-			-	
Guarantees and sureties granted	2,500			7,403		-			-	
Dividends received	-			5,183		-			-	

In the interest of consistency, shareholders' equity and income of subsidiaries are presented under IFRS. For subsidiaries of countries outside the euro zone, shareholders' equity and income have been converted at the exchange rate of 31 December 2010. (N.M: Not material; N.D.: Not disclosed).

4) Auditors' report on the parent company financial statements

This is a free translation into English of the statutory auditors' report issued in the French language and is provided solely for the convenience of English speaking readers. The statutory auditors' report includes information specifically required by French law in all audit reports, whether qualified or not, and this is presented below the opinion on the financial statements. This information includes an explanatory paragraph discussing the auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the financial statements taken as a whole and not to provide separate assurance on individual account captions or on information taken outside of the financial statements. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the shareholders

In accordance with our appointment as auditors at your annual general meeting, we hereby report to you for the year ended 31 December 2010 on:

- the audit of the accompanying financial statements of Guerbet;
- the justification of our assessments;
- specific procedures and disclosures required by law.

These annual financial statements were prepared by the Board of Directors. Our responsibility is to express an opinion on these financial statements based on our audit.

I. Opinion on the consolidated financial statements

We conducted our audit in accordance with professional standards applicable in France. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, using sample testing techniques or other selection methods, evidence supporting the amounts and disclosures in the annual financial statements. An audit also includes assessing the accounting principles used and significant estimates made, as well as evaluating the overall financial statement presentation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

In our opinion, the financial statements give a true and fair view of the financial position and the assets and liabilities of Guerbet as at 31 December 2010 and the results of its operations for the year ended in accordance with French accounting standards.

II. Justification of our assessments

Pursuant to the provisions of article L. 823-9 of the French Commercial Code defining our obligation to explain our assessments, we draw your attention to the following:

The company assesses every year the carrying value of its investments and other non-current assets according to the method described in note d) of the annual financial statements describing significant accounting policies. Our work has consisted in evaluating the data on which these estimations have been based, reviewing the calculations made by the company and the procedures for approval of these estimations by management. On this basis, we have assessed the reasonable nature of these estimations.

Our assessments on these matters are part of our audit approach regarding the annual financial statements taken as a whole and contribute to the formation of our unqualified opinion expressed in the first part of this report.

III. Specific procedures and disclosures

We have also performed the other procedures required by law, in accordance with professional standards applicable in France.

We have no matters to report in connection with the fair presentation and consistency with the financial statements of the information given in the report of the Board of Directors and the documents addressed to the shareholders in respect to the financial position and the financial statements.

Concerning information provided in accordance with the provisions of Article 225-102-1 of the French Commercial Code on compensation and benefits paid to corporate officers as well as commitments incurred in their favour, we have verified their consistency with the accounts or the data used to produce these accounts and, when necessary, with information obtained by your company both from companies exercising control over your company or controlled by it. On the basis of these procedures, we certify the accuracy and fair presentation of this information.

Pursuant to the law, we have verified that the management report contains the appropriate disclosures relating to the identity of holders of capital and voting rights.

Paris and Neuilly-sur-Seine, 8 April 2011

The Statutory Auditors
[French original signed by]

Horwath Audit France

Deloitte & Associés

Marc de Prémare

Jean-Marie Le Guiner

5) Auditors' special report on related party agreements and commitments

This is a free translation into English of the Statutory Auditors' special report on regulated agreements and commitments issued in French and is provided solely for the convenience of English speaking readers. This report on regulated agreements and regulated commitments should be read in conjunction with, and is construed in accordance with, French law and professional auditing standards applicable in France. It should be understood that the agreements reported on are only those provided by the French Commercial Code and the report does not apply to those related party agreements described in IAS 24 or other equivalent accounting standards.

To the shareholders

As statutory auditors of your Company, we hereby present our report on related party agreements and commitments.

The terms of our engagement do not require us to identify such other such agreements and commitments , if any, but to communicate to you, based on information provided to us, the principal terms and conditions of those agreements and commitments brought to our attention or discovered in the performance of our engagement, without expressing an opinion on their merits. It is your responsibility, pursuant to article R.225- 31 of the French Commercial Code, to assess the interest of these agreements and commitments with a view to their approval.

In addition, we are required, where applicable, to inform you in accordance with Article R. 225-31 of the French Commercial Code (*Code de Commerce*) concerning the implementation, during the year, of the agreements and commitments already approved by the General Meeting of the Shareholders.

We performed procedures that we considered necessary in accordance with the professional guidelines of the French National Institute of Statutory Auditors (*Compagnie nationale des Commissaires aux Comptes*) relating to this engagement. These standards require that we ensure that the information provided to us is consistent with the relevant source documents.

AGREEMENTS AND COMMITMENTS SUBMITTED FOR APPROVAL TO THE GENERAL MEETING

Agreements and commitments approved in the period ended

Pursuant to Article R.225-40 of the French Commercial Code, the following transactions, previously authorised by the Board of Directors of your Company, have been brought to our attention.

Authorisation for the cancellation of debt

Concerned party: Mr. Bernard Massiot

On 28 July 2010, the Board of Directors authorised a debt waiver in favour of Guerbet Japan KK. On this basis, a debt waiver was granted in the period for ¥990 million yens representing a charge of €8,896,000 in the financial statements for the period ended 31 December 2010.

AGREEMENTS AND COMMITMENTS ALREADY APPROVED BY THE GENERAL MEETING

Agreements approved in prior periods and in force in the period ended

In accordance with the provisions of Article R.225-30 the French Commercial Code, we were informed that the following agreements and commitments, already approved in prior periods, remained in force in the period under review.

Agreements with subsidiaries to contribute to marketing expenses

Subsidiaries	Amount in foreign currency
Guerbet LLC	Oxilan marketing expenses: 750.733 USD
Guerbet Japan	Imagenil marketing expenses: 60.494.627 Yens

Paris and Neuilly-sur-Seine, 8 April 2011

The Statutory Auditors
[French original signed by]

Horwath Audit France

Deloitte & Associés

Marc de Prémare

Jean-Marie Le Guiner

GENERAL MEETING OF 27 MAY 2011

1) Agenda

1. Reports of the Board of Directors and the Chairman of the Board of Directors.
Reports of the Auditors on the parent company and consolidated financial statements of the 2010 financial period.
Approval of the parent company and consolidated financial statements of the 2010 financial period.
Special report of the auditors as provided by article L 225-235 of the French Commercial Code concerning internal control and risk management procedures relating to the preparation and processing of accounting and financial information.
Grant of discharge for members of the Executive Board, Supervisory Board, Board of Directors and the Auditors for the performance of their duties for the year under review.
2. Appropriation of earnings and distribution of dividends.
3. Special report of the auditors on related party agreements as required by article L 225-86 and L 225-38 of the French Commercial Code and approval of said agreements.
4. Determination of attendance fees.
5. Authorisation to be granted to the Board of Directors to buy and sell shares of the company.
6. Appointment of Mrs. Marie-Claire Janailhac-Fritsch to the Board of Directors.
7. Renewal of the appointment of Deloitte & Associates as the Statutory Auditor.
8. Renewal of the appointment of the accounting firm B.E.A.S. as the Deputy Auditor.
9. Powers for formalities.

2) Ordinary resolutions

RESOLUTION ONE (Approval of the parent company and consolidated financial statements for the fiscal year ended 31 December 2010 and grant of discharge to members of Supervisory Board, Board of Directors and the Auditors)

The shareholders, after having reviewed the reports of the Board of Directors and the Board's Chairman and the reports of the Auditors, approve the parent company and consolidated financial statements for the 2010 fiscal year as presented.

On this basis, they approve the operations reflected in the financial statements or summarised in these reports and grant a discharge to members of the Executive Board and the Supervisory Board until 21 May 2010, and Board of Directors serving from that date on as well as the Auditors for the performance of their duties in the period under review.

RESOLUTION TWO (Appropriation of earnings and distribution of dividends)

The shareholders, after recognising that the net income for the period 2010 was €84,918.62 approve the following appropriation of earnings and the distribution of dividends proposed by the Board of Directors:

	In euros
Net income	84,918.62
Retained earnings	65,691,843.50
Total appropriation	65,776,762.12
Legal reserve	3,314.40
Distributable profit	65,773,447.72
Initial dividend (minimum payout under the Articles of Association)	732,011.04
Additional dividend	4,758,071.76
Additional dividend	5,490,082.80
Balance allocated to retained earnings	60,283,364.92

The shareholders set in consequence the dividend for this period at €1.80 per share. This dividend will be payable on 7 June 2011 in favour of the 3,050,046 shares comprising the capital stock at 31 December 2010.

In accordance with the provisions of Article 158 of the French General Tax Code, individuals who are French tax residents qualify for a tax allowance on this dividend of 40%.

If on the date of payment, the company holds treasury shares, the amount corresponding to undistributed dividends on said shares will be allocated to retained earnings.

Information on dividends paid out for the last three financial periods are reported below as required by law:

Year	Total distribution	Gross dividend per share ¹	Tax allowance ²
2007	€6,760,280.25	€2.25	€0.90
2008	€6,794,921.25	€2.25	€0.90
2009	€6,843,962.25	€2.25	€0.90

RESOLUTION THREE (Special report of the auditors on related party agreements as required by article L 225-86 of the French Commercial Code and approval of said agreements)

The shareholders, after having reviewed the special report of the Auditors on related party agreements as provided for by article L 225-86 and L 225-38 of the French Commercial Code, ruling on this report, approve the agreements mentioned therein.

RESOLUTION FOUR (Determination of attendance fees)

The shareholders set a maximum amount for attendance fees of €166,200 for fiscal 2010.

¹ Before tax and social levies.

² For natural persons having their tax residence in France.

RESOLUTION FIVE (Authorisation to be granted to the Board of Directors to buy and sell shares of the Company)

The shareholders, after having reviewed the Board of Directors' report and the Auditors' special report, in compliance with the provisions L. 225-209 *et seq.* of the French Commercial Code and EC regulation No. 2273/2003 authorise the Board of Directors to have the Company purchase its own shares:

This authorisation is granted for the following purposes if necessary:

- The grant of shares to employees and/or executive management of the company (in accordance with conditions and procedures provided for by law) and notably in connection with stock option and stock purchase option plans, bonus share plans or a company employee savings plan;
- The purchase of shares to be held and subsequently remitted in connection with tender offers or payment for eventual acquisitions where provided for by the AMF, French financial market authority;
- Market-making or share liquidity services provided by an investment service provider through a liquidity agreement in compliance with the conduct of business rules of the AMAFI (the French association of securities industry and financial market professionals) recognised by the AMF.

The acquisitions, sale or transfer of shares referred to above may be carried out by all means provided for under law and applicable regulations, including through the use of financial derivatives or the acquisition or sale of blocs of shares.

These transactions may be carried out at any time, including notably during public offerings of the Company's shares, provided said offering is settled in full in cash and subject to application of the abstention periods provided for by applicable laws and regulations.

The shareholders set the maximum number of shares that may be acquired under this resolution at 5% of the share capital of the Company on the date of this meeting which corresponds to 152,502 shares with a par value of €4 per share. It is moreover specified in connection with the use of this authorisation that the number of treasury shares must be taken into account so that the Company remains at all times within the maximum threshold for treasury shares equal to 10% of the share capital.

The maximum purchase price is €102 per share and the minimum purchase price is €34. Accordingly, the shareholders decide that the total amount that may be set aside for the purchase of the company's own shares may not exceed €15,351,204 on the basis of 152,502 shares.

In the case of a capital increase through the capitalisation of additional paid-in capital, earnings or other means through the grant of bonus shares during the period this authority is valid as well as in the case of stock splits or reverse stock splits, the total nominal amount mentioned above shall be adjusted by the application of a multiplier factor equal to the ratio between the number of shares comprising the share capital before and after the issue.

The shareholders grant all powers to the Board of Directors, that it may further delegate under the conditions provided for by law, notably to:

- Resolve to implement this authorisation, subject to the provisions of the company's Articles of Association;
- Place all stock market orders, conclude all agreements, notably for the purpose of maintaining the registers recording the purchase and sale of shares, in compliance with applicable financial market regulations;
- Make all representations and fulfil all formalities, and in general, undertake everything that is required.

The Board of Directors will inform the shareholders at the annual ordinary general meeting of all transactions carried out under this resolution.

This authorisation is granted for 18 months from the date of this meeting. It supersedes and replaces the authorisation previously granted under resolution five of the General Meeting of 21 May 2010.

RESOLUTION SIX (Appointment of Mrs. Marie-Claire Janailhac-Fritsch to the Board of Directors)

The shareholders appoint as of today Mrs. Marie-Claire Janailhac-Fritsch, residing at 25 rue du Montparnasse - 75006 Paris, to the Board of Directors of the Company for a period of six years that shall expire at the end of the Ordinary General Meeting of the shareholders to be held in 2017 to rule on the accounts for the fiscal year ending 31 December 2016.

RESOLUTION SEVEN (Renewal of the appointment of Deloitte & Associates as the Statutory Auditor)

The shareholders decide to renew for six years the appointment of Deloitte & Associates, residing at 185-185 avenue Charles de Gaulle, 92524 Neuilly sur Seine Cedex, as Statutory Auditor that will expire at the end of the Ordinary General Meeting of the shareholders to be held in 2017 to rule on the accounts for the fiscal year ending 31 December 2016.

RESOLUTION EIGHT (Renewal of the appointment of the accounting firm B.E.A.S. as the Deputy Auditor)

The shareholders, decide to renew for six years the appointment of the accounting firm B.E.A.S., residing at 7-9 villa Houssay, 92524 Neuilly sur Seine Cedex, as Deputy Auditor that will expire at the end of the Ordinary General Meeting of the shareholders to be held in 2017 to rule on the accounts for the fiscal year ending 31 December 2016.

RESOLUTION NINE (*Powers for formalities*)

The shareholders confer all powers on the bearer of a copy or excerpts of the minutes of this meeting to accomplish all necessary legal or administrative formalities.

Your Board of Directors hereby invites you to vote on the items of business submitted for your consideration on the meeting agenda.

The Board of Directors

ADDITIONAL INFORMATION

1) Responsibility statement

I hereby certify, having taken all reasonable care to ensure that such is the case, that the information contained in this registration document is, to the best of my knowledge, in accordance with the facts and contains no omission likely to affect it materially.

I also hereby certify, to the best of my knowledge, that the financial statements have been prepared in accordance with the applicable financial reporting standards and give a true and fair view of the assets and liabilities, financial position and results of the operations of the company and all consolidated companies, and that the management report for the period faithfully presents business trends, the results and financial position of the company and all consolidated companies and a description of the main risks and uncertainties they face.

The company has obtained a letter from its statutory auditors confirming the completion of their engagement and the performance of procedures to verify the information on the financial position and financial statements presented in this document and review its entire content.

Villepinte, 11 April 2011

Bernard Massiot
Chief Executive Officer

2) The Statutory Auditors

a) Statutory auditors

	First appointment	Last appointment	Expiration of appointment
Deloitte & Associés Member of the Deloitte Touche Tohmatsu network represented by Jean-Marie Le Guiner 185, avenue Charles de Gaulle 92524 Neuilly-sur-Seine Cedex	General Meeting of 21 May 1987	General Meeting of 3 June 2005	General Meeting of 27 May 2011
Horwath Audit France Member of the Crowe Horwath International network represented by Marc De Prémare 41, avenue de Friedland 75008 Paris	General Meeting of 23 May 2008	General Meeting of 21 May 2010	General Meeting relating to fiscal 2015

b) Deputy auditors

	First appointment	Last appointment	Expiration of appointment
B.E.A.S represented by Pierre Victor 7-9 Villa Houssay 92524 Neuilly-sur-Seine Cedex	General Meeting of 3 June 2005	-	General Meeting of 27 May 2011
Jean-Jacques Becouze 19 Rue René Rouchy 49100 Angers	General Meeting of 23 May 2008 ¹	General Meeting of 21 May 2010	General Meeting relating to fiscal 2015

3) Share capital

a) History of changes in share capital

Executive Board/Board Of Directors meeting date recording the capital increase	Type of the capital increase	Number of shares issued	Number of shares comprising the share capital	Aggregate share capital (in €)
3 January 2006	From the exercise of stock options	23,586	2,968,994	11,875,976
11 July 2006		6,325	2,975,319	11,901,276
4 January 2007		10,199	2,985,518	11,942,072
3 January 2008		19,051	3,004,569	12,018,276
6 January 2009		15,396	3,019,965	12,079,860
19 January 2010		21,796	3,041,761	12,167,044
19 January 2011		8,285	3,050,046	12,200,184

¹ In replacement of. Michel Bonhomme, having resigned.

b) Non-equity securities

None

4) Documents on display

The registration documents for the last three fiscal years are available for consultation at the website www.guerbet.com under the heading "Finance" along with all other documents relating to regulated information (interim financial reports, press releases, monthly notices on the number of shares and voting rights, etc.).

In addition, in compliance with statute, all shareholders possess a right of inspection and on that basis may consult the documents mentioned in Article L.225-15 of the French Commercial Code at the Company's registered office located at 15 rue des Vanesses – 93420 Villepinte, France.

5) Other corporate information

▪ Legal form and company name

The company name is Guerbet SA that is organised in the form of a *Société Anonyme* (a French joint stock company) with a Board of Directors governed by French law.

▪ Date of incorporation

Guerbet was created on 16 July 1926 from an undisclosed partnership (*Société en Participation*) originally created in 1901. It was subsequently transformed into a limited partnership (*Société en Commandite Simple*) on 1 January 1965 into a joint-stock company (*Société Anonyme*). On 27 October 2001 it adopted the dual form of corporate governance for French joint-stock companies with an Executive Board and a Supervisory Board. Pursuant to the decision of the combined shareholders' meeting of 21 May 2010 this form was changed to a French joint stock company with a Board of Directors (*Société Anonyme à Conseil d'Administration*). The term of the company expires on 30 June 2100 saving early dissolution or extension as with the initial extension of 99 years already decided of the Extraordinary General Meeting on 8 December 1998.

▪ Place of incorporation, registration number and French activity codes

Guerbet is identified in the Trade Register (*Registre du Commerce et des Sociétés*) of Bobigny under No. 308 491 521. The APE industry code 2120 Z – Manufacture of Pharmaceutical Preparations.

▪ Financial year

The financial year runs for twelve months from 1 January to 31 December.

6) Articles of association (selected provisions)

a) Board practices

▪ Powers of the Board of Directors (article 12)

The Board of Directors shall determine the business strategy of the Company and ensure its implementation. Notwithstanding the powers specifically assigned to the Shareholders' Meetings by law, and within the limit of the Company's purpose, the Board shall consider any question related to the proper functioning of the Company and take all appropriate decisions for its business.

The Board of Directors shall perform such controls and verifications that it judges appropriate.

Each Director shall be provided with all information necessary to perform his or her duties and may obtain copies of documents considered useful for this purpose.

The Board of Directors grants authorisations provided for by statute (and notably those provided for under the provisions of Article L. 225-38 of the French Commercial Code) as well as, for the measures of internal policy not enforceable on third parties, authorisations mentioned in article 14 of these articles of association.

The Board may create special committees from among its members. It determines the composition and functions of such committees that exercise their activity under its responsibility, without however delegating to these committees those authorities vested upon the Board itself by statute or the articles of association or reducing or limiting the Board's powers.

The Board of Directors may grant one or more of its members special powers for specific purposes.

Directors other than legal entities are prohibited from contracting loans from the company in any form whatsoever, to guarantee overdrafts on current accounts or otherwise or secure their undertakings toward third parties and such arrangements may accordingly be rendered null and void. These same restrictions apply to the Chief Executive Officer (*Directeur Général*) or Deputy Chief Executive Officer(s) (*Directeurs Généraux Délégués*) and permanent representatives of legal entity directors, as well as their spouses, ascendants and descendants as well as to all persons acting as intermediaries.

Directors cannot enter into any personal or joint contractual obligations, relating to their commitments to the Company, other than those provided by statute.

- **Powers of the Chief Executive Officer (article 14)**

Subject to limitations provided for by statute, the Chief Executive Officer shall be vested with the broadest powers to act in all circumstances on behalf of the Company.

However, under the terms of the Board charter and without this provision being binding on or enforceable by third parties, the Board of Directors may limit the scope of the Chief Executive Officer's powers.

- **Powers of the Deputy Chief Executive Officer (article 14)**

The Board of Directors, upon agreement with the Chief Executive Officer, shall determine the scope and duration of powers vested to the Deputy Chief Executive Officers. However, the Deputy Chief Executive Officer shall have the same powers as the Chief Executive Officer vis-à-vis third parties.

b) Provisions governing the distribution of earnings

- **Distribution of earnings (article 23)**

Distributable profits comprise profits for the financial year less prior losses and amounts appropriated to reserves by law and under the Company's Articles of Association, plus retained earnings.

Following the approval of the financial statements and recognition of a distributable profit, a non-cumulative amount is deducted representing 6% of paid-up and unredeemed shares possessed by shareholders as an initial dividend.

The general meeting may appropriate from distributable profit any sum it deems fit to be carried forward as retained earnings or transferred to revenue reserves.

The balance, when it exists, is distributed to shareholders in proportion to the number of shares they own.

The general meeting ruling on the accounts of the financial year is entitled to grant to each shareholder, for all or part of the dividend or interim dividend distributed, an option between payment in cash or in shares.

c) Provisions relating to share capital

Provisions of the Articles of Association relating to share capital are presented in the third section of this document, "Shareholder information".

d) Other provisions of the Articles of Association

▪ Corporate purpose (article 2)

The purpose of the company, in France and all other countries includes:

- The administration and management of all companies or enterprises and direct or indirect interests in all undertakings of these companies or enterprises and through all means;
- Research and technical assistance to all companies, notably in the chemical and pharmaceutical areas;
- The purchase, sale, manufacturing, processing and exploitation of all chemical or pharmaceutical products;
- The purchase, production, exploitation, sale and distribution of all products and pharmaceutical specialties and all related accessories, articles and services;
- Pharmacological and clinical research, as well as the production and distribution of all products destined for pharmaceutical and clinical trials;
- The creation, registration, acquisition and direct or indirect use of all invention patents, the acquisition of all licenses and their direct or indirect exploitation;
- Acquisition of equity interests in all industrial, commercial, financial, real estate and investment companies, the creation of all companies, participation in capital increases, mergers, spin-offs, merger-demergers and partial mergers;
- The acquisition and management of all securities and ownership rights, through all means, notably through subscriptions, contributions, acquisitions of shares, shares of founders or beneficiaries of share rights, partnership interests or other types of ownership interests and bonds;
- And, in general, all industrial, commercial, financial, securities and real-estate transactions which may be directly or indirectly related to the above or contribute thereto.

7) 2011 Shareholders calendar

Event	Date
Publication of 2010 annual sales	11 February 2011
Presentation of 2010 consolidated financial statements	2 March 2011
Publication of 2011 first-quarter sales	27 April 2011
Annual General Meeting for FY 2010	27 May 2011
Presentation of semi-annual consolidated financial statements of 30 June 2011	28 July 2011
Publication of the 2011 interim financial report	29 July 2011
Publication of 2011 third-quarter sales	26 October 2011
Publication of 2011 annual sales	9 February 2012

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8) Concordance tables

a) European Prospectus directive

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GLOSSARY

Glossary of financial terms

AFEP/MEDEF

The code of corporate governance developed by the French Private Companies Association (AFEP) and French Business Confederation (MEDEF). This code was used as the basis for preparing the registration document within Guerbet Group. However, for 2010 the Group has retained the option to study the proposals of the new code issued by the French Association of Mid Caps, Middlednext, in line with its market capitalisation position.

Cash flow

The company's ability to generate cash to finance its operations and development. It is equal to income before taking into account non-cash items (allowances for depreciation and amortisation, provisions), but after tax.

Cap, Floor, Collar, Swap

Hedging instruments used to reduce foreign exchange and interest rate risks. According to the nature of the instrument selected, the characteristics of the hedge differ.

Captive

A reinsurance captive is an insurance company or reinsurance company that belongs to a manufacturing or commercial undertaking whose primary activity is not insurance. The purpose of such entities is to provide coverage for risks for the group to which it belongs. Guerbet does not use captives as part of its risk management policy

Current operating income

Operating profit or income from ordinary activities or profit before tax and non recurrent items defined as the result of the operating and investment activities of the period. It reflects the growth in value generated by the manufacturing and commercial activity of the company.

Dividends

Dividend is a part of net income distributed in cash to shareholders.

EBITDA

EBITDA represents earnings before interest, tax, depreciation and amortisation.

Free cash flow

Free cash flow is the difference for a defined period for the fiscal year between operating cash flows (net of fixed asset disposals) and capital expenditure. It is a factor contributing to the increase or decrease in net debt

Foreign exchange risk

This risk arises from a decline in exchange rates that may result in a loss in asset values denominated in a foreign currency. Similarly, the increase in exchange rates may result in an increase in value in the national currency of commitments payable in foreign currency.

Interest rate risk

The risk incurred by an increase in interest rates may result in increasing in turn interest expense on floating rate debt. Similarly, a decline in interest rates generates an opportunity cost on fixed rate debt.

Investment (capital expenditure)

An investment represents an outlay undertaken destined to modify the company's operating cycle from a long-term perspective; in contrast to an expense, it is not consumed through the operating cycle. An investment represents a decision to renounce an immediate resource to increase future revenue.

Net financial debt

Total financial debt net of short-term financial investments.

Net income

The portion remaining of current operating income attributable to shareholders after the payment of

creditors and amounts owed to the State. This net income may in consequence be distributed in the form of dividends or appropriated to reserves.

Operating working capital

Operating working capital (WCR) represents the balance of the application and sources of funds (i.e.: inventories + trade receivables - trade payables). It represents funds set aside by the company to finance its operating cycle.

Ownership disclosure thresholds

All individuals or legal entities that possess directly or indirectly, alone or in concert, more than 5%, 10%, 15%, 20%, 25%, 33%, 50% and 66% of the share capital or voting rights of a publicly traded company in France must notify the French market regulator (*Autorité des Marchés Financiers*) within 4 trading days from the date of crossing one of these thresholds for the number of shares and voting rights they possess.

Shareholder

An individual or legal entity that possesses shares in a company. On this basis, the shareholder is entitled to receive a dividend, and has a right to vote in shareholders' general meetings.

Shareholders' equity

The capital represented by the contributions of shareholders when the company is created or on subsequent occasions, or capital remaining available to the company originating from earnings that have not been distributed in the form of dividends.

Stock options

Stock options are options to buy existing or to subscribe to new shares at a fixed price. They are generally granted to managers of a company in order to provide them with a direct interest or incentive in contributing to growth in the value of the company.

Glossary of technical terms

Atheroma

An atheromatous plaque is characterised by the build-up of cholesterol on an artery wall. This phenomenon contributes to the thickening of the artery wall and leads to a partial or total occlusion of the artery that disrupts blood circulation.

Anatomical imaging

A technique designed to provide anatomical images of different organs such as the brain and anything that may alter them (tumours, haemorrhages, clots).

Contrast product

A pharmaceutical product administered to humans for diagnostic purposes. It makes it possible to render opaque organs such as blood vessels, the brain, the kidney, the liver, the heart, the digestive tract.

Diagnosis

Procedure for identifying an illness on the basis of the symptoms described and examinations performed by a doctor.

DRIRE (*Direction régionale de l'Industrie de la Recherche et de l'Environnement*)

The Regional Board for Industry, Research and Environment, a French governmental body under the authority of the Ministry of Industry whose responsibilities include notably, under the authority of Préfet, oversight of pressure vessels.

Functional imaging

Functional imaging measures the activity of organs (brain, liver, heart). In the case of the brain, fundamental research is above all used in order to provide a better understanding of the different structures of the brain and to localise and diagnose anomalies in their functioning (ex: presence of epileptic areas, location of vital cerebral zones that must not be

touched during a surgical operation).

Iode

The main raw material used in contrast products for x-ray medical imaging.

Marketing authorisation (*Autorisation de Mise sur le Marché* or AMM)

A national or European authorisation issued to a holder responsible for sale after an evaluation of the quality, security and efficacy of a pharmaceutical speciality.

Macrophage

A macrophage is a large cell whose role is to contribute to the immune response. Through its ability to capture, it eradicates from the body any type of pathogenic agent or recognised as foreign (nanoparticles, cellular waste and microorganisms).

MRI

MRI or Magnetic Resonance Imaging represents a non-invasive and painless technique of exploration using the magnetic properties of water to generate images of within a body.

Nuclear medicine

Nuclear medicine is a speciality focusing on the study by means of radioactive agents of the physiological or physiopathological functions of certain organs for diagnostic purposes. It is also used within the framework of certain therapeutic protocols.

OSEO

OSEO is a French government agency whose mission is to provide support to innovative projects with a technological component offering concrete prospects for commercial development in France or in foreign markets

Patent

An industrial property right granted by a public authority (INPI in France) to the party that discovers in a comprehensive and sufficient manner and claims title to an invention in order to benefit from an exclusive right to use it. This right provides against possible patent infringements and also ensures the possibility to reap the benefits for a limited period (20 years from the application date in France).

Pathology

A scientific term for the study and diagnoses of disease that has come to designate more generally an illness.

Pharmacovigilance

The purpose of pharmacovigilance is to monitor the risks of undesirable effects resulting from the use of drugs or products mentioned in Article R.5144-1 of the French Public Health Code.

REACH

REACH (Registration, Evaluation, Authorisation and restriction of Chemicals) is a European regulation whose primary purpose is to improve the knowledge of the intrinsic properties (dangers) of chemical substances and risks associated with their use.

SEVESO

A site classified as SEVESO is an industrial installation subject to special environmental and safety regulations (notably concerning the quantity of products stored) representing a significant risk for the neighbouring population in the event of a serious accident.

X-rays

X-rays are a form of high frequency electromagnetic radiation with ionizing radiation used for a number of applications including medical imaging.

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