



# 2013 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 2014 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 Board of Directors' management report, the consolidated financial statements, the Auditors' report on the consolidated financial statements for the fiscal year ended 31 December 2012 included in the registration document filed with the AMF on 16 April 2013 (No. D.13-0359).
2. The Board of Directors' management report, the consolidated financial statements, the Auditors' report on the consolidated financial statements for the fiscal year ended 31 December 2011 included in the registration document filed with the AMF on 16 April 2012 (No. D.12-0349).

*Disclaimer: This English language version of this Registration Document is a free translation of the original 'Document de Référence 2013' that was prepared in French. All possible care has been taken to ensure that this translation is an accurate representation of the original document issued in French language and registered on 11 April 2014 by the AMF (the French securities regulator). However, in all matters of interpretation of information, views or opinions expressed therein, the original language version of the document in French takes precedence over this translation. In consequence, the translation may not be relied upon to sustain any legal claim, nor be used as the basis of any legal opinion and Guerbet expressly disclaims all liability for any inaccuracy herein.*

**GUERBET**  
**Société Anonyme (a French corporation) governed by a Board of Directors**  
**with a capital of €12,200,184**  
**Registered office: 15, rue des Vanesses - 93420 Villepinte France**  
**Bobigny Company and Trade Register (RCS) No. 308 491 521**

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## ■ MESSAGE OF THE CHAIR OF THE BOARD OF DIRECTORS

A contrast media pioneer with more than eighty years of experience, Guerbet is the only pure player pharmaceutical group servicing the global medical imaging market, and today ranking fourth worldwide.

I wish to thank the directors, and through them, all shareholders, for the confidence they have shown by appointing me Chair of the Board.

My goal is to pursue the path mapped out by Jean-Jacques Bertrand, Chair since 2006 and still serving today as director, who over these years has accomplished remarkable work.

With its largely family shareholder base, Guerbet has adopted an exemplary system of governance for day-to-day operations, entrusting the responsibilities of chair of the board and executive management to non-family members.

My contribution, combined with those of all Board members, will be to devote myself fully to Guerbet's development, profitability and long-term prospects, while respecting its core values in the service of patients to improve their outcomes and quality of life.

Marie-Claire Janailhac-Fritsch  
Chair of the Board of Directors

## Interview with Yves L'Epine, Chief Executive Officer of Guerbet

### Were 2013's performances in line with previous years?

2013 was a year of transition, with progress achieved for all our projects. On that basis, we are now well positioned for 2014 and beyond. The general strategy defined in 2012 was maintained. For two of the main businesses of our activity, MRI imaging and X-rays, we pursued our efforts focused on going upmarket. Accordingly, for X-ray imaging, we improved our product mix and gross margin by implementing more economic and environment-friendly manufacturing processes. Furthermore, Dotarem, the European market leader for MRI imaging, was launched in the United States. We also accelerated our diversification into promising growth segments: interventional radiology and medical devices. Our growth platforms (IR/MD and US/Asia) accordingly grew more than 25% in 2013.

### Was the launch of Dotarem® in the United States a success?

In less than a year, we filed our new drug application, received fast track designation, followed by an unequivocal recommendation from the FDA Advisory Board, certified our production and distribution sites, recruited and trained the subsidiary staff, registered the first sales in the summer of 2013 and finally were approved by Novation, one of the most important GPOs in the United States. For a mid-size French company that did not yet have a track record in the US market, this was indeed an excellent performance. In effect, on track with our roadmap, we are off to a good start to achieving our goal of acquiring 15% to 20% of the US market within five years.

### How would you characterise last year's performance?

Our efforts to improve profitability have started to produce results. On that basis, the Group achieved an operating margin that remained steady in relation to 2012 despite the marginal contraction in sales. This latter decline was in large part linked to a strong adverse currency effect ge-

nerating a shortfall of more than €8 million, compounded by a windfall effect on 2012 sales not renewed in 2013.

In terms of financial performance, 2013 was marked by a return to positive free cash flow, with more than €15 million, a performance worth emphasising after eight years with negative FCF and return to breakeven only at the end of 2012. This in turn has allowed us starting this year by significantly reducing our debt. This period will also mark the completion of a major capital expenditure plan devoted to insourcing certain phases until now subcontracted to respond to worldwide demand and modernise our manufacturing base. We have also accelerated our Group's transformation by putting an emphasis on staff workplace satisfaction, redeploying our R&D efforts on projects generating greater value and have better taken into account customer expectations.

Overall, despite a pause in growth for sales, 2013 was a decisive year for Guerbet and our efforts to improve sales growth and profitability will produce results in 2014 and beyond.

### And how do you see the future for your third business segment: interventional radiology?

This segment is today at the dawn of a new era. By combining through the same procedure, diagnosis and treatment, interventional radiology will contribute to improved options for patients and, in certain cases, replace surgery. This minimally invasive outpatient approach is in particular being pursued for cancer treatment. Guerbet actively participates in these ambitious advances with Lipiodol®, already widely used for chemo-embolization in the treatment of primary liver cancers. In the United States, this product has also been granted an orphan drug designation for the visualisation of these tumours. A marketing authorisation could be obtained in 2014, supplementing those already obtained for Dotarem® in 2013. In Japan, reimbursement was approved for the indication of transcatheter arterial chemo-embolization (for 'hepatocarcino-

## ■ MESSAGE DU DIRECTEUR GENERAL

ma cellular' at the end of the year). Guerbet also launched new research projects destined to further improve vectorisation quality in order to deliver anti-cancer active ingredients to the heart of the tumour.

### **What are your ambitions for medical devices?**

Medical devices now constitute the second vector for accelerating our diversification, after the creation of the interventional radiology business unit in 2012. This year, through our subsidiary Medex, we expanded our range of disposables and, above all, finalised the FlowSens® project, the first dual soft bag injector for delivering x-ray imaging contrast products. The benefits to the user are significant: improved injection safety, acceleration in preparation time and adaptability to all scenarios that may be encountered by our customers.

### **Does France continue to represent the Group's prime base of operations?**

We reaffirm our commitment to 'made in France'. While 70% of Group sales are generated outside of our home market, 70% of our employees are in France, based in several departments (Seine-Saint-Denis, Val d'Oise,

Charente-Maritime, Morbihan and Rhône). Most of our investments in research and development and manufacturing have also been concentrated in France. Our engineers, researchers and production teams are committed to demonstrating the excellence of the Group and this country in advanced technologies. At the same time, Guerbet has adopted an increasingly international focus, particularly with regards to the United States and Asia where we displayed the fastest growth. With its position already very strong in Europe, it is there that Guerbet must achieve its next gains in market share. It is for that reason that we are more attentive than in the past to the international profiles of the executives who join us.

### **What is the outlook for 2014?**

2013 demonstrated the capacity of our teams in meeting Guerbet's challenges. Following last year's successful transition, we look to the future with confidence and expect positive results from the actions we have taken. We anticipate growth in sales, excluding currency effects, to reach €412 million ( $\pm 2\%$ ) accompanied by an operating margin in the 8%-9% range.

## 1. History of the company

We are a French pharmaceutical group that since 1926 has been providing healthcare professionals intervening in the fields of diagnostic and interventional medical imaging with contrast agents, injection systems, medical equipment and related solutions specifically adapted to their needs.

Guerbet Group is listed on Euronext Paris (Segment 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 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. Today Guerbet provides a complete range of imaging products for both x-ray and MRI applications.

The main products of the Group’s portfolio include: Dotarem®, an ionic macrocyclic gadolinium chelate indicated for MRI examinations; Xenetix®, an iodinated contrast media used for different types of x-ray examinations and Lipiodol®, in the area of interventional radiology.

Supplementing this product range of contrast agents for x-ray, MRI and interventional radiology applications, Guerbet as developed injection systems for CT scans and angiography as well as medical devices for radiologists.

Today, the Group’s activity is accordingly built around four pillars:

- MRI Products;
- X-ray products;
- Products for interventional radiology (IRT);
- Medical devices.

### Guerbet Group key dates:

Date	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
1986	Initial Public Offering
1987	Acquisition of Simafex (fine chemicals)
1989	Launch of Dotarem®
1995	Launch of Xenetix®
2004	Acquisition of Medex (a manufacturer of injectors for contrast products)
2006	Launch of the dual innovation: Xenetix® in Scanbag®

2008	Implementation of the Iseult programme (financed by Oséo Innovation)
2011	Takeover of Lipiodol® sales in the United States on a direct basis
2012	Launch of a complete CT range of medical imaging extension lines: ‘Linkfill CT®’
2013	FDA approval for Dotarem® and commercial launch in the United States

## 2. Mission and ambition

### 2.1 Our mission

Guerbet’s men and women are committed to offering health professionals contrast agents, medical devices and innovative solutions indispensable to **diagnostic and interventional imaging to improve patients’ prognosis and quality of life.**

Passionate about our business, we strive day in, day out to **combine performance, quality and sustainable development.**

### 2.2 Our ambition

Our goal is to **become a world leader in diagnostic and interventional radiology.**

This goal is underpinned by the Group’s four pillar growth strategy:

- MRI (MRI contrast products);
- XR (x-ray contrast products);
- IRT (contrast products used in interventional radiology);
- MD (medical devices).

## 3. Financial highlights

### 3.1 Revenue

In thousands of euros – IFRS	2013	2012
Consolidated net sales	389,669	403,495
<b>Sales by region</b>		
Europe	70.5 %	71.4 %
Other markets	29.5 %	28.6 %
<b>Sales by product range</b>		
MRI	41.9 %	40.2 %
X-ray	47.7 %	51.5%
Interventional Radiology and Theranostics	5.5 %	3.8 %
Medical devices	4.0 %	3.8 %
Other	0.8 %	0.6 %

### 3.2 Main consolidated data

In thousands of euros – IFRS	2013	2012
EBITDA <sup>1</sup>	52,125	54,908
Current operating income	29,984	31,731
Net income	20,489	20,399
Net earnings per share	6.72 <sup>2</sup>	6.69
Dividend per share	2.00 <sup>2</sup>	2.00
Cash flow	42,041	45,289
Shareholders' equity	238,258	226,209
Net financial debt	82,484	99,009
Capital expenditures	35,345	33,195
Net financial debt / EBITDA <sup>3</sup>	1.58	1.80
Net financial debt / Equity <sup>3</sup>	0.35	0.44

1. EBITDA (represents earnings before interest, tax, depreciation and amortisation) corresponds to the financial aggregate of current operating income before depreciation and amortisation.

2. The figures here presented are before the stock split. After the 4-for-1 split of 23 January 2014, net earnings per share amounted to €1.68 with a dividend per share proposed to the General Meeting of €0.50.

3. These two ratios represent contractual covenants between Guerbet and its banks. The maximum limit for the ratio of Net financial debt / EBITDA is set at 3.2. The maximum limit for the ratio of Net financial debt / Equity is set at 0.7.

## 4. Business overview

### 4.1 Definitions

#### 4.1.1 Medical imaging

Medical imaging is a medical speciality whose objective is to guide or confirm a diagnosis and/or guide therapeutic procedure. It explores the interior of the human body through four techniques: x-rays, magnetic resonance imaging (MRI), ultrasound and nuclear medicine. Radiography using x-rays discovered in 1885 represent the oldest of these techniques. Interventional radiology utilises minimally-invasive image-guided medical or surgical procedures for the purpose of diagnosis or treatment.



**X-ray:**  
A radiating imaging technique to study the anatomy of the human body



**MRI :**  
A non-radiating imaging technique to study the anatomy and functioning of organs



**Ultrasound (echography):**  
A first-line non-radiating technique to study the anatomy and functioning of organs



**Nuclear medicine (scintigraphy):**  
A radiating imaging technique to study the functioning of organs

#### 4.1.2 Contrast products

Contrast media are pharmaceutical products Their nature and type of action vary according to the imaging techniques used.

- For x-ray imaging, it is the absorption capacity of iodine which is exploited.

- In magnetic resonance imaging (MRI), gadolinium is chosen for its magnetic properties. By reacting to the magnetic field, injecting a gadolinium compound speeds up water proton relaxation times which in turn increases the contrast of the signal visible through MRI.
- In echography, by stopping ultrasound microbubbles generate a backscatter or reflection.
- In nuclear medicine, waves are generated by radioactive agents or tracers.

Their objective is to make visible the invisible. The medical interest of a contrast agent is therefore to increase the contrast to visualise an atomic structure, under normal conditions with limited or no contrast at all, and in this way distinguish it from surrounding tissues.

The diagnostic performance that radiologists and clinicians seek is accordingly directly related to the relevance of the information obtained from the contrast agent's imaging enhancement properties. This is achieved by the quality of static or dynamic images detailing anatomical data and functioning of organs, the structure of arterial and venous networks and the parameters of the infusion rate. The diagnostic performance is a key driver of the therapeutic and surgical decision-making process for clinicians.

It has a direct impact on the quality life of the patient. It also contributes to addressing the economic objectives of reducing public healthcare costs through earlier diagnosis and a more efficient decision-making process for selecting therapeutic options adapted to the patient's profile. With the development of interventional radiology, contrast media may also be used to guide a medical procedure during a therapeutic intervention.

#### 4.1.3 Interventional radiology

Interventional radiology covers all invasive medical procedures used for the diagnosis and/or treatment of a pathology. Such procedures are guided and controlled by an imaging technology (x-rays, ultrasound, MRI). They involve innovative applications for many indications.

#### 4.1.4 Medical devices

Technological developments, particularly for x-ray and MRI exams, require the speed, volume and injection rates of contrast agents to be effectively managed. This determines the collection of data that is the key for diagnosis in order to adapt to the necessary data acquisition time. To improve the precision and reproducibility, injection protocols defined by needs for exploring the pathology, require automation assured through a programmable injector controlled remotely or near the patient. This injector is attached to the patient by equipment in the form of disposables specifically adapted to requirements for safe use and sterility. These devices contribute to the effectiveness of procedures while at the same time ensuring patient safety.

## THE GUERBET GROUP

Guerbet develops, markets and provides maintenance services for medical equipment and devices destined for diagnostic and interventional imaging.

### 4.2 Guerbet products

The range of contrast products marketed by Guerbet are organised by product family encompassing magnetic resonance imaging (MRI), X-rays (XR) and Interventional Radiology and Theranostics (IRT)

MRI	X-rays	IRT
Dotarem®	Xenetix®	Lipiodol®
Artirem®	Optiray®	Bleu Patente V
	Optiject®	Hexabrix®
	Oxilan®	
	Telebrix®	

Guerbet growth is based in large part on three major products: Dotarem® (MRI), Xenetix® (X-ray) and Lipiodol® (IRT).

#### 4.2.1 MRI

**Dotarem®**, a non-specific gadolinium-based contrast agent, has been Guerbet's largest contributor to revenue since 2010 and the market leader in volume in Europe. Its physio-chemical properties (it is also the only ionic macrocyclic contrast agent available which gives it a particularly high thermodynamic stability) and its optimal security profile makes it the industry standard for MRI. Dotarem® is used for the exploration of many pathologies and in particular for central nervous system, digestive tract, osteoarticular and vascular diseases.

First launched on the market in 1989, Dotarem® acquired a leadership position in 2008 in Europe when the appearance of serious undesirable side effects were noted with the injection of MRI contrast products. Nephrogenic systemic fibrosis (NSF) is a potentially fatal disease that may arise in conjunction with the use of gadolinium-based contrast agents for certain patients suffering from severe renal failure. European health authorities have divided Dotarem® and its competing products into three categories for the risk of incidence of this illness (high, intermediary and low). 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.

Dotarem® has been identified as a low-risk product. This decision has contributed to strong growth by Dotarem®. Today, more than 37 million Dotarem® doses have been administered to patients in more than 70 countries in Europe, Asia, Africa, the Middle East and South America. And in early 2013, Dotarem® was granted a market authorisation for the United States followed by its commercial launch in July in this market.

**Artirem®**, an arthrography-specific contrast agent for MRI, first introduced in France in 2002, is to date available in nine countries, mainly in Europe. 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.

#### 4.2.2 X-ray

**Xenetix®** is a second-generation low osmolar contrast media or non-ionic LOCM (low osmolar contrast media) first introduced on the market 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, improving safety for patients and medical personnel and introducing notable advances in terms of waste management. This packaging solution also represents Guerbet's response for addressing the growing priority of sustainable development.

Xenetix is available with two concentrations of iodine, 300 and 350 mg per millilitre. It is generally accepted that 350 mg per millilitre is the preferred concentration for cardiovascular pathologies, while 300 mg per millilitre is used for the exploration of parenchymatous pathologies (for example, liver, kidney). In general, LOCM products offer a better tolerance than the first-generation HOCCM (High Osmolar Contrast Medium) products combined with improved comfort for the patient when injected.

**Optiray®/Optiject®**, a non-ionic LOCM product, is marketed by Guerbet under license by Covidien 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 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 United States and in Japan under the Imagenil® brand name by Terumo, the exclusive distributor for Guerbet products following the agreement concluded since October 2005.

**Telebrix®**, a product belonging to the HOCCM category of contrast products (developed prior to LOCM and gradually being replaced by the latter). Because of its excellent acceptability, 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.

### 4.2.3 Radiologie Interventionnelle et Théranostic (RIT)

**Lipiodol®** is today the only iodised oil contrast agent for x-ray imaging. It was Marcel Guerbet's discovery of Lipiodol® in 1901 that led to the creation of the company. Initially used as a therapeutic application, it subsequently became the first iodinated contrast agent injected into humans in 1921. For imaging, after having been indicated for lymphography, 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 for the United States for use in interventional radiology. In 2013, Guerbet filed an application with the FDA for an extension of the indication for Lipiodol® to visualise and localise lesions for primary cancers of the liver. Also in 2013, the FDA granted to Lipiodol®<sup>1</sup> an orphan drug designation.

Lipiodol® is registered in Japan and Mexico for transcatheter arterial chemo-embolization for hepatocarcinoma cellular. On 27 November 2013, Guerbet Japan announced that Lipiodol was approved for National Health Insurance reimbursement for transcatheter arterial chemo-embolization for hepatocarcinoma cellular when used with Farmorubicin® for Injection 10 mg/50 mg. This approval for insurance reimbursement follows Ministry of Health, Labour and Welfare approval of a new Lipiodol indication for "adjustment of drugs and medical devices" received on 13 September 2013.

Furthermore, international clinical recommendations of American, European and Japanese scientific societies define transcatheter arterial chemo-embolization using Lipiodol® as the technique of choice for treating certain stages of hepatocellular carcinoma (HCC).

In endocrinology, Lipiodol® in soft capsule form is used worldwide in the prevention of iodine deficiency for adults and children.

**Bleu Patente V** is an injectable dye. It is used as a lymphatic marker notably for preoperative sentinel lymph node detection in preparing for breast surgery.

This indication is important by providing a tool for determining whether or not to pursue the aggressive surgery option of lymph node dissection.

**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 but also for vascular surgeons for cardiovascular explorations.

### 4.2.4 Medical devices

Medex, acquired by Guerbet Group in late 2004 sells a range of medical equipment that includes injectors for x-ray scanners as well as the associated medical devices.

An injector was specifically developed for x-ray scanners (**SBI 5002-CT®**) allowing for the exclusive use of Xenetix® in Scanbag®flexi-bags. This development makes it possible to propose a service offering adapted to radiology clinics and covering contrast media, injection systems and medical devices (Secufill®, Manyfill®, Linkfill®).

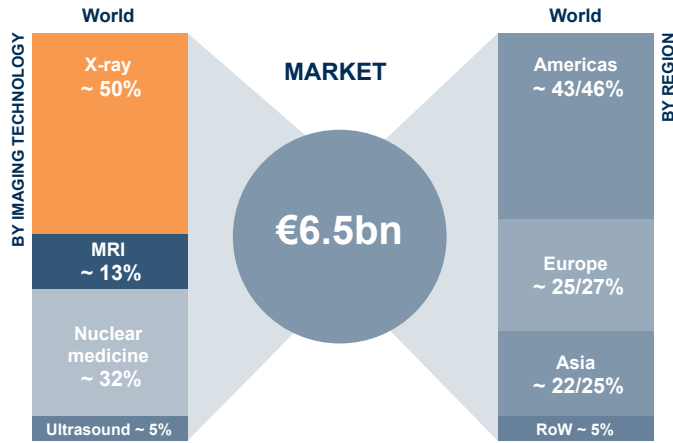
Medical devices	Brand names	MRI	X-rays	IRT
Disposables for all types of injectors	<b>Linkfill®</b> Extension lines available in six lengths (25, 50, 100, 150, 160, 180 cm)	•	•	
	<b>Secufill®</b> Patient line with double level safety valve	•	•	
	<b>Manyfill®</b> Filling/injection systems for all types of CT scanner syringe injectors (multipatient)	•	•	
Injectors	<b>Addix®</b> Mono syringe injector, medium and high pressure		•	•
	<b>SBI®</b> CT contrast media bag injector compatible with Xenetix® in Scanbag®		•	

1. An orphan drug is a product that may be used for the diagnosis, prevention or treatment of rare illnesses.

# THE GUERBET GROUP

## 4.3 Market

In 2012, the market for contrast media and radiopharmaceuticals was valued at €6.5 billion breaking down as follows by imaging technology and geographic region:



Number of examinations (in millions)	X-ray	MRI	Total
Oncology	8.4	2	10.4
Cardiology	4.7	0.6	5.3
Central Nervous System (CNS)	1.6	1.5	3.1
<b>Total</b>	<b>14.7</b>	<b>4.1</b>	<b>18.8</b>

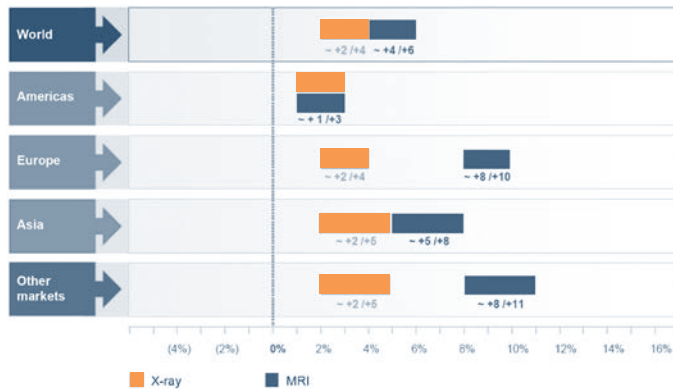
Source : AMR 2009 – TOP 5 Europe

### 4.3.2 Interventional Radiology and Theranostics

This market covers a range of different types of procedures: embolization of malignant or benign tumours, visualisation of the lymphatic system for preoperative sentinel lymph node mapping for breast cancer surgery or cardiovascular explorations for interventional cardiology.

### 4.3.1 MRI and X-rays

This market has been sustained by worldwide growth in volume of between 2% and 4% for x-rays, between 4% and 6% for MRI, with these ranges varying according to continent or geographical region (internal data in % CAGR).



Beyond growth in volume, more than 36 million imaging exams are performed every year in Europe (60 % by x-ray scanner and 16% by MRI). Serious pathologies such as cardiovascular disorders, cancer or central nervous system diseases by themselves account for 18.8 million X-ray and MRI exams.

### 4.3.3 Medical devices

The market for medical devices is influenced by three parameters:

- trends for the number of exam injections;
- Growth in the installed X-ray and MRI base;
- The share of exam injections.

Observable market trends:

- a probable stability or decline in the injected volume of iodinated or gadolinium-based products;
- 1.8% growth in the installed base for scanners (%CAGR 13-17)
- +3.2% growth in the installed base for MRI (%CAGR 13-17)

point to positive market momentum for medical devices.

#### 4.4 Competition

Guerbet has a portfolio of contrast media solutions covering MRI, X-rays and products devoted to International Radio-logy and Theranostics and medical devices (injectors and associated devices)

Company	Contrast products		IRT	Injectors and Medical devices
	MRI	X-ray		
GUERBET	•	•	•	•
Bayer HealthCare	•	•	•	• Medrad
GE HealthCare	•	•		
Mallinckrodt	•	•		•
Bracco	•	•	• <sup>1</sup>	• Acist SwissMedical Care Ezem
Nemoto				•
Medtron				•
Ulrich Medical				•
BTG			•	
Merit Medical			•	
Sirtex			•	

The main companies marketing worldwide contrast agents for X-ray and MRI applications are Bayer Healthcare, General Electric Healthcare, Mallinckrodt and Bracco.

Company	Nationality	MRI	X-ray
<b>Guerbet</b>	France	Dotarem®	Xenetix® Telebrix®
<b>Bayer HealthCare</b>	Germany	Gadovist® Magnevist® Primovist®	Ultravist® Radioselectan®
<b>GE HealthCare</b>	United States	Omniscan™	Visipaque™ Omnipaque™
<b>Mallinckrodt</b>	United States	Optimark™	Optiray™ Conray™
<b>Bracco</b>	Italy	Multihance® Prohance®	Iomeron® Iopamiron®

## 5. Manufacturing operations and logistics

Guerbet manages the complete production and manufacturing cycle through its four production sites and its network of subcontractors.

Guerbet has elected to manufacture its pharmaceutical products and medical devices mainly in France.

In effect, four of Guerbet's five production sites are located in France

- A fine chemical facility located in **Marans**, north east of La Rochelle (Charente-Maritime), specialised in the synthesis and production of active ingredients and chemical intermediates. In addition, this facility has developed toll manufacturing services for pharmaceutical companies and acquired specific expertise in industrialisation (extrapolation) of processes.
  - The **Lanester** site (Morbihan) manufactures active ingredients for the X-ray line,
  - The **Aulnay-sous-Bois** site (Seine-Saint-Denis) manufactures finished pharmaceutical products,
  - The **Saint-Priest** site (Rhône) for the assembly of injectors.
- And one pharmaceutical production plant in Brazil based in Rio de Janeiro.

Guerbet has three distribution centres located in Europe, Asia and South America. Our logistics expertise contributes to optimising costs and guarantees that delivery deadlines are met while maintaining the quality standards of our products. The Gonesse platform located near the Aulnay-sous-Bois site handles our product ranges destined for Europe, the United States, Africa and the Middle East. Our Hong Kong centre manages distribution for the entire Asia region where proximity to local markets is essential. Finally, our Brazilian subsidiary has a logistics department and supplies all of South America. Measures have been taken to complete our logistics capabilities in the United States to handle Dotarem's launch and marketing. This logistics chain assures the effective management of lead time and quality of our products while optimising distribution costs.

For several years, Guerbet has been preparing for the future and investing to build a competitive industrial base:

- Chemical manufacturing for intermediates and active ingredients;
- Production of finished pharmaceutical products in the form of sterile injectable solutions (vials and bags).

These investments are part of an ambitious programme for modernising the industrial sites to increase production capacity and competitiveness. These measures make it possible to secure sourcing for active ingredients and finished pharmaceutical goods by improving productivity and the production time cycle. This programme is also

destined to improve the environmental performance of its industrial sites. Commitment to quality, effectively meeting the highest standards for good manufacturing practices, reinforced safety and respecting the environment are integral parts of the Group's industrial strategy.

**At Marans**, after the production line for the active ingredient of Lipiodol® was fully renovated, production capacity for chemicals in the MRI sector was increased significantly in order to meet growing demand for Dotarem®, linked notably to preparations for the launch in the United States. Investments have focused on environmental improvements and reinforcing fire risk protection and prevention.

**At Lanester**, capacity investments have been completed for Xenetix®. Substantial investments have been incurred to improve management of the site's environmental and economic performance, notably by recycling iodine but also the quality of effluents processed, and the management and prevention of industrial risks.

**At Aulnay-sous-Bois**, the Group is investing in a new filling unit for the manufacture of injectable solutions in the form of vials and bags that is in the process of being completed. Buildings and the installation of utilities have been completed and the first validations of the vial and bag filling lines were carried out in 2013. This investment responds to demand for increasing production capacity, increasing productivity and meeting international quality standards for the manufacture of injectable pharmaceutical products and switching to insourcing by taking over from our subcontractors.

**At Saint-Priest**, investments have been made for the manufacture of injectors.

At the **Rio de Janeiro plant**, investments for the renewal of the filling line are in progress and will be operational in 2014. They involve mainly the installation of a new cleaning machine and a new vial filling line.

Furthermore, Guerbet has also recourse to subcontractors for its chemical and pharmaceutical activities.

Between 2005 and 2013, Guerbet's capital expenditures have totalled €207 million, including €193 million for its French production sites.

## 6. Research & development

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### 6.1 Research & Innovation

#### 6.1.1 Contrast products

The goal of Guerbet's research is to propose to radiologists and patients safe and innovative contrast media that respond to their needs.

The work of research teams is focused on the three main medical imaging segments:

- MRI – magnetic resonance imaging;
- Interventional radiology and Theranostics (IRT);
- the nuclear medicine segment, explored within the framework of external partnerships.

The discovery process for new contrast products follows a precise procedure:

- identify a medical need;
- define the biological target to be visualised;
- design a contrast media able to visualise this target;
- validate the new agent through experimental imaging.

To achieve this objective, Research brings together different scientific expertise, organised into divisions that explore and validate different directions for research:

- Chemical research;
- Physico-chemical formulation;
- Mass spectrometry – bioanalytical testing;
- Biology and pharmacology laboratory;
- Imaging;
- Optimising the interface between research and development. When a prototype corresponds to the defined specifications, it must then be scaled up to the industrialisation phase which requires the determination of proper stability of the active ingredients for synthesis in larger batches.

Current products are focused on oncology, and cardiovascular and neurological diseases.

Guerbet research teams are also pursuing major research and optimisation projects for contrast agents already on the market.

This work has contributed to significant advances with:

- improvements in the technique of transcatheter arterial chemo-embolization using Lipiodol® Ultra Fluide;
- knowledge about the mechanism for nephrogenic systemic fibrosis (N.S.F): Research work on the pathophysiological mechanisms of this serious secondary effect of certain categories of gadolinium compounds has led Guerbet to conduct major preclinical and clinical trials to document the differentiated safety profile of Dotarem® and integrate this risk factor in its work on the conception of future molecules.

#### 6.1.2 Perfecting and developing medical devices

Building on its expertise in the injection of contrast agents, Guerbet has developed a medical device division to complete its service offering in x-rays, MRI and interventional radiology.

The Group's subsidiary, Medex, is specialised in the design, development and manufacture of medical devices destined for medical imaging:

- Electro-medical equipment for the injection of opacifying agents for interventional radiology and scanners (syringe and bag injectors);
- Associated sterile disposables (syringes or bags to be filled with contrast agents or saline solution);
- Filling and injection kits;
- Infusors.

Devices developed and sold by Medex must comply with key requirements imposed by Directive 93/42/EC (Medical Devices Directive). These requirements with respect to safety and performances for medical devices impose a very high level of health and safety protection.

### 6.2 Development

#### 6.2.1 Organisation

Guerbet's development activity is organised around three main areas

- **Clinical development:** all activities linked to the conduct of clinical studies, from the design of the protocol to drafting the final study report, including the exploitation of results by scientific publications.
- **Regulatory affairs:** all activities relating to the management of the portfolio of filings for all products, all countries combined.
- **Pharmacovigilance:** all activities relating to the collection of side effects and drafting periodic summary reports on the risk-benefit profile to be submitted to regulatory authorities.

This headquarters organisation is supplemented at the regional level for **Europe, North America, Latin America and the Asia-Pacific region** to ensure more rapid responses adapted to local demands of patients, radiologists and authorities.

The work of Guerbet's development department is organised around the three main medical imaging segments: magnetic resonance imaging (**MRI**), X-ray imaging, today mainly the scanner (**CT-scan**) and interventional radiology and theranostics (**IRT**).

### 6.2.2 Pathology areas

These three imaging segments are studied in the three pathology fields of oncology, cardiology and neurology.

- **In oncology**, incidence of the main cancers (lung, breast, prostate, colorectal, liver) has been regularly increasing and nearly 14 million exams involving injections of contrast agents are carried out every year in Europe's five largest countries. This increase is linked to the ageing of the population as well as established risk factors (tobacco, eating habits, stress and the environment, etc.). It contributes to a rise in the number of exams for increasingly early diagnosis to achieve improved patient care, monitoring treatment and, eventually, improve outcomes and long-term outlook under the best possible conditions in terms of quality of life. For example, trends in the treatment of breast cancer (200,000 new cases per year) provide a perfect illustration of the place occupied by the different medical imaging techniques: MRI occupies a key role in diagnosis and monitoring the evolution of the illness. Based on European data, more than 40 million women in Europe 50 years and older are expected to receive systematic radiographic screening. This approach contributes to earlier diagnosis which significantly changes therapeutic strategies and contributes to remission of the illness without recurrence. In certain types of cancers, such as hepatocellular carcinoma, interventional radiology offers enormous benefits by enabling, most often on an outpatient basis, the precise visualisation and localisation of hepatic lesions and even the administration of anticancer products within tumour lesions.

- **In cardiology**, evaluating cardiovascular disorders through contrast agent injections represents a critical step in exploring the consequences of serious pathologies for symptomatic and/or at-risk patient groups (obesity, diabetes, hypercholesterolemia, stress, hypertension, tobacco, etc.). More than 7 million exams are performed to analyse the condition of the vascular network (detection of significant narrowing arteries related to atheroma plaque) and the consequences on blood flow for adequate infusion for key tissue such as, for example, the heart (risk of heart attacks) or the brain (risk of strokes). Diagnostic performance makes it possible to rank patients according to their risk profiles, the presence or absence of clinical signs, to determine the most appropriate treatment approach (preventive monitoring, choice in favour of drug treatment alone or combined with either major or interventional surgery). In this speciality, through the injection of a contrast agent, interventional radiology makes it possible, for example, to visualise the region of narrowed arteries requiring treatment, guide the surgical act and immediately control the effectiveness of the resulting dilatation. This type of therapeutic intervention, less invasive for the patient and less costly to the public healthcare system (length of hospital stays, procedures for patient monitoring), has in many cases replaced surgery.

- **In Neurology**, through central nervous system (CNS) imaging, MRI has become a critical tool by making it possible to diagnose for the first time lesions not visible using x-ray scanners. CNS imaging contrast media injections permit the exploration of brain tumours (primary cancer or brain metastases of a primary cancer) inflammatory pathologies (such as multiple sclerosis), degenerative diseases (such as Alzheimer's), vascular diseases (such as strokes) or infectious brain diseases (such as an abscess). Most of these that are chronic pathologies for which available drug treatments to stop their evolution are still insufficient, represent a major public health challenge linked to population ageing, longer lifespans and high intensity care for these dependent patients. Here as well, interventional radiology provides solutions for successfully treating a large number of arteriovenous malformations without surgery.

### 6.2.3 New Chemical Entities (NCE)

As for drugs, new contrast products or new chemical entities (NCE) are developed through several successive phases:

- **Phase I** to study, with healthy volunteers, clinical and biological tolerance as well as pharmacokinetics (the process by which a drug is absorbed, distributed, metabolised, and eliminated by the body) of increasingly larger doses and determine in this way the maximum tolerated dose.
- **Phase II** to compare, with patients, the diagnostic efficacy of several doses of the product with a placebo (inactive) and frequently, a reference product of the market.
- **Phase III** to confirm, with a large panel of patients, the diagnostic efficacy and tolerance profile of the product compared with a reference product or technique.

Guerbet is currently focused on developing a gadolinium chelate based NCE (P03277) for MRI applications. As preclinical studies have demonstrated, this particularly efficient product is adapted to high magnetic field applications. With the pre-clinical safety profile satisfactory, this product has advanced to phase I in December 2013. The development plan for phases II and III will be discussed with regulatory authorities in 2014.

### 6.2.4 Life Cycle Management (LCM)

LCM's primary objective is to manage lifecycle of products already on the market. Obtaining new indications, developing new formulations or presentations, new filings in different geographic markets are among the activities typically covered by LCM.

In this way, on 20 March 2013, Guerbet obtained FDA approval for Dotarem® in its primary market of the United States for CNS imaging for adults and children over two years of age.

Guerbet's **Clinical development and regulatory affairs** team pursue significant work focusing on contrast products already on the market in the Group's three main imaging segments of MRI, X-ray CT-scans and IRT.

- In **MRI**, with Dotarem®, studies are conducted to confirm the diagnostic efficacy as compared to other products, confirm the excellent tolerance profile and document the pharmacokinetic profile for children under two years (at FDA request).
- In **X-rays**, with Xenetix®, studies are conducted to document the diagnostic efficacy for cardiac CT scans compared to other products.
- In **IRT**, with Lipiodol®, activities are focused on obtaining recognition by regulatory authorities in Europe, the United States, Asia and Latin America of the product's properties for interventional radiology procedures in the treatment of patients with inoperable mid-stage hepatocellular carcinoma.

In the area of **clinical and pharmaceutical development**, LCM work is focused on developing new processes, in particular, to improve our environmental footprint.

### 6.3 Partnerships

To meet its research goals, Guerbet has developed partnership and collaboration agreements. 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, physics, computer science, image processing, biology 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 Innovation in France (subsequently renamed Bpifrance – *Banque Publique d'Investissement*) and the German Federal Ministry of Education and Research (*Bundesministerium für Bildung und Forschung* or BmBF) in Germany. The goal of this project is to contribute to advances in MRI using 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 and provide benefits in detecting, monitoring and treating ma-

ior pathologies. The target clinical indications are brain tumours, strokes and Alzheimer's diseases.

This collaborative research program includes participants covering the entire R&D and MRI manufacturing spectrum:

- Guerbet, the coordinator for France;
- 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.

Guerbet is also pursuing R&D in nuclear medicine through two collaborative projects co-financed by Oseo Innovation and the General Regional Council of Seine-Saint-Denis for the latter: IMAkinib® and Imova.

**IMAkinib®** is focused on improving cancer treatment by developing new specific imaging radiotracers. Radiotracers are diagnostic molecules that can be marked by a radioactive atom (F18) to allow the creation of an image using a scanner to follow the reaction of patients undergoing anti-tumour treatments. They furthermore give a precise location of the tumour and any metastases. Oncodesign, a Dijon-based SME is the coordinator for this project in which participates, in addition to Guerbet, Ariana Pharmaceuticals, a Paris SME specialised in data analysis. 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.

**Imova** is a project seeking to address unmet medical diagnostic needs for atherothrombosis imaging. With its partners, Guerbet will develop and validate new molecular imaging products for atherothrombosis (MRI and nuclear medicine). A phase 0 clinical study may be launched at the end of this project. In addition to Guerbet, four other partners based in the greater Paris region are participating in the Imova project: DOSIsoft, a start-up specialised in software applications for the quantification analysis of medical images, the SIMOPRO unit of the French Atomic Energy and Alternative Energies Commission (CEA), the IMNC unit of the French National Centre for Scientific Research (CNRS) and the INSERM U698 research unit for cardiovascular remodelling.

Guerbet is also a participant in the **SpinelInject** project financed by the FUI (*Fonds Universel Interministériel*) in partnership with Graftys and university research teams which is developing calcium phosphate cements which can be used as an alternative to bone grafts of biological origin in the spinal column. As Guerbet's first network-based research partnerships in the field of interventional radiology, its goal is to create a cement containing a radio-opaque contrast agent to monitor the correct implantation of the cement and its bioabsorption.

## ■ THE GUERBET GROUP

Certain network-based research partnerships are subject to two types of financial provisions providing for:

- the repayment of repayable advances in the event of success in the commercial phase of the products;
- the payment of a percentage of revenue based on sales and/or operating income generated by these projects.

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. This stimulating environment has resulted in the emergence of collaborative projects.

### 6.4 R&D expenditures

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

	2013	2012
<b>R&amp;D expenditures</b> (thousands of euros)	36,730	39,252
<b>R&amp;D expenditures</b> (% of sales)	9.4 %	9.7 %

### 6.5 Intellectual property

In the pharmaceutical sector, intellectual property represents a key strategic asset as it contributes to offsetting the development time and costs related to the innovation, while the same time leveraging the work of researchers. The patent term is 20 years from the filing date of the earliest application. In practice, the development time for products is such that the exclusivity period (patent protection) is often frequently considerably reduced. The expiry of a patent can result in the emergence of fierce competition associated with the arrival on the market of generic products (refer to the section Risk factors). In certain cases, the patent may be extended through a document providing for additional protection referred to in the United States as a 'Patent Term Extension'. Products can also benefit from protection that may be obtained over the course of their development such as formulation and manufacturing patents as well in the course of product lifecycle management activities. Guerbet's patent portfolio concerns active ingredients, new pharmaceutical formulations, formulation and manufacturing processes, injection systems or medical devices. Guerbet also has a portfolio of trademarks and industrial designs.

#### • Protection of clinical data

The protection of clinical data supplements patent protection. This involves a period of regulatory exclusivity during which an administrative regulatory authority refuses either to accept a new marketing authorisation application

or grant a marketing authorisation for a generic based on the clinical data of an 'originator' drug covered by this protection. In the United States, Dotarem® benefits from clinical data protection up until 20 March 2018.

## 7. Group organisation at 31 December 2013

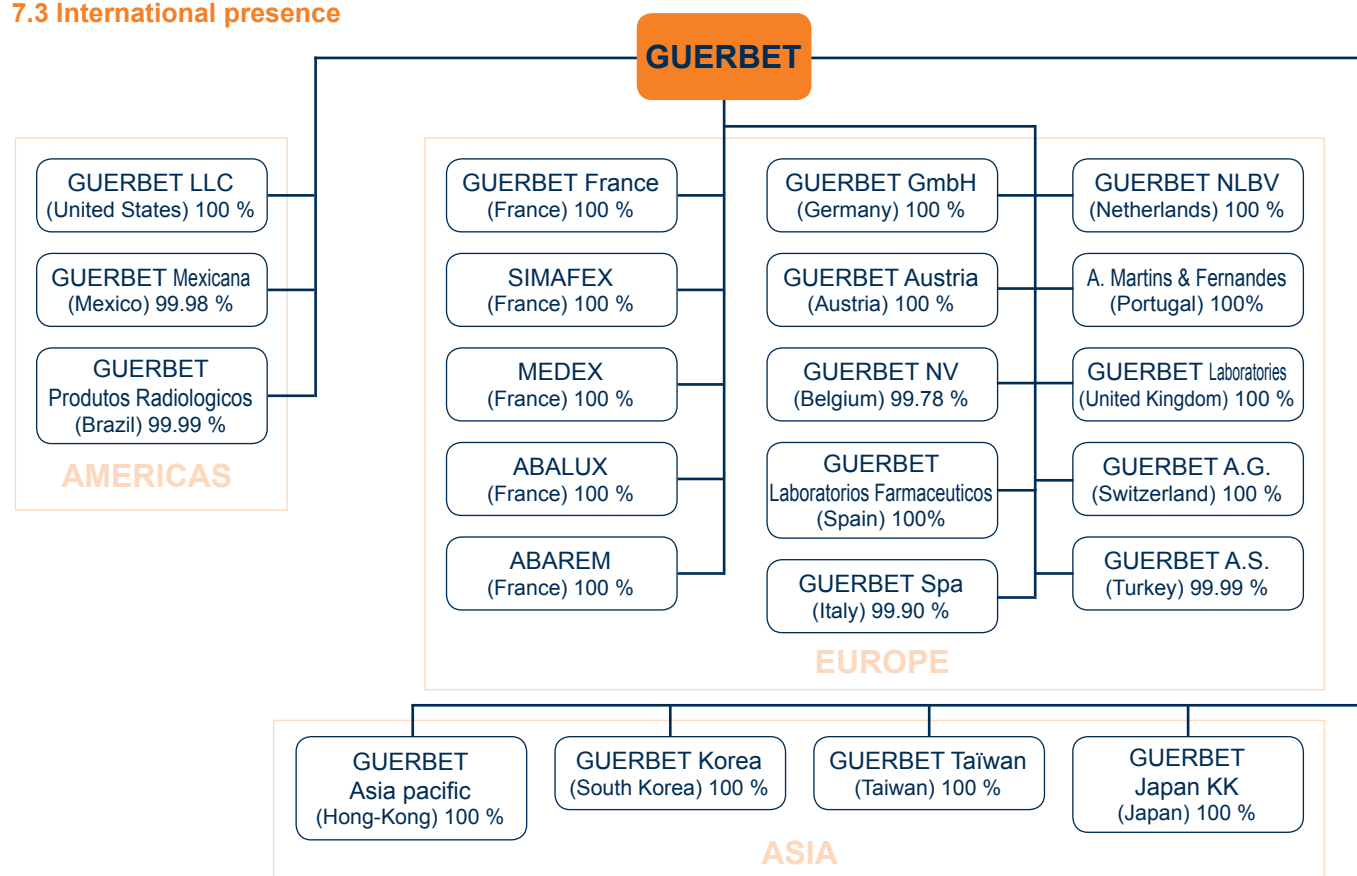
### 7.1 Executive Committee

Yves L'EPINE	Chief Executive Officer
Virginie BECK	Vice President, Strategic Projects & Secretary General
Claire COROT	Vice President, Research & Innovation
Pierre DESCHE	Vice President, Development, Medical and Regulatory Affairs
Henri-François GREGY	Vice President, Pharmaceuticals
Brigitte GAYET	Qualified Person (QP) Chief Manufacturing Quality Officer
Jean-François LE MARTRET	Chief Financial Officer
Pascal MAILLIART	Vice President, Human Resources
Dominique MEYER	Vice President, Chemicals
Marie-Claire TAINE	Vice President, Sales & Marketing
Olivier VALLET	Vice President, Supply Chain

### 7.2 Board of Directors

Marie-Claire JANAILHAC-FRITSCH	Chair of the Board of Directors
Yves L'EPINE	Chief Executive Officer
Marion BARBIER	
Jean-Jacques BERTRAND	
Vincent DAGOMMER	
Mark FOUQUET	
Olivier GUERBET	
Claire JOUAULT	
Christian LOUVET	

### 7.3 International presence



## 7.4 Real estate properties

Establishment	Address	Type of activity
Aulnay-sous-Bois	16/24 rue Jean Chaptal 93600 Aulnay-sous-Bois	Main pharmaceutical manufacturing plant
Lanester	705 rue Denis Papin 56607 Lanester	Research laboratory
Marans (Simafex)	16 rue des Fours-à-Chaux 17320 Marans	Main chemicals plant
Rio de Janeiro	Rua André Rocha 3000 – Jacarepagua CEP 22710 – 561 Rio de Janeiro Brésil	Fine chemicals Second pharmaceutical manufacturing plant

Guerbet is also the operator of its distribution platform based in Gonesse.

## 7.5 Distribution

Guerbet distributes its products in 70 countries on all five continents.

Group sales are assured:

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

### Direct sales

The Group's strategy has been to gradually shift its priority over to its own 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 (13 subsidiaries), Asia (4 subsidiaries), North and Latin America (3 subsidiaries).

### Distribution agreements

In markets not covered by direct sales subsidiaries or a license agreement, Guerbet has executed agreements with 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.

### 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, clinics, radiology centres and purchasing groups account for a significant portion of sales (generally involving negotiated contracts or calls for tender);
- Wholesalers-distributors that in turn supply pharmacies.

## 1. Board of Directors

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### 1.1 Board members

#### Marie-Claire JANAILHAC-FRITSCH



**Date of birth:**  
3 July 1955

**Professional address:**  
**GUERBET**  
15, rue des Vanesses  
93420 Villepinte

**Offices and positions held within Guerbet :**  
**Chair of the Board of Directors**  
**(since 30 September 2013)**  
**Independent**

First appointment to the Board: 27 May 2011  
Date of last reappointment: N/A  
Expiration of term of office: 2017 AGM

**Audit Committee member**  
**Nominating and Compensation Committee member**  
**Ethics and Governance Committee member**  
**Chair of the Strategy and Innovation Committee**

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**Directorships and offices held in French and foreign companies:**  
Managing Partner of Hellebore

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**Professional career:**  
Consultant in the cosmetics field with Hellebore since 2003  
Worked in the cosmetics field since 1987, participating in the creation, development and sale of start-ups in this sector.  
She has also held positions in the pharmaceutical industry with Eurorga and Smith Kline from 1978 to 1987.  
Member of the French Institute of Directors (*Institut Français des Administrateurs*) since 2007.

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**Education:**  
HEC Paris Business School

## ■ CORPORATE GOVERNANCE

### Marion BARBIER



**Date of birth:**  
14 October 1958

**Professional address:**  
**GUERBET**  
15, rue des Vanesses  
93420 Villepinte

**Offices and positions held within Guerbet :**  
**Director**  
**Non-Independent as a Guerbet family member**

First appointment to the Board: 27 July 2011  
Date of last reappointment: N/A  
Expiration of term of office: 2017 AGM

**Ethics and Governance Committee Chair**  
**Nominating and Compensation Committee member**  
**Strategy and Innovation Committee member**

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**Directorships and offices held in French and foreign companies:**  
None

**Professional career:**  
Partner of the Bird & Bird law firm in 2000  
Attorney with the law firm Jeantet & Associés from 1984 to 2000

**Education:**  
Degree in international law from Panthéon-Sorbonne University and admitted to the Paris Bar

## Jean-Jacques BERTRAND



**Date of birth:**

20 May 1939

**Professional address:**

**GUERBET**

15, rue des Vanesses  
93420 Villepinte

**Offices and positions exercised within Guerbet :**

**Director**

**Independent**

First appointment to the Board: 25 May 2002

Date of last reappointment: 21 May 2010

Expiration of term of office: 2016 AGM

**Chairman of the Board until 30 September 2013**

**Nominating and Compensation Committee member**

**Ethics and Governance Committee member**

**Strategy and Innovation Committee member**

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**Directorships and offices held in French and foreign companies:**

Chairman of the Board of Directors of Pierre Fabre Laboratoire

Chairman of the Board of Directors of Neovacs (a biotech company)

Director, Fondation pour la Recherche Médicale

Honorary Chairman, LEEM

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**Professional career:**

Chief Executive Officer of Pasteur Mérieux Connaught (Aventis Pasteur in 2000) from 1994 until the end of 2002;

Executive Committee member of Rhône-Poulenc in 1999 and

Deputy Chief Executive Officer of Aventis Pharma.

Chief Executive Officer of Rhône-Poulenc Rorer in 1990

Chief Executive Officer of Pharmaceutical Operations of Rhône-Poulenc Santé in France in 1985

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**Education:**

HEC Paris Business School

## ■ CORPORATE GOVERNANCE

### Vincent DAGOMMER



**Date of birth:**  
17 August 1970

**Professional address:**  
**GUERBET**  
15, rue des Vanesses  
93420 Villepinte

**Offices and positions held within Guerbet :**  
**Director**  
**Non-independent as a Guerbet family member**

First appointment to the Board: 21 May 2010  
Date of last reappointment: N/A  
Expiration of term of office: 2016 AGM

**Audit Committee Chairman**  
**Strategy and Innovation Committee member**

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**Offices held in French and foreign companies:**  
Managing Director of Guerbet NV Belgique since 29 November 2013

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**Professional career:**  
Chief Executive Officer of Guerbet NV Belgique since 1 February 2014  
Agreements & Licences Head in charge of divestments at Novartis Consumer Health, Nyon (Switzerland), 2011 to 2013  
Business Planning & Analysis Head, Novartis Consumer Health, Nyon, 2008 to 2011  
Business Planning & Analysis Manager, Novartis Consumer Health, Nyon, 2001 to 2007  
Management control responsibilities for Cogema and Bayer Pharma from 1996 to 2000

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**Education:**  
ESCP Europe Paris Business School

## Mark FOUQUET



**Date of birth:**  
6 July 1959

**Professional address:**  
**GUERBET**  
15, rue des Vanesses  
93420 Villepinte

### **Offices and positions exercised within Guerbet :**

#### **Director**

#### **Non-independent as a Guerbet family member**

First appointment: 19 December 2013 (temporary appointment)  
Last reappointment: N/A  
Expiration of term of office: 2016 AGM

#### **Strategy and Innovation Committee member**

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#### **Offices and positions held in French and foreign companies:**

Chair of the Supervisory Board of Terranere – Ixow  
Director of Lucibel SA  
Managing Partner of Simpl-FI  
Managing Partner of Calenzane

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#### **Professional background:**

Secretary-General, assisting and implementing industrial and financial partnerships within MGF Easybike since 2011  
Key accounts manager, Paris and Abidjan, financial engineering with Maréchal & Associés Finance, 2010-2011  
Managing Director and Partner, consultant in financial engineering and structuring of financial transactions, FG Partner SAS, 2007-2010  
Consultant in financial engineering and financial deals, Simpl-Fi, 2003-2010  
Responsible for French and European equity sales to corporate customers, financing of initial public offerings with KBC Securities France, 1999-2003

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#### **Education:**

European Business School

## ■ CORPORATE GOVERNANCE

### Olivier GUERBET



**Date of birth:**  
26 June 1963

**Professional address:**  
**GUERBET**  
15, rue des Vanesses  
93420 Villepinte

**Offices and positions exercised within Guerbet :**  
**Director**  
**Non-independent as a Guerbet family member**

First appointment to the Board: 19 May 2001  
Last reappointment: 21 May 2010  
Expiration of term of office: 2016 AGM

**Audit Committee member**  
**Strategy and Innovation Committee member**

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**Offices held in French and foreign companies:**  
Chairman of SAS Holus, and in this capacity Chairman of SAS Commercialisation Rene Briand  
Managing Partner of SCEA Rene Briand  
Managing Partner of SCEA Val d'Or  
Managing Partner of SARL Societe De L'Officiere  
Managing Partner of SARL ADS

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**Professional background:**  
Acquisition in 2012 of René Briand Group, the French leader of garden products for professionals.  
Creations and executive management positions in the agricultural sector, 2004-2011.  
Guerbet Group, 1993-2002: creation of the Turkish subsidiary, repositioning of the biomedical division, management of the fine chemicals subsidiary.  
Positions exercised in multinational in the sector of interventional biomedical devices.

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**Education:**  
Institut Supérieur de Gestion  
INSEAD Advanced Management Program

## Claire JOUAULT-MASSIOT



**Date of birth:**  
27 August 1961

**Professional address:**  
**GUERBET**  
15, rue des Vanesses  
93420 Villepinte

### **Offices and positions exercised within Guerbet :**

#### **Director**

#### **Non-independent as a Guerbet family member**

First appointment to the Board: 24 May 2013

Last reappointment: N/A

Expiration of term of office: 2019 AGM

#### **Ethics and Governance Committee member**

#### **Strategy and Innovation Committee member**

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### **Offices held in French and foreign companies:**

Managing Partner of RFDC

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### **Professional background:**

Vice President, Clinical and Medical Quality, Sanofi R&D since 2010

Quality assurance / good practice and pharmacovigilance, Sanofi R&D, 1992-2010

Research and biotechnology, Advanced Magnetics, Cambridge (Massachusetts), USA, 1991

Clinical research, Glaxo Laboratories, 1990

Intern of the Paris Public Hospitals Network, 1985-1989

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### **Education:**

Specialised degree in Hospital Pharmacy, Paris V

Master's in Biological and Medical Sciences – Paris VI

Doctorate in Pharmacy – Univ. René Descartes – Paris V

## ■ CORPORATE GOVERNANCE

### Yves L'EPINE



**Date of birth:**  
24 October 1959

**Professional address:**  
**GUERBET**  
15, rue des Vanesses  
93420 Villepinte

**Offices and positions exercised within Guerbet :**  
**Director**  
**Chief Executive Officer**  
**Non-independent due to office held as CEO**

First appointment to the Board: 24 May 2013  
Last reappointment: N/A  
Expiration of term of office: 2019 AGM

**Yves L'Epine was appointed Chief Executive Officer of Guerbet on 17 October 2011**  
**Strategy and Innovation Committee member**

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**Offices held in French and foreign companies:**  
Managing Partner of Abarem  
Managing Partner of Abalux

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**Professional background:**  
Vice President for Europe, Established Products Division, Abbott Group, 2010-2011  
Chairman-CEO of the French subsidiary of Takeda Group's, 1999-2010  
Marketing and sales, Sandoz (subsequently Novartis), 1990-1999  
Intern of the Paris Public Hospital network, 1985 à 1989

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**Education:**  
MBA from INSEAD in 1999  
Doctor of medicine and cardiology , René Descartes – Paris V medical school

## Christian LOUVET



**Date of birth:**

20 September 1939

**Professional address:**  
**GUERBET**

15, rue des Vanesses  
93420 Villepinte

**Offices and positions exercised within Guerbet :**

**Director**

**Non-independent as a Guerbet family member**

First appointment to the Board: 15 May 1993

Last reappointment: 21 May 2010

Expiration of term of office: 2016 AGM

**Nominating and Compensation Committee Chair**

**Strategy and Innovation Committee member**

**Secretary General for the Guerbet family shareholders agreement, October 2001-May 2013**

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**Offices held in French and foreign companies:**

None

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**Professional background:**

Positions held with Essilor, 1979-2002

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**Education:**

Training as Optician-Optometrist and Audioprosthodontist

Management degree from IFG (*Institut Français de Gestion*)

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

### 1.2 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.

## CORPORATE GOVERNANCE

### 2. Compensation of corporate officers

#### 2.1 Compensation of executive officers

Variable compensation is based on quantitative and qualitative criteria linked to the Company's financial performance and strategy. For reasons of confidentiality, these criteria cannot be disclosed in this document.

The following table presents a summary of compensation provided to each executive officer for fiscal 2013.

Executive officers included Marie-Claire Janailhac-Fritsch as the Chair of the Board of Directors from 30 September 2013 to 31 December 2013, Jean-Jacques Bertrand as Chair of the Board of Directors, from 1 January 2013 to 30 September 2013; Yves L'Epine, as Chief Executive Officer; Bruno Bonnemain as Deputy Chief Executive Officer (qualified person) from 1 January 2013 to 30 September 2013 and Brigitte Gayet as Deputy Chief Executive Officer (qualified person) from 30 September 2013 to 31 December 2013.

#### Summary of compensation for Marie-Claire Janailhac-Fritsch

	2013	2012
Remuneration payable for the period	11,999	
Measurement of options granted in the period		
Measurement of performance shares granted in the period		
Attendance fees for serving as director	22,963 <sup>1</sup>	22,463
<b>Total</b>	<b>34,962</b>	<b>22,463</b>

#### Summary of compensation for Marie-Claire Janailhac-Fritsch

	Amounts due for the period		Amounts paid in the period	
	2013	2012	2013	2012
Fixed compensation o.w.: <i>for the office of Chair of the Board of Directors</i>	11,999		11,999	
Variable compensation				
Exceptional compensation				
Attendance fees	22,963 <sup>1</sup>	22,463	22,463	12,562
Benefits in-kind				
<b>Total</b>	<b>34,962</b>	<b>22,463</b>	<b>34,462</b>	<b>12,562</b>

1. Proposed to the vote of the General Meeting of 23 May 2014

### Summary of compensation for Jean-Jacques Bertrand

	2013	2012
Compensation due for the period	35,997	43,976
Measurement of options granted in the period		
Measurement of performance shares granted in the period		
Attendance fees for serving as director	22,463 <sup>1</sup>	23,463
<b>Total</b>	<b>58,460</b>	<b>67,439</b>

### Breakdown of compensation for Jean-Jacques Bertrand

	Amounts owed for the period		Amounts paid in the period	
	2013	2012	2013	2012
Fixed compensation o.w.: <i>for the office of Chair of the Board of Directors</i>	35,997	43,976	35,997	43,976
Rémunération variable				
Rémunération exceptionnelle				
Jetons de présence	22,463 <sup>1</sup>	23,463	23,463	22,463
Avantages en nature				
<b>Total</b>	<b>58,460</b>	<b>67,439</b>	<b>59,460</b>	<b>66,439</b>

### Summary of compensation for Yves L'Epine

	2013	2012
Compensation due for the period	376,204	588,827
Measurement of options granted in the period		
Measurement of performance shares granted in the period		
Attendance fees for serving as director	11,061 <sup>1</sup>	
<b>Total</b>	<b>387,265</b>	<b>588,827</b>

### Breakdown of compensation for Yves L'Epine

	Amounts owed for the period		Amounts paid in the period	
	2013	2012	2013	2012
Fixed compensation	370,800	360,000	370,800	360,000
Variable compensation	Not yet determined	223,422	223,422	90,000
Exceptional compensation		-		-
Attendance fees	11,061 <sup>1</sup>	-		-
Benefits in-kind	5,404	5,405	5,404	5,405
<b>Total</b>	<b>387,265</b>	<b>588,827</b>	<b>599,626</b>	<b>455,405</b>

1. Proposed to the vote of the General Meeting of 23 May 2014

## CORPORATE GOVERNANCE

### Summary of compensation for Bruno Bonnemain

	2013	2012
Compensation due for the period	168,686	224,460
Measurement of options granted in the period		
Measurement of performance shares granted in the period		
Attendance fees for serving as director		
<b>Total</b>	<b>168,686</b>	<b>224,460</b>

### Breakdown of compensation for Bruno Bonnemain

	Amounts due for the period		Amounts paid in the period	
	2013	2012	2013	2012
Fixed compensation	153,963	151,241	153,963	151,241
Variable compensation	Not yet determined	56,829	56,829	30,333
Exceptional compensation	9,534	11,441	9,534	11,441
Gross attendance fees: - o.w. net amount - o.w. social charges				
Benefits in-kind	5,189	4,949	5,189	4,949
<b>Total</b>	<b>168,686</b>	<b>224,460</b>	<b>225,515</b>	<b>197,964</b>

### Summary of compensation for Brigitte Gayet

	2013	2012
Compensation due for the period	133,264	128,797
Measurement of options granted in the period	-	
Measurement of performance shares granted in the period	-	
<b>Total</b>	<b>133,264</b>	<b>128,797</b>

### Breakdown of compensation for Brigitte Gayet

	Amounts due for the period		Amounts paid in the period	
	2013	2012	2013	2012
Fixed compensation	105,499	92,398	105,499	92,398
Variable compensation	Not yet determined	32,103	32,103	
Exceptional compensation	25,601	2,132	25,601	2,132
Attendance fees				
Benefits in-kind	2,164	2,164	2,164	2,164
<b>Total</b>	<b>133,264</b>	<b>128,797</b>	<b>165,367</b>	<b>96,694</b>

Other pertinent information relating to future compensation of executive officers:

	Employment contract		Supplementary retirement benefits		Severance payments or benefits owed on termination or change of functions		Compensation payable under non-compete clauses	
	Yes	No	Yes	No	Yes	No	Yes	No
Marie-Claire Janailhac-Fritsch		•		•		•		•
Jean-Jacques Bertrand		•		•		•		•
Bruno Bonnemain	•		•			•		•
Yves L'Epine		•	•			•		•
Brigitte Gayet	•		•			•		•

In 2013, three executive officers, like other Guerbet executives, benefited from an individual supplemental retirement account funded by employer contributions from Guerbet. Funded pension benefits paid to individual retirement accounts totalled €29,008 in 2013 breaking down as follows: €13,331 for Yves L'Epine, €9,485 for Bruno Bonnemain and €6,192 for Brigitte Gayet. Furthermore, no performance shares, loans or guarantees were granted to these five executive officers in 2013.

## 2.2 Attendance fees paid to corporate officers

Director	In 2013 pursuant to the decision of the AGM of 24 May 2013	In 2012 pursuant to the decision of the AGM of 27 May 2012
Jean-Jacques Bertrand	€ 23,463	€ 22,463
Marion Barbier	€ 19,963	€ 8,401
Jacques Biot	€ 22,463	€ 21,463
Vincent Dagommer	€ 22,463	€ 21,463
Olivier Guerbet	€ 22,463	€ 21,463
Marie-Claire Janailhac-Fritsch	€ 22,463	€ 12,562
Christian Louvet	€ 19,963	€ 19,963
Claire Jouault <sup>1</sup>	N/A	N/A
Yves L'Epine <sup>1</sup>	N/A	N/A
Mark Fouquet <sup>2</sup>	N/A	N/A

1. Appointed by the General Meeting of 24 May 2013

2. Temporary appointment decided by the Board of Directors on 19 December 2013 in accordance with the provisions of article L.225-24 of the French commercial code.

## ■ CORPORATE GOVERNANCE

### 2.3 Commitments granted to corporate officers following the assumption, changes or termination of functions

None

### 2.4 Stock option and stock purchase option plans

#### 2.4.1 Stock options granted to executive officers in 2013

None

#### 2.4.2 Options exercised by executive officers in 2013

None

#### 2.4.3 Options not exercised by executive officers on 31 December 2013

Yves L'Epine, Bruno Bonnemain and Brigitte Gayet held respectively 12,000, 4,000 and 370 stock options not yet exercised at 31 December 2013.

#### 2.4.4 Stock options granted to non-officer employees in 2013

None

#### 2.4.5 Summary of stock option plans in force at 31 December 2013

Refer to the notes to the consolidated financial statements on page 101

#### 2.4.6 Options exercised by non-officer employee beneficiaries in 2013

None

### 3. Report of the Chair of the Board of Directors on corporate governance, internal control and the principles for setting the compensation of corporate officers

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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 and rules established by it to determine 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 12 March 2014.

Guerbet adheres to the AFEP/MEDEF corporate governance code. The exceptions to the standard with respect to the composition of the Board of Directors and Committees are mentioned in the table summary presented at the end of this report. This code can be consulted at the website: [www.code-afep-medef.com](http://www.code-afep-medef.com).

#### I - Corporate governance

Guerbet is a French joint stock company (société anonyme) with a Board of Directors and a separation in functions between the Chair and Chief Executive Officer.

At 31 December 2013, the Board of Directors of Guerbet had nine members:

- Marie-Claire Janailhac-Fritsch  
*Chair of the Board*
- Yves L'Epine  
*Chief Executive Officer, Board member*
- Marion Barbier  
*Board member*
- Jean-Jacques Bertrand  
*Board member*
- Vincent Dagommer  
*Board member*
- Mark Fouquet  
*Board member*
- Olivier Guerbet  
*Board member*
- Claire Jouault  
*Board member*
- Christian Louvet  
*Board member*

Marie-Claire Janailhac-Fritsch chairs the Board of Directors, succeeding Jean-Jacques Bertrand as from 30 September 2013.

Dr. Michel Guerbet is honorary chairman of the Company.

At 31 December 2013, two independent directors served on the Board, Marie-Claire Janailhac-Fritsch and Jean-Jacques Bertrand. For information, until 19 December 2013, the date of Jacques Biot's resignation, three independent directors served on the board, or one third, in line with recommendations of the AFEP/MEDEF corporate governance code. A proposal for a new independent director will be submitted to the general meeting of our company on 23 May 2014.

Independent directors meet the criteria set by the AFEP/MEDEF Code:

- they are not a member of the Guerbet family;
- they have no relationship of any kind with the Company or one of its subsidiaries;
- they exercise no function within the company's management;
- they do not possess a significant number of shares of the company;
- they are not bound by any employment contract with the company or one of its subsidiaries;
- they have exercised their functions on the Board of Directors for less than twelve years.

It is furthermore specified that:

- Vincent Dagommer, appointed managing director (administrateur délégué) of SA Guerbet NV, Guerbet's Belgian subsidiary, resigned from his office as director of the company on 12 March 2014.
- Yves L'Epine is Chief Executive Officer (Directeur Général) of Guerbet. The function of Chief Executive Officer is separate from that of the Chairmanship of the Board of Directors. Yves L'Epine is not a member of any committee with the exception of the Strategy and Innovation Committee for which, it is noted for the record, all directors are members.
- Brigitte Gayet was appointed Deputy CEO on 30 September 2013 upon taking office as qualified person, succeeding Bruno Bonnemain.

In accordance with the provisions of the law and the Company's articles of association, members of the Board of Directors are appointed for terms of office of six years. It is noted that the recommendations of the AFEP-MEDEF Code providing for a four-year term of office for directorships have not been applied. The Company undertakes, whenever compatible with its organisation and operating procedures, to comply with AFEP-MEDEF criteria as best as possible. However, in light of the company size, equity profile and the aim having the Board of Directors operate according to long-term perspective while drawing on past experience, the Board has decided in consequence to wave the application of this recommendation.

## CORPORATE GOVERNANCE

In 2013, the Board of Directors met seven times with an average attendance rate of 90 %. The Board of Directors has met once since the beginning of 2014 to review the annual financial statements for fiscal 2013.

The Board of Directors adopted a new charter (rules of procedure) which entered into effect on 5 March 2013. This charter sets forth and completes the rules governing the functioning of the Board and its Committees provided for by the Company's articles of association and the law. This charter is available for consultation at Guerbet Group's website.

### *I – 1 Organisation of the work of the Board of Directors and Committees*

#### **Evaluation**

The Board charter provides that every year the Board evaluates its operating procedures and ensures that questions relating to the effective running of the company are properly prepared and discussed.

In accordance with these provisions, on 19 December 2013, the Board of Directors performed its self-assessment through a written questionnaire sent to Board members (a detailed questionnaire with close and open-ended questions allowing members to explain their responses).

Based on this self-assessment and the Board's discussions thereon, the functioning of the Board of Directors is deemed satisfactory. Board members noted progress in several areas: the Board charter was revised, Board members possess a good knowledge of Guerbet, documents provided to the Board are as a general rule transmitted in a timely manner and their transmission is effectively secured. Other areas of progress were also mentioned such as the implementation of balanced scoreboards for the Board of Directors.

Furthermore, the conduct of discussions and their quality contribute to a collective decision-making process in which each Board member is able to express his or her opinion.

The proportion of independent directors is deemed satisfactory, it being specified that due to the resignation of Jacques Biot, a new independent director, Didier Izabel, was appointed on a temporary basis by the Board of Directors on 12 March 2014. This appointment should be confirmed by the general meeting of 23 May 2014. These directors have retained their status as Independent Directors since none of them maintain any relations whatsoever with the company, its subsidiaries, or management which could impair the free exercise of their judgement.

Finally, the Board of Directors has created an Ethics and Governance Committee whose first members were appointed on 5 March 2013. By creating this new committee, the Board intends to formalise considerations of

ethics and governance the Group has always considered important and which will contribute to addressing international requirements in this area.

The Board of Directors is now assisted by four committees: the Strategy and Innovation Committee, the Nominating and Compensation Committee, the Audit Committee and the Ethics and Governance Committee. These Committees represent bodies destined for study and reflection. These committees issue recommendations and proposals though do not exercise decision-making authority and report to the Board of Directors on their work.

#### **Strategy and Innovation Committee**

The Strategy and Innovation Committee replaced the Strategy Committee on 5 March 2013. All directors participate in this committee that meets at least once every quarter and more frequently if required. This committee met three times in 2013. This Committee is headed by Marie-Claire Janailhac-Fritsch, Chair of the Board of Directors.

The Strategy and Innovation Committee's mission is to prepare the Board's work on subjects of major strategic interest.

Meeting agendas concern in particular medium-term plans, the interventional radiology strategy, the launch of Dotarem® in the United States, analysis of the portfolio of potential partners and review of strategic projects.

#### **Nominating and Compensation Committee**

The Nominating and Compensation Committee replaced the Compensation Committee on 5 March 2013. Members of this committee include Marie-Claire Janailhac-Fritsch, Marion Barbier, Christian Louvet (Chair) and Jean-Jacques Bertrand. The proportion of independent directors on the committee increased in 2013 to represent one half of its members (from one third in 2012). It is noted that the recommendations of the AFEP-MEDEF Code providing for a majority of independent members has not been applied.

This exception is justified by the majority shareholding of the Guerbet family in the Company's share capital that results in a majority representation of Guerbet family members within the Board of Directors, none of whom, with the exception of Vincent Dagommer<sup>1</sup> who resigned from the board on 12 March 2014, exercise any management or operational functions within the company or its subsidiaries.

Marie-Claire Janailhac-Fritsch's presence on the Nominating and Compensation Committee constitutes an exception to the provisions of the AFEP-MEDEF code providing that Chairs of Board of Directors should no longer serve on these committees. However, the Board specifies that the purpose of Marie-Claire Janailhac-Fritsch's appointment is to ensure that the proportion of independent di-

1. Vincent Dagommer occupies the office of Managing Director of SA Guerbet NV Belgique.

rectors on the Nominating and Compensation Committee remains satisfactory. Furthermore, the company's corporate governance model that separates the functions of chair and chief executive officer and the fact that Marie-Claire Janailhac-Fritsch has abstained from participating in decisions relating to compensation allow her to be a member of this committee.

This Committee met two times in 2013.

The Nominating and Compensation Committee's mission is to ensure that the Board of Directors is able under optimal conditions to:

- Select new directors, appoint the chief executive officer and, on proposition by the latter, the deputy chief executive officers;
- Ensure the effective integration of new directors;
- Review the compensation policy applied within the Group;
- Propose compensation and benefits to executive officers for adoption by the Board;
- Address in particular succession plans for senior management and persons considered to exercise key functions within the Group.

#### **Audit Committee**

At 31 December 2013, members of this committee included Marie-Claire Janailhac-Fritsch, Vincent Dagommer (Chair) and Olivier Guerbet. Pursuant to Jacques Biot's resignation on 25 July 2013, this committee had only three members that included one independent director. It is noted that the recommendations of the AFEP-MEDEF Code providing for a minimum for independent directors of two thirds within this Committee has not been applied.

This exception is justified by the majority shareholding of the Guerbet family in the Company's share capital that results in a majority representation of Guerbet family members within the Board of Directors, none of whom, with the exception of Vincent Dagommer<sup>1</sup> who resigned from the board on 12 March 2014, exercise any management or operational functions within the company or its subsidiaries.

Mark Fouquet was appointed to the Audit Committee by the Board of Directors on 12 March 2014. Didier Izabel, a new independent director temporarily appointed by the Board on 12 March 2014 was on the same date appointed by the Board as member and Chair of the Audit Committee.

Marie-Claire Janailhac-Fritsch's presence on the Audit Committee constitutes an exception to the provisions of the AFEP-MEDEF code providing that Board of Directors Chairs should no longer serve on these committees. However, the Board specifies that the purpose of Marie-Claire Janailhac-Fritsch's appointment is to ensure that the proportion of independent directors on the Audit Committee remains satisfactory. Furthermore, the fact that

Marie-Claire Janailhac-Fritsch exercises no other function within the company allows her to serve on the Audit Committee.

This Committee met five times in 2013.

As provided for by article L.823-19 of the French commercial code, the Audit Committee assures, under the Board of Directors' exclusive and collective responsibility, oversight for questions relating to (i) preparing and reviewing the separate statutory, and as applicable, consolidated financial statements (ii) the auditors' independence and objectivity (iii) the efficacy of internal control and risk management systems.

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.

#### **Ethics and Governance Committee**

The Ethics and Governance Committee was established by the new Charter adopted on 21 December 2012 and met for the first time on 30 September 2013. Members of this committee include Marion Barbier (Chair), Marie-Claire Janailhac-Fritsch, Claire Jouault and Jean-Jacques Bertrand.

This Committee met two times in 2013.

The Ethics and Governance Committee prepares the Board's work on matters relating to ethics and governance within the Group. On this basis, the Committee deals with and monitors all matters relating to:

- ensuring that the company's values, actions and projects are coherent with employment-related, legal and regulatory standards;
- management integrity;
- the definition and compliance with rules of good governance;
- preventing corruption and fraud;
- the company's articles of association and the Board charter;
- the status of independent director.

The Committee oversees the effective functioning of the Board and Board committees.

The Honorary Chair and representatives of personal on the Board of Directors may be invited to attend meetings of the Committee.

Meeting agendas covered subjects including an overview of procedures and organisational structures relating to ethics and corporate governance. This work is in preparation for the drafting of an ethical charter in 2014.

1. Vincent Dagommer occupies the office of Managing Director of SA Guerbet NV Belgique.

## ■ CORPORATE GOVERNANCE

### *1 – 2 Principles and rules for determining compensation and benefits granted to corporate officers*

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

#### **Board of Directors**

##### **1) Board members**

For fiscal 2013, the combined shareholders' meeting to be held on 23 May 2014 will be asked to approve a total allocation for attendance fees of €220,000 consisting of fixed and variable portions calculated according to the contributions of each member to Audit Committee, nominating and Compensation Committee and Ethics and Governance Committee meetings.

For an equitable treatment of directors and in light of their near permanent attendance at all Board decision-making meetings, it has opted to not follow the AFEP-MEDEF code recommending that the variable amount of attendance fees account for the major portion.

Furthermore, independently of this recommendation, based on comparisons, these amounts are in the lower range for the companies of similar size.

##### **2) Chair of the Board of Directors**

Jean-Jacques Bertrand served as Chair of the Board until 30 September 2013 on which date he was succeeded in this function by Marie-Claire Janailhac-Fritsch. The Chair of the Board's remuneration for fiscal 2013 set for a net amount of €37,925 was unchanged in relation to 2012. In consequence, Jean-Jacques Bertrand received a net amount of €28,443 and Marie-Claire Janailhac-Fritsch received a net amount of €9,481.

#### **Executive Management**

The Chief Executive Officer, Yves L'Epine, received 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. Compensation of the Chief Executive Officer is comprised of both fixed and variable compensation. Variable compensation is based on both quantitative and qualitative criteria linked to the Company's financial performance and strategy. For reasons of confidentiality, these criteria cannot be disclosed in this document. He is also entitled to reimbursement for costs incurred in the performance of his duties and notably travel and entertainment costs.

For serving as director, Yves L'Epine receives only the fixed portion of attendance fees.

As Qualified Person and on that basis Deputy Chief Executive Officer of Guerbet, Brigitte Gayet receives compensation for holding that office. She furthermore holds an employment contract for which she receives compensation as chief manufacturing quality officer.

### *1 – 3 Information on changes to the Board of Directors*

In 2013, changes to the Board were as follows:

- appointment by the general meeting of 24 May 2013 of Yves L'Epine and Claire Jouault-Massiot as directors;
- appointment of Marie-Claire Janailhac-Fritsch to the position of Chair of the Board, replacing Jean-Jacques Bertrand;
- resignation on 19 December 2013 of Jacques Biot from his office as director;
- temporary nomination of Mark Fouquet as director on 19 December following Jacques Biot's resignation. This temporary nomination must be confirmed by the general meeting of 23 May 2014;
- adoption of the new Charter of which the major changes concerning:
  - procedures for calling and preparing for Board meetings;
  - the creation of the Strategy and Innovation Committee, replacing the Strategic committee and the Innovation Committee;
  - the creation of the Nominating and Compensation Committee, replacing the Compensation Committee;
  - the creation of an Ethics and Governance Committee.

### *1 – 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 19 and 20 of the articles of association.

### *1 – 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 of the company.

In compliance with Article L 225-37 subsection 7 of the French commercial code, the following table specifies those provisions of the AFEP-MEDEF Code not adopted and the reasons thereof.

Exceptions with respect to the composition of the Board of Directors and Committees		
Subject	AFEP/MEDEF Code	Comments
Duration of directors <sup>1</sup> terms of office	<p>Limitation of the duration of directors<sup>1</sup> terms of office to be set by articles of association (“statuts”) is 4 years</p> <p>Art. 14 of the AFEP/MEDEF Code</p>	<p>In accordance with the provisions of the law and the Company’s articles of association, members of the Board of Directors are appointed for terms of office of six years. It is accordingly noted that the recommendations of the AFEP-MEDEF Code providing for a four-year term of office for directorships were not applied.</p> <p>The Company undertakes, whenever compatible with its organisation and operating procedures, to comply with the criteria of the AFEP-MEDEF code as best as possible. However, in light of the company’ size, equity profile and the aim having the Board of Directors operate according to long-term perspective while drawing on past experience, the Board has decided in consequence to provide for an exception waving the application of this recommendation.</p>
Composition of the Nominating and Compensation Committee	<p>Majority of independent directors</p> <p>Art. 17 and 18 of the AFEP/MEDEF Code</p>	<p>Regarding the composition of Nominating and Compensation Committee, the recommendations of the AFEP-MEDEF Code providing for a majority of independent members and the absence of an executive officer were not applied.</p> <p>With regards to the proportion of independent members, this exception is justified by the majority shareholding of the Guerbet family in the Company’s share capital that results in a majority representation of Guerbet family members within the Board of Directors, none of whom, with the exception of Vincent Dagommer<sup>1</sup> who resigned from the board on 12 March 2014, exercise any management or operational functions within the company or its subsidiaries. The Board considered the proportion of Independent Directors satisfactory and duly noted that these Directors have retained their status as Independent Directors since none of them maintain any relations whatsoever with the Company, its Group, or management which could impair the free exercise of their judgement.</p> <p>Concerning the exception to the presence of an executive officer member within the Committee, the Board specifies that the purpose of Marie-Claire Janailhac-Fritsch’s appointment is to ensure that the proportion of independent directors on the Nominating and Compensation Committee remains satisfactory. Furthermore, the company’s corporate governance model that separates the functions of chairperson and chief executive officer and the fact that Marie-Claire Janailhac-Fritsch abstains from participating in decisions relating to compensation allows her to be a member of this committee.</p>

1. Vincent Dagommer occupies the office of Managing Director of SA Guerbet NV Belgique.

## CORPORATE GOVERNANCE

Exceptions with respect to the composition of the Board of Directors and Committees		
Subject	AFEP/MEDEF Code	Comments
Composition of the Audit Committee	Independent directors to account for at least two thirds of the Committee  Art. 16 of the AFEP/MEDEF Code	<p>The recommendations of the AFEP-MEDEF Code for Audit Committees providing that independent members account for two thirds and the absence of an executive officer were not applied.</p> <p>With regards to the proportion of independent members, this exception is justified by the majority shareholding of the Guerbet family in the Company's share capital that results in a majority representation of Guerbet family members within the Board of Directors, none of whom, with the exception of Vincent Dagommer<sup>1</sup> who resigned from the board on 12 March 2014, exercise any management or operational functions within the company or its subsidiaries. The Board considered the proportion of Independent Directors satisfactory and duly noted that these Directors have retained their status as Independent Directors since none of them maintain any relations whatsoever with the Company, its Group, or management which could impair the free exercise of their judgement.</p> <p>Concerning the exception to the presence of an executive officer member within the Committee, the Board specifies that the purpose of Marie-Claire Janailhac-Fritsch's appointment is to ensure that the proportion of independent directors on the Audit Committee remains satisfactory. Furthermore, the fact that Marie-Claire Janailhac-Fritsch exercises no other function within the company allows her to serve on the Audit Committee.</p>
Remuneration of directors	The remuneration of directors  Art. 21 of the AFEP/MEDEF Code	For an equitable treatment of directors and in light of their near permanent attendance at all Board decision-making meetings, it has opted to not follow the AFEP-MEDEF code recommending that the variable amount of attendance fees account for the major portion.

### II - Internal control and risk management

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

These functions are based on:

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

#### II - 1 The Guerbet 'quality' system

The company's quality initiatives have continued to focus on business operating process standards and in particular,

pharmaceutical standards to address notably challenges linked to regularly reinforced regulations applicable to the manufacturing and marketing of its products whether in Europe, Africa, the Americas and Asia.

Guerbet Group, through all its subsidiaries, is pursuing continuous improvement processes seeking to promote the responsibility of all parties to:

- preserve the health and safety of the men and women who contribute to its activities;
- guarantee safety of its industrial installations and their environmental impact, in particular in terms of emissions, effluents or waste in order to preserve the natural environment;
- respect, wherever it operates, applicable laws and regulations governing quality, safety and the environment;
- maintain relations with stakeholders based on transparency and dialogue.

1. Vincent Dagommer occupies the office of Managing Director of SA Guerbet NV Belgique.

Every division, site or subsidiary manager is responsible for implementing and monitoring quality, safety and environmental programmes in his/her respective areas, by ensuring that all staff are informed and actively contribute in meeting these objectives.

Guerbet's quality programme provides for:

- The formalisation of activities through a system of documents defining 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 operations.

This quality system is regularly inspected by the French Ministry of Health, foreign drug agencies (FDA, etc.), as well as by customers, French and foreign industrial and commercial partners of the Group.

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

Internal controls of financial and accounting information are 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 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 finance departments.

Guerbet Group has adopted a procedure for conducting controls of off-balance sheet commitments, notably relating to security and guarantees as well as 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, responsible for promoting and developing risk management expertise, transmits his/her know-how and expertise while providing methodological support to line management. The risk manager is also responsible for optimising the cost of risk by eventually transferring it to insurers.

Marie-Claire Janailhac-Fritsch  
*Chair of the Board of Directors*

### 4. 4. Statutory Auditors' Report prepared in accordance with article L.225-235 of the French commercial code on the report of the Chair of the Board of Directors

*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 Chair of your company in accordance with article L. 225-37 of said code for the year ended 31 December 2013.

The Chair 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 Chair'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 Chair'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 Chair'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 Chair'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 Chair's report, prepared in accordance with article L. 225-37 of the French Commercial Code.

#### **Other information**

We certify that the Chair's report contains the other information required by article L. 225-37 of the French commercial code.

Paris and Neuilly-sur-Seine, 8 April 2014

The Statutory Auditors

*[French original signed by]*

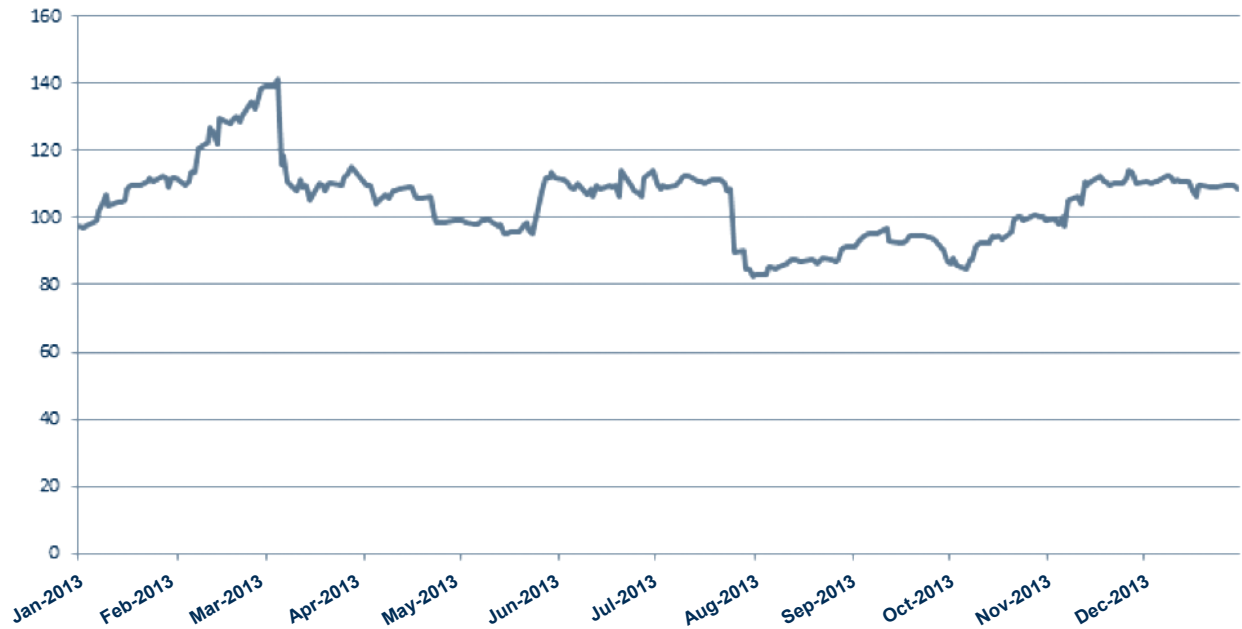
**HAF Audit & Conseil**  
**Membre de Crowe**  
**Horwath International**  
Marc de PRÉMARE

**Deloitte & Associés**  
  
Jean-Marie LE GUINER

## 1. Trading activity

The Guerbet share is listed on Euronext Paris, Segment B under ISIN code FR0000032526. On the basis of the closing price on 31 December 2013, Guerbet has a market capitalisation of €331 million.

Guerbet share price trends for 2013



	High (in euros)	Low (in euros)	Trading volume (number of shares)	Trading volume (millions of euros)
January 2013	113.00	96.50	110,721	11.83
February 2013	141.89	102.12	128,682	16.16
March 2013	142.50	105.22	182,827	21.10
April 2013	114.93	95.00	100,989	10.44
May 2013	114.50	94.15	72,231	7.36
June 2013	113.94	106.05	29,882	3.25
July 2013	114.85	84.02	72,461	6.96
August 2013	91.50	81.60	60,627	5.23
September 2013	97.10	88.40	44,422	4.15
October 2013	101.00	84.66	63,108	5.85
November 2013	114.48	95.32	80,063	8.68
December 2013	113.49	105.80	50,629	5.60

## ■ SHAREHOLDER INFORMATION

### 2. Three year dividend highlights

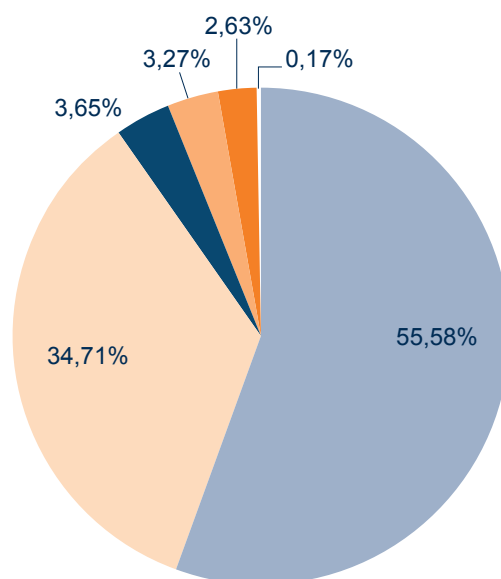
Year	Total distribution	Gross dividend per share	Tax allowance <sup>1</sup>
2010	€ 5,490,082.80	€ 1.80	€ 0.72
2011	€ 5,490,082.80	€ 1.80	€ 0.72
2012	€ 6,100,092.00	€ 2.00	€ 0.80

### 3. Shareholder base

#### 3.1 At 31 December 2013

No new shares were created in the fiscal year under review. In consequence, at 31 December 2013 the share capital was unchanged in relation to the prior year that amounted to €12,200,184 divided into 3,050,046 shares with a par value of 4 euros<sup>2</sup>, fully paid up. Of these 3,050,046 shares, 936 are pledged.

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



#### Catégorie d'actionnaires (AGO)

- Guerbet family shareholders group
- Other registered shares (Guerbet family shareholder group)
- Other registered shares (excl. Guerbet family shareholder group)
- Free float
- Employees, ex-employees & FCP
- Treasury stock

1. For natural persons having their tax residence in France.

2. Since the stock split on 23 January 2014, the company's share capital has remained unchanged at €12,200,184 though now divided by 12,200,184 shares of €1 per share, fully paid up.

### 3.2 Breakdown of changes in share capital and voting rights in the last three years are as follows

	31 December 2013 <sup>1</sup>			31 December 2012 <sup>1</sup>			31 December 2011 <sup>1</sup>		
	Number of shares	% of capital	% of voting rights <sup>2</sup>	Number of shares	% of capital	% of voting rights <sup>2</sup>	Number of shares	% of capital	% of voting rights <sup>2</sup>
Guerbet family shareholders group	1,695,096	55.58	67.39	1,728,406	56.67	68.46	1,754,812	57.53	69.40
Employees, ex-employees & FCP	99,747	3.27	3.93	116,368	3.82	4.61	126,719	4.15	4.65
Other registered shares – Guerbet family shareholder group	111,335	3.65	4.43	73,901	2.42	2.93	59,741	1.96	2.38
Other registered shares – excl. the Guerbet family shareholder group	80,068	2.63	3.18	84,627	2.77	3.34	78,050	2.56	3.10
Treasury stock <sup>3</sup>	5,107	0.17	-	5,107	0.17	-	5,107	0.17	-
Free float	1,058,693	34.70	21.07	1,041,637	34.15	20.66	1,025,617	33.63	20.47
<b>TOTAL</b>	<b>3,050,046</b>	<b>100.00</b>	<b>100.00</b>	<b>3,050,046</b>	<b>100.00</b>	<b>100.00</b>	<b>3,050,046</b>	<b>100.00</b>	<b>100.00</b>

To the best of the Company's knowledge, four shareholders with registered shares crossed thresholds subject to legal disclosure obligations for the number of shares and/or voting rights held. The crossings of the thresholds do not relate to this period.

Shareholder	SHARES (AGM)		VOTING RIGHTS (AGM)		SHARES (EGM)		VOTING RIGHTS (EGM)	
	Number	Percentage	Number	Percentage	Number	Percentage	Number	Percentage
Michel Guerbet	202,500	6.64%	403,710	8.03%	59,167	1.94%	117,044	2.33%
SC Guerbet Fron	177,000	5.80%	352,453	7.01%	177,000	5.80%	352,453	7.01%
Brigitte Lamort	145,659	4.78%	291,318	5.79%	107,481	3.52%	214,962	4.27%
Annie Guerbet	110,889	3.64%	221,778	4.41%	130,889	4.29%	261,778	5.21%

#### 4.4. Transactions by executive officers or equivalent persons

None

1. The breakdown of share capital corresponds to ownership of shares and voting rights for Ordinary General Meetings. The breakdown of capital for Extraordinary General Meetings differs very little from the above and reflects the division of rights in connection with donations among Guerbet family members whereby beneficial owners (usufructuary) and bare owners do not belong to the same category of shareholders.

2. The breakdown of voting rights is presented in terms of actual voting rights. The theoretical number of voting rights was respectively 5,029,354 at 31 December 2013, 5,047,181 at 31 December 2012 and 5,015,054 at 31 December 2011 in light of 5,107 shares held in treasury, each carrying entitlement to obtain one voting right.

3. These treasury shares originate from shares acquired on the market for the stock purchase option plan of 26 July 2005 that expired on 25 July 2012.

## ■ SHAREHOLDER INFORMATION

### 5. Ownership disclosure thresholds

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To the best of the Company's knowledge, the crossing of one lower statutory threshold was reported in 2013:

Date	Company	Threshold	Above / Below	Shares / Voting rights
10 January 2013	Financière de L'Echiquier	5%	Below the threshold	Number of shares

### 6. Shareholders agreement and joint undertakings to retain shares

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#### 6.1 Shareholders agreement

A shareholders agreement forming a group comprised principally of family shareholders was concluded on 16 November 2002. This agreement was published by the *Conseil des Marchés Financiers* (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<sup>1</sup>.

#### 6.2 Undertakings to retain shares through a 'Dutreil agreement'

Two collective pledges to retain shares entered into in accordance with article 787 B of the French General Tax Code<sup>1</sup> were signed on 31 January 2013 by certain Guerbet shareholders and notably those of the Guerbet family. These pledges concerned 1,308,889 shares or 42.91% of the share capital at 31 December 2013.

#### 6.3 Limiting risk of abuse in majority shareholder control

By separating the functions of Chair of the Board of Directors and Chief Executive Officer, the Company has taken measures in order to limit the risk of an abuse in the exercise of control by the majority shareholder.

### 7. Rules governing the appointment and replacement of members of the Board of Directors

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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 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 (3) 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 out as provided for by statute.

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1. 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 Board of Directors concerning the issuance and repurchase of shares

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The general meeting of 24 May 2013 granted an authorisation to the Board of Directors for 12 months as from 1 July 2013 to proceed with a four-for-one stock split, increasing to the number of shares making up the share capital to 12,200,184.

The shareholders' meeting of 24 May 2013 authorised the Board of Directors for 18 months to implement a share buy-back programme limited to 5% of the capital, corresponding to 152,502 shares with a total nominal value of €610,008. The shareholders' meeting of 25 May 2012 authorised the Board of Directors for 18 months to implement a share buy-back programme limited to 5% of the capital, corresponding to 152,502 shares with a total nominal value of €610,008.

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

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Authorisations granted by the general meeting to the Board of Directors remaining in force	Amounts used in fiscal 2013
Authority to proceed with the stock split granted on 24 May 2013 for 12 months as from 1 July 2013	23 January 2014 pursuant to the decision of the Board of Directors of 5 November 2013
Authority to repurchase shares of the company granted on 24 May 2013 for 18 months	-
Authority to repurchase shares of the company granted on 25 May 2012 for 18 months	-

## 10. Provisions of the articles of association relating to share capital

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### 10.1 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.

## ■ SHAREHOLDER INFORMATION

### 10.2 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.

### 10.3 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.

### 10.4 Special disclosure requirements concerning share ownership thresholds

The Company's bylaws 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.

### 10.5 Actions necessary to change the rights of holders of shares

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

## 1. Analysis of revenue and earnings

### 1.1 Revenue highlights

Sales by product range	2013	2012
MRI	41.9 %	40.2 %
X-ray	47.7 %	51.6 %
Interventional Radiology and Theranostics	5.5 %	3.8 %
Medical devices	4.0 %	3.8 %
Other	0.9 %	0.6 %

Sales by region	2013	2012
Europe	70.5 %	71.4 %
Other markets	29.5 %	28.6 %

### 1.2 Revenue summary

For the full year, sales came to €389.7 million, representing an overall decline of 3.4%. Excluding currency effects, quantified at €8.4 million and largely concentrated in the second half, this decline in sales comes to 1.3%.

In 2013, the MRI segment remained stable at €163.4 million (+0.7%) driven by continuing high sales registered from Dotarem. Sustained sales for Xenetix limited the X-Ray segment's decline (10.9%) to reach €181.1 million for the year. This decline, concentrated in the Europe region, reflects the exceptional impact of non-recurring sales at the end of 2012. The Group's growth platforms (two new segments Interventional Radiology, Medical Devices and two strong growth countries USA, China) grew 27.6%.

## MANAGEMENT REPORT

### 1.3 Earnings highlights

IFRS (€ thousands)	2013		2012	
	% of sales		% of sales	
+ Revenue	389,669	100.0	403,495	100.0
+ Other revenue from ordinary activities <sup>1</sup>	2,404	0.6	2,549	0.6
+/- Change in immediate and finished goods, work in progress	(2,791)	(0.7)	7,595	1.9
- Supplies used in operations	(94,688)	(24.3)	(121,724)	(30.2)
- External charges and other	(117,999)	(30.3)	(117,995)	(29.2)
- Staff costs	(110,107)	(28.3)	(105,264)	(26.1)
- Taxes other than on income	(14,363)	(3.7)	(13,748)	(3.4)
<b>EBITDA<sup>2</sup></b>	<b>52,125</b>	<b>13.4</b>	<b>54,908</b>	<b>13.6</b>
- Exceptional appropriations for amortisations and reserves	(22,141)	5.7	(23,177)	(5.7)
<b>Current operating income</b>	<b>29,984</b>	<b>7.7</b>	<b>31,731</b>	<b>7.9</b>
+/- Other operating income and expenses	(59)	(0.0)	(94)	(0.0)
- Net interest expense	(1,086)	(0.3)	(3,850)	(1.0)
+/- Currency gains/(losses) and other financial income and expense	(1,128)	(0.3)	(59)	(0.0)
+/- Tax charge	(7,222)	(1.9)	(7,329)	(1.8)
<b>Net income</b>	<b>20,489</b>	<b>5.3</b>	<b>20,399</b>	<b>5.1</b>

### 1.4 Earnings summary

Guerbet made major strides in 2013 in developing its position in the United States. This was accompanied by important investments in terms of R&D expenditures (for FDA approvals) staff costs (commercial structure) and marketing.

At the same time, the Group has started to reap the benefits of measures taken to improve operating profitability : improvement in the gross margin (price effect and product/country mix), optimisation of industrial processes, reducing raw material costs and control over operating expenses.

In consequence, EBITDA for 2013 came to €52.1 million with the 2nd half making a larger contribution to the margin (14.1% of sales compared to 12.6% in H1 2013).

On that basis, current operating income reached €30 million, corresponding to a margin of 7.7% and slightly above the upper range of Group guidance.

Net income amounted to €20.5 million. This result benefited from lower financial expenses, in particular from the reduction in consolidated debt.

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

2. EBITDA: earnings before interests, tax, depreciation and amortisation

## 1.5 Financial position

IFRS (€ thousands)	2013	2012
<b>Cash flow</b>	<b>42,041</b>	<b>45,289</b>
Change in working capital requirements:	14,924	(9,487)
<i>of which change in inventories</i>	7,841	(651)
<i>of which change in trade receivables</i>	11,890	(1,480)
<i>of which change in trade payables</i>	(3,885)	(10,145)
<i>of which change in other assets and liabilities</i>	(922)	2,789
Capital expenditures	(35,345)	(33,195)
Dividends	(6,090)	(5,481)
Others <sup>1</sup>	995	5,451
<b>Free cash flow<sup>2</sup></b>	<b>16,525</b>	<b>1,030</b>
<b>Net debt<sup>3</sup></b>	<b>82,484</b>	<b>99,009</b>

## 1.6 Financial position summary

Guerbet continued to reduce its debt in 2013. Despite substantial investments in 2013, and, through efficient working capital management, Guerbet improved free cash flow, thus lowering net debt by €16.5 million from the end of 2012.

With shareholders' equity of €238.3 million, the Group has a sound financial structure providing continuing support to its development based on solid fundamentals.

## 1.7 Outlook

In the highly competitive contrast agent market, Guerbet has significant advantages to support its development. In 2014, Group sales in the US, the world's largest market for contrast agents, will cover the full year. The new IRT and Medical Devices segments, with in particular the commercial release of the FlowSens injector, are also expected to positively contribute to growth in 2014 sales. Continuing gains in competitiveness as well as a return to a more normalized level for capital expenditure will in turn contribute to improved Group margins and free cash flow generation.

**For 2014, Guerbet has set the following targets: renewed growth (at constant exchange rates) for sales of €412 million, plus or minus 2%, and further improvement in the operating margin expected to be within the 8%-9% range.**

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.

2. Free cash flow corresponds to the difference between surplus operating cash flows and capital expenditures and accounts for the increase or decrease in net debt.

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

## 2. Significant post-closing events

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23 January 2014	A four-for-one split of the Guerbet share to enhance its liquidity.
19 February 2014	FDA approval for a new manufacturing plant for Lipiodol® (iodised ethyl-esters of the fatty acids of poppy seed oil) injection solution in Canada.
7 March 2014	Guerbet launches FlowSens® in connection with the ECR (European Congress of Radiology).
24 March 2014	Guerbet and Sirtex entering into a collaboration for clinical studies to advance research in primary and secondary metastatic liver cancer.

## 3. Risk factors

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### 3.1 Operating risks

#### 3.1.1 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).

As with all pharmaceutical companies, a system for pharmacovigilance (PhV) and materiovigilance (medical devices) 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 as well as patients are informed on precautions of use. A pharmacovigilance inspection was conducted by the French National Drug and Health Products Safety Agency (ANSM) from 16 to 20 September for which the final report has not yet been received.

Another significant risk for pharmaceutical companies concerns compliance with good manufacturing and distribution practices. The pharmaceutical plant of Aulnay-Sous-Bois is subject to regular inspections by drug agencies from around the world starting. The last inspection by the French agency, ANSM from 15 to 19 April 2013 resulted in the renewal of the site's BPF good manufacturing practices certificate that identified several deviations currently in the process of being corrected. For new products in an experimental phase, a 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 a clinical investigation protocol. The Simafex site in Marans (France) was inspected without giving rise to observations by the FDA and which contributed to the authorisation for release on the market granted of Dotarem® in the United States. The ANSM inspection identified gaps for which corrective measures will be verified in an inspection in 2014.

In addition a risk management plan that complies with public health requirements exists to prepare for the moni-

toring 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 batches in clinical trial or marketing phases in all countries where they are available.

#### 3.1.2 Generic risks

The launch of a generic product of Dotarem® in 2013 resulted in a decline in the sales price. Other applications for marketing authorisations for generic versions of Dotarem® have been filed in several European countries which may result in the registration of these products by the end of 2014. Guerbet was granted a patent for a pharmaceutical manufacturing process concerning Dotarem®. The purpose of this process is to obtain a formulation that eliminates the risk of free chelating or gadolinium agents to prevent any risk of toxicity.

#### 3.1.3 Pricing and product reimbursement risks

In several countries, Guerbet is subject to economic regulatory constraints that govern the price of drugs and healthcare products. In this context, the financial constraints on public healthcare spending, notably in Europe could result in pressure on prices for pharmaceutical products and medical devices sold by Guerbet. Such measures would have an adverse impact on sales and the gross margin.

Furthermore, in the highly competitive market of contrast agents, purchasing policies of many hospitals, clinics, radiology centres or purchasing groups, may result in recourse to tendering procedures that would increase accordingly pressure on prices.

#### 3.1.4 Dependency on industrial patents or licenses

For several years, Guerbet has successfully developed technologies through license agreements. All existing license agreements are presented below:

Product	License holder in 2013
Dotarem®	Bayer <sup>1</sup>

### 3.1.5 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 a good level of tolerance, even though certain ingredients might be noxious in their natural form. Certain synthetic intermediates or products used in the production of these active ingredients (raw materials, solvents, reactants, etc.) may present the risks of fire/explosion or pollution with potential consequences on people, the environment and business continuity.

In 2013, work carried out by the Lanester site led to the lifting of the formal notice with respect to VOC emissions. Investment projects and progress regarding certain processes to address the formal notice linked to the treatment of effluents at the sites have continued in accordance with undertakings made with the supervisory authorities (DREAL). If results expected are not achieved, the company could be subject to administrative or criminal proceedings under provisions of the French environmental regulations.

> *The Group's environmental safety policy is specifically designed to manage this risk. This issue is discussed in the section on environmental information included in the chapter of this document on CSR and in the report of the Chair of the Board of Directors on corporate governance and internal control and the principles for setting the compensation of corporate officers.*

### 3.1.6 Sourcing risks

Guerbet has an exposure with respect to the stability in sources for supplies and fluctuations in raw material prices. Guerbet's multiple sources for supplies ensure, inter alia, the availability of satisfactory levels for raw materials to meet its production needs. Suppliers of raw materials must comply with strict production standards (cGMP for Active Pharmaceutical Ingredients and cGMP for excipients). There are also declared in the US NDA regulatory files and may be inspected by the FDA.

### 3.1.7 Regulatory risks

As a designer, manufacturer and distributor of pharmaceutical products and medical devices, Guerbet is subject to a number of regulatory constraints in all its markets. 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 manufacture of active chemical ingredients for its products, the Group is subject to applicable European regulations (SEVESO, REACH, IPPC/IED directive) resulting for France in regular inspections performed by regional environmental authorities (DREAL). These products are manufactured and controlled according to the conditions defined and approved by the marketing authorisation (AMM) issued by health authorities and their manufacture is subject to rules of good manufacturing practices for raw materials used for pharmaceutical applications. Changes in these regulations, French and foreign, could significantly impact the Group's activity. It is unable to guarantee that such changes, in particular those affecting the key markets where it operates, will not have any adverse impact on its business and operating performance.

## **3.2 Market Risks**

### 3.2.1 Liquidity risk

The financing policy involves obtaining the necessary financing to support the Group growth, its development projects and capital expenditures over the coming years. The Group has bank facilities and confirmed medium-term credit lines providing for compliance with certain financial ratios. Breach of these ratios would trigger negotiations between Guerbet and its banking partners which, if not successful, could result in repayment or cancellation of these credit lines.

Most of the medium and long-term financing is centralised by the parent company as are short-term liquid assets which are transferred from subsidiaries.

The company that has performed a specific review of its liquidity risk considers that it has resources to honour its future payment obligations.

### 3.2.2 Foreign exchange risk

Due to its international operations, the Group is exposed to foreign exchange fluctuations. This foreign exchange exposure is in large part concentrated with the parent company as most subsidiaries are invoiced in local currency. This risk is hedged through conventional mechanisms (foreign exchange spot transactions, forward exchange transactions, use of multi-currency credit lines).

> *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.*

1. The pioneer license of Schering (subsequently Bayer Schering Ag) has now expired in Europe and the United States.

## ■ MANAGEMENT REPORT

### 3.2.3 Interest rate risk

The interest rate risk management policy consists in minimising financing costs by protecting the Group against unfavourable interest rate trends. This risk is hedged through conventional instruments (swaps, caps and floors).

> *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.*

### 3.2.4 Risks related to financial investments

The Group's policy entails investing surplus cash in priority in secure and liquid instruments with top-tier bank counterparties.

### 3.2.5 Customer default risk

The Group assures rigorous management of trade receivables. Furthermore, the Group has adopted a credit management policy to minimise customer default risk and improve collection procedures. Oversight of this policy is assured by means of indicators transmitted to Group management. To date, customer default risk for all trade receivables of the Group is low.

## 3.3 Other risks

### 3.3.1 Litigation risks

In the course of its normal activities, Guerbet is a party in legal proceedings and disputes. To the best of the Group's knowledge, there are no exceptional items or litigation proceedings that could have a material adverse effect on its business and earnings. Among such disputes, however may be noted the following:

- the contract given by Guerbet to Technip to assure project management for the new primary packaging facility was revoked. Technip initiated legal proceedings against Guerbet before the commercial court of Paris. In light of damages incurred, Guerbet filed a counterclaim.
- by a ruling dated 27 July 2013, the commercial court of Lyon dismissed all claims of Mr. JP Lacroix and ordered him to immediately transfer the 1,800 remaining shares in his possession. As this decision was immediately enforceable, Guerbet has thus become Medex's sole shareholder. Mr. JP Lacroix has appealed this decision.

### 3.3.2 Risk of counterfeiting

A procedure describing the conduct to be adopted when occurrence of a counterfeit is suspected is in place for notifying the relevant authorities for the purpose of initiating the appropriate response (attachment, recalls, search for the potential source).

### 3.3.3 Country risks

Guerbet may conduct commercial operations in geographical areas subject to unstable geopolitical conditions. The nature of the risk incurred is mainly at the level of receivables collection.

### 3.3.4 Information technology risks

An information technology risk map has been established and a Business Recovery Plan is tested every year to verify the ability of the company to respond in the event of a major crisis with an information system centre to reconstruct its infrastructure and put back online the critical applications that support the Group's operations. An action plan with the purpose of securing and optimising our information systems has been established notably through the deployment of an ERP. This plan will be implemented over a period of several years.

### 3.4 Insurance and risk management

The objective of the insurance strategy is to safeguard Group assets and protect the Group from the potential impact of material risks. The strategy is organised at two levels: at a central level, the Group negotiates the international insurance programme to cover its main risks based according to terms that are available; At the local level, subsidiaries take out insurance policies to meet their local regulatory obligations and additional coverage to supplement the international programmes for their specific risk exposures.

This insurance coverage is provided in the traditional insurance market from top standing insurance companies without use of captive insurance vehicles. The placement of this programme is reviewed annually.

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. The programme in place includes a component for prevention which promotes the organisation of specialised annual visits of the main sites. These make it possible, for example, to review maintenance systems, verify fire detection or protection systems, backup plans implemented in the case of major events, or training provided to intervention teams.
- Civil liability: product liability, liability for clinical trials, environmental damage and comprehensive general liability. This programme takes into account the specific characteristics of the products and activities within the Group scope;
- directors and officers liability: coverage for Group legal entities and their senior executives;
- Transport insurance for goods and merchandise both for France and international shipments.

Other coverage includes policies for Works Building Insurance and Contractor's All Risk Insurance for our most important construction projects.

## MANAGEMENT REPORT

### 4. Other statutory information

#### 4.1 Five-year financial highlights for Guerbet

In euros	2013	2012	2011	2010	2009
<b>CAPITAL STOCK AT YEAR-END</b>					
Share capital	12,200,184	12,200,184	12,200,184	12,200,184	12,167,044
Number of ordinary shares	3,050,046	3,050,046	3,050,046	3,050,046	3,041,761
Preferred non-voting stock	-	-	-	-	-
Maximum number of future shares to be issued:					
- By conversion of bonds	-	-	-	-	-
- By exercise of warrants	129,670	135,300	210,937	77,294	97,637
Sales ex-VAT of services and other products	299,807,469	308,289,068	294,780,554	264,309,452	245,860,666
Income before taxes, employee profit-sharing, depreciation, amortisation and provisions	39,281,322	28,355,887	27,566,026	6,501,502	28,820,141
Income tax	2,809,395	1,767,779	(1,778,280)	(5,938,312)	(1,201,339)
Employee profit-sharing for the financial year	450,614	785,164	258,632	234,809	412,000
Earnings after taxes, employee profit-sharing, depreciation, amortisation and provisions	15,322,737	6,682,783	300,397	84,918	12,560,045
Income distributed to shareholders	6,100,092	6,100,092	5,490,083	5,490,083	6,843,962
Earnings after taxes and employee profit-sharing, but before depreciation, amortisation and provisions	11.81	8.46	9.54	4.00	9.73
Earnings after taxes, employee profit-sharing, depreciation, amortisation and provisions	5.02	2.19	0.10	0.03	4.13
Net income after dilution <sup>1</sup>	4.84	2.13	0.15	0.05	4.05
Net dividend	2.00	2.00	1.80	1.80	2.25
Workforce at 31 December (permanent and fixed term contracts)	827	877	891	842	820
Payroll	46,096,362	46,607,820	44,422,299	41,791,527	38,981,274
Social charges and benefits	20,603,779	21,064,783	20,156,661	18,210,348	17,142,664

1. This corresponds to diluted net earnings for €4 per share at par before the four-for-one stock split of 23 January 2014.

## 4.2 Aged trial balance information on trade payables of Guerbet

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

At 31 December 2013, 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	205	582	9,324		10,112
Trade payables for goods and services/outside France	-12	439	4,035		4,463
<b>Trade payables for goods and services</b>	<b>193</b>	<b>1,022</b>	<b>13,359</b>	<b>11,408</b>	<b>25,982</b>
Payables to suppliers of fixed assets/France	515	719	3,697		4,930
Payables to suppliers of fixed assets/Outside France	384	5	143		532
Payables outstanding for investment securities	72				72
<b>Payables to suppliers of fixed assets</b>	<b>970</b>	<b>724</b>	<b>3,840</b>		<b>5,535</b>
<b>Total</b>	<b>1,163</b>	<b>1,746</b>	<b>17,199</b>	<b>11,408</b>	<b>31,516</b>

At 31 December 2012, 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	137	1,689	11,287		13,113
Trade payables for goods and services/outside France	343	919	3,076		4,338
<b>Trade payables for goods and services</b>	<b>480</b>	<b>2,608</b>	<b>14,363</b>	<b>10,547</b>	<b>27,998</b>
Payables to suppliers of fixed assets/France	126	96	3,881		4,103
Payables to suppliers of fixed assets/Outside France	386		36		422
Payables outstanding for investment securities	72				72
<b>Payables to suppliers of fixed assets</b>	<b>584</b>	<b>96</b>	<b>3,917</b>		<b>4,597</b>
<b>Total</b>	<b>1,064</b>	<b>2,704</b>	<b>18,280</b>	<b>10,547</b>	<b>32,595</b>

## ■ MANAGEMENT REPORT

### 4.3 Other statutory Management Report disclosures already included in the Registration Document

In addition to information already included in this section, Guerbet Group provides other statutory Management Report disclosures in accordance with 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 21 à 29
Equity interests acquired in the period	Guerbet Group – page 19
Employee stock ownership plans	Shareholder information – pages 44 et 45
Dividends distributed for the last three financial periods	Shareholder information – page 44
Disallowed deductions under Article 39-4 of the French General Tax Code	Financial statements and notes – page 118
Social, environmental and societal information	Employment-related, environmental and social responsibility – pages 59 à 68

# EMPLOYMENT-RELATED, ENVIRONMENTAL AND SOCIAL RESPONSIBILITY

This chapter forms an integral part of the management report in accordance with the provisions of article L.225-102-1 and R. 225-104 to R. 225-105-2 of the French commercial code with respect to corporate transparency obligations for the disclosure of employment, environmental and social information. Disclosures provided for by the Decree of 24 April 2012 are published in accordance with a continuous improvement approach based on internal reporting. This chapter was reviewed by an independent third-party certifier whose report consisting of a statement of disclosure and an opinion on the fairness of CSR information is presented on page 67.

## 1. Employment information

Guerbet's responsible social policy governing labour relations is based on core principles of Balanced, Fair and Ethical business practices in turn organised around five major areas: Diversity, Prevention, Recognition, Commitment and Responsibility. Guerbet affirms its rights, while developing with an unwavering commitment to the principles of respecting people, organisations, laws and the environment in full transparency. It guarantees the rights of employees while ensuring they remain focused on fulfilling their obligations in the day-to-day performance of their duties. Guerbet applies a sustainable development approach and seeks to ensure a balance between the interests of all internal and external stakeholders in its development (economic, environmental, operational). The reporting boundary for employment information covers 4 French companies and 17 international subsidiaries of the Group.

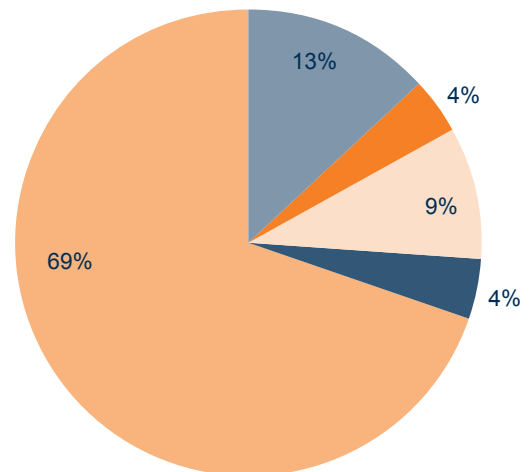
### Employment, prospective management of positions and skills (GPEC), training and HR development

At 31 December 2013, Guerbet had 1,455 employees throughout the world on permanent and fixed term contracts including 444 employees at its 17 international subsidiaries. The increase in the number of employees on permanent contracts in relation to 31 December 2012 (+4.1%) reflects the US subsidiary's growth.

At 31 December 2013, European subsidiaries had a total workforce on permanent and fixed-term contracts of 189 employees. Guerbet employs 64 persons in its Asian subsidiaries, 130 in Brazil and Mexico (-7% from 31 December 2012) and 61 in the United States compared to 28 in 2012. In France, the Guerbet parent company had a workforce of 802 employees with 17 on fixed-term contracts, its subsidiary Simafex 96 including 2 on fixed-term contracts, Medex 47 including 3 on fixed-term contracts and Guerbet France 66 with 1 fixed-term contract. The workforce was comparatively stable in relation to 2012.

In France, the breakdown of employees on permanent and fixed-term contracts for Guerbet Group by location is as follows:

- 647 in the greater Paris region;
- 221 in Lanester (Morbihan);
- 96 in Marans (Charente-Maritime);
- 47 in Saint-Priest (Rhône).



Headcount by region

- European subsidiaries
- Asian subsidiaries
- South American subsidiaries
- United States
- Guerbet, French companies

At 31 December 2013, women accounted for 42.4% of the Guerbet Group workforce for permanent and fixed-term contracts combined. For the international subsidiaries, women accounted for 44% of the employees, with 41.5% at the level of the French entities. These percentages were unchanged from 2012. At 31 December 2013, for the French reporting boundary, the average age of employees on permanent and fixed-term contracts was 42.5. There nevertheless exists disparities at the level of international subsidiaries. In effect, the average age for Guerbet employees is 38 for South Korea, 39 for Brazil, 46 for Germany and 52 for Belgium.

### An ambitious policy of forward-looking employment and skills management planning to address the company's evolving needs

Guerbet in priority hires employees on permanent contracts reflecting the long-term vision of its needs. Use of additional labour is strictly limited to temporary needs, justified by exceptional increases in activity, the replacement of employees on leave or needs related to specific projects.

Guerbet has implemented an ambitious GPEC forward-looking employment and skills management programme to anticipate its future needs. Detection early on of possibilities for mobility and their preparation seeks to promote more rapid and effective internal mobility as opportunities arise. Guerbet adopts a realistic GPEC employment and skills planning approach in order to support employees and encourage accountability in the success of their career path.

## ■ EMPLOYMENT-RELATED, ENVIRONMENTAL AND SOCIAL RESPONSIBILITY

In 2013, Guerbet Group hired 180 employees on permanent contracts including 95 in France and 85 at its international subsidiaries. For the French reporting boundary, 12 employees departed for grounds of dismissal in 2013.

### **Training to support the development of the company and employee skills**

Guerbet Group has developed a training approach both for international operations and in France. In 2012, Guerbet adopted a new format for the annual performance and development appraisal for all employees by implementing an electronic version of a tool integrating guidelines for skills, and in that way facilitating the processing of information, in particular to develop specifically adapted training programmes.

Guerbet has continued to deploy its large-scale managerial training programme for all its managers and extend it to international operations.

Regular training programmes are organised for the networks of pharmaceutical sales representatives to strengthen their knowledge of products and their environment, notably with respect to pharmacovigilance. E-learning training programmes are developed for products.

In 2013, 23,203 hours of training were provided for French entities of the Group with 85% of employees on permanent contract participating in at least one training programme, formally accredited or not.

### **A compensation policy that rewards employee performance**

As an important component of individual and collective motivation, recognising contributions to the success of Guerbet is an integral part of its system of remuneration and development.

Guerbet seeks to attract and motivate employees and promote employee retention, notably by providing equitable global compensation that is competitive and coherent with market practices.

The compensation policy is based on the principle of recognising talent and skills, encouraging commitment and rewarding performance.

Total compensation of Guerbet employees is comprised of the following components:

- fixed compensation consisting of the base salary. This takes into account the level of the position and the evolution of the employee's skills both in terms of professional know-how and life skills as well as managerial competency. These skills are evaluated every year at the annual performance and development appraisal.
- individual variable compensation (bonus) rewarding the success in meeting objectives set in line with the Company's strategy.
- collective variable compensation providing a mechanism for employees to share in the success of the company through statutory and voluntary profit sharing plans.

Guerbet proposes stock option plans on a regular basis. There is currently a stock option plan in progress open to all Guerbet employees and all categories of personnel. Several medium and long-term savings vehicles are also in place in the company for employees:

- Retirement savings plans;
- A retirement savings plan provides a means for all employees of French companies of the Group with a savings vehicle funded from statutory and voluntary profit sharing plans as well as company contributions. Employees hold 3.82% of the company's share capital.

### **Promoting equal opportunity and diversity**

Guerbet applies a policy of equal opportunity employment and non-discrimination that is manifested in all actions carried out in the management of its human resources.

Furthermore, Guerbet's major commitment with respect to diversity is formalised by agreements in France unanimously signed by all parties:

- Intergenerational hiring agreements promoting employment opportunities for young workers and seniors;
- Agreement in favour of the employment of persons with disabilities,
- Agreements on professional equality between men and women.

#### **• Measures adopted to promote gender equality**

Unanimously signed agreements in several Group companies in France are based on a recognition of the absence of discrimination in the workplace. These agreements refer to results in particular in terms of equipment, qualification, training compensation. They define provisions that foster maintaining professional equality between men and women, in the areas of recruitment, remuneration, career development and the balance between professional and personal life.

#### **• Measures adopted to promote employment and integration of disabled persons**

With persons with disabilities in France accounting for 4.53% of its workforce (2013 statutory reporting data), Guerbet assists workers in continuing to pursue a professional activity, while developing cooperation with the sheltered work sector.

Guerbet has thus developed partnerships in a sheltered work facility (ESAT) that provides recycling services. Other services (landscaping, road upkeep, mailing, etc.) are also subcontracted to similar organisations.

#### **• Policy for combating discrimination**

Guerbet contributes to youth training and provides opportunities for real professional support in the field by regularly welcoming trainees at every level and in all areas and sectors of the company (45 trainees in 2013 for the French reporting boundary), and by developing work-study programmes involving as much as 3.18% of its workforce. Guerbet is a sponsor of young students from

under-resourced urban districts of Seine Saint Denis in partnership with the Association 'Nos quartiers ont du talent'. Guerbet also participates in job forums designed to assist youth in their search for their first job. At 31 December 2013, and for the French reporting boundary alone, 153 employees of the Group were older than 55. Age-based measures have been adapted including specific provisions for holiday and part-time work to promote maintaining seniors in the workplace. In 2013, eight employees older than 50 were recruited.

#### • Promoting compliance with the core conventions of the International Labour Organisation

Guerbet undertakes that all its subsidiaries comply with these conventions, and namely:

- Respecting the right of freedom of association and collective bargaining;
- Eliminating discrimination in employment and professional life;
- Eliminating forced or compulsory labour;
- Effective abolition of child labour.

#### Employee-management dialogue and work organisation

##### • Organisation of employee-management dialogue

The objective is to promote understanding between the different constituencies of the company and establish social dialogue at a global level to achieve company-wide improvements, whether with respect to dialogue between labour partners and management, between managers and their teams or between the different sectors. The employee is positioned at the centre of social dialogue and discussions are expanded to cover direct and collective expression of employees. The objective is to thus permit by expression and listening, to take into account early on signs making it possible to prevent conflicts, take into account working conditions and obtain propositions for improvement.

Guerbet's commitment with respect to preventing conflicts and preserving employment has resulted in the execution of unanimous agreements in France:

- 'Social dialogue and employee expression agreement' (accord dialogue social et expression des salariés);
- Agreement for forward-looking job and skills management planning (GPEC)

##### • Report of collective bargaining agreements

The 29 agreements in force in the company (French entities) illustrate Guerbet's commitment to taking into account the interests of all its employees in its strategy. These agreements cover such areas as also dialogue, diversity, the organisation of working hours and recovery periods, working conditions, employment and employee savings. The goal is seeking a balance between the needs of the Company and the interests of collective work arrangements. Ten agreements were signed in France in 2013 (intergenerational hiring agreement, agreements for disabled workers, annual salary negotiation and employee savings). 2013 was also marked by the creation

of the Guerbet France subsidiary through the transfer of employees from Guerbet and the formation of specific employee representation bodies for this entity.

##### • Working time organisation

Guerbet Group complies with local laws governing working hours. For international subsidiaries, the average workweek is 39 hours. At the production facility in Brazil, two teams work 40 hours a week with shifts from 7:00 am to 4:00 pm and from 4:00 pm until 11:00 pm. Theoretical working hours of French entities and the Brazilian subsidiary represented 1,737,650.22 hours in 2013. In France, Guerbet has implemented at its production units collective working time arrangements (shift work, continuous and semi-continuous production, on-call obligations) seeking to meet the requirements of activity. These arrangements are based on efforts to achieve a balance in terms of rewards/constraints, professional/personal life and overall fairness.

#### Health, safety and working conditions

##### • Workplace health protection measures

GUERBET carries out prevention initiatives in the area of working conditions, safety and appropriate medical care in order to preserve the physical and psychological well-being of its employees throughout their professional life.

Guerbet also contributes to employee benefits in the area of social coverage and opportunities made available through savings plans. This prevention strategy gives Guerbet a foundation to build momentum for change.

With respect to occupational safety and work conditions, Guerbet focuses on achieving global responses in preference to specific solutions, taking into account the risk factors upstream by seeking to identify collective prevention measures before turning to solutions such as personal safety equipment.

Guerbet has integrated the priority of working conditions and safety in its investment projects with the objective of enabling employees to operate in an improved work environment.

Several company-level agreements take into account this priority (Guerbet and Simafex agreements on continuous, and semi-continuous work shifts, intergenerational hiring agreement, workplace duress prevention agreement at Simafex)

Guerbet adopts responses of an organisational nature for incorporating time for physical recuperation in order to limit exposure to job stress or duress. In the area of prevention training, Guerbet seeks to provide all staff concerned with the expertise they require to evaluate the risk associated with their activity, to mitigate these risks and make proposals for improvements.

The subject of psychosocial risks is taken into account within the framework of company initiatives undertaken in support of its strategy. To this purpose, a plan to provide support in adapting to changes is implemented for every large-scale project with an impact on employment and job skills. Meetings are organised within the framework

## ■ EMPLOYMENT-RELATED, ENVIRONMENTAL AND SOCIAL RESPONSIBILITY

of work crews providing every employee with a venue for expression, in particular with respect to working conditions. The workload of management staff is addressed in a specific section of their annual performance and development appraisal for the purpose of monitoring their health, safety and ensuring their entitlements to recovery periods are exercised.

The management charter as well as the managerial skill guidelines describes the management style expected that is consistent with the company's values. Training for 'personal development' is proposed within the framework of the system for individual training benefits provided for under French law (*droit individuel à la formation*). Use of mediation is possible in order to express difficulties experienced and find solutions when problems relating to psychosocial risks are evoked.

By conducting studies of workstations, Guerbet seeks to improve their ergonomics. Before any position is occupied, Guerbet ensures the staff possesses the necessary skills for the tasks involved.

By ensuring appropriate medical controls, Guerbet can anticipate possible cases of unfitness for work and provides responses in terms of modifications to the workstation or the organisation of working hours. As applicable, Guerbet attempts to find, with the assistance of its Disabled Workers Committees personalised job redeployment solutions to promote the continued employment of such workers.

In the area of social protection, in France a specific Guerbet contract, supplementing the industry agreement, provides insurance coverage for a significant portion of health care expenses up to 100%. In the case of long-term illness, Guerbet provides the payment of the salary for three months. After this period, remuneration is maintained over the duration of the illness, through a personal protection provident scheme policy. In the event of death, a capital benefit is paid to the beneficiaries as a means of assisting them get through this difficult period by providing them with a degree of financial security.

### • Occupational accidents prevention systems

The HSE (industrial health, safety and environmental) management systems support Group strategies seeking to safeguard the health and security of the employees who contribute to its activities (refer to the section on environmental information) The Group's environmental safety policy is presented at the corporate website of Guerbet. In 2013, the frequency rate<sup>1</sup> for occupational accidents was 9.21<sup>2</sup>. Prevention measures in the year enabled the pharmaceutical production facilities at Aulnay and Rio de Janeiro (Brazil) to significantly reduce their accident statistics (FR=5.8 Aulnay and FR=0 for Rio de Janeiro). At these sites, specific projects were implemented for handling risks

to improve the ergonomics of workstations in the packaging units.

The severity rate<sup>3</sup> for occupational accidents was 0.582. Leaves for long periods (>3 months) were noted following certain accidents related to manual handling (ex: back problems).

	2013	2012	Significant trends
Frequency rate <sup>1</sup>	9.21	15.84	- 42%
Severity rate <sup>3</sup>	0.58	0.56	+4%

In 2013, training and awareness-raising measures for HSE teams and production site management dealt with the human and organisational factors affecting security. These approaches supplemented the perspective of traditional prevention approaches involving a significant managerial dimension while drawing on expertise from the fields of human and social sciences (economics, psychology, sociology, etc.). In particular, they seek to develop for all parties involved in security, a proactive approach that strengthens engagement and decision-making initiative in dealing with risk scenarios.

In terms of traffic related risks (pedestrians and vehicles), a day devoted to road safety provided an opportunity for raising awareness of the Villepinte headquarters staff with the support of management teams. In partnership with local government authorities of Seine Saint Denis (*Préfecture*), simulators and special events enabled participants to better understand the situations they may face when commuting to work but also in their private life. The success of this initiative offered feedback for organising similar actions at other Group sites.

### • Absenteeism

In 2013, the new human resources information system improved tracking and management of absenteeism across all sites in France. Access to data on a monthly basis provides operational departments and HR with a means to analyse trends for this metric according to criteria of age, gender, seniority or occupational category. Regular internal communication of these results strengthens a sense of ownership and sharing about this issue making it possible to implement measures of prevention. In 2013, the absenteeism rate for all Group sites in France was 3.85%.

	2013	2012	Significant trends
Absenteeism <sup>4</sup>	3.85%	3.69%	+4.3%

The change in relation to 2012 is linked to an increase in 2013 of the number of persons on long-term sick leave

1. Number of Lost Time Injuries (LTI) greater than or equal to one day over a 12 month period in relation to one million hours worked.

2. Reporting boundary: Group manufacturing activities (France and Brazil) and administrative and commercial activities in France.

3. Number of days of sick leave following an occupational accident over a period of 12 months in relation to 1,000 hours worked. Sick leave days may correspond to accidents incurred in the year in progress or prior years

4. Number of hours of absence due to illness or an occupational accident in relation to hours worked over 12 months, as a percentage.

(absences >90 days). In 2013, absenteeism excluding absences > 90 days accordingly came to 2.58%.

## 2. Environmental information

### General policy

The production of chemical active ingredients for contrast agents generates different safety and environmental risks. These risks are inherent to the dangers of certain 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.

The Group implements a safety and environmental policy supported by Executive Management and deployed at its manufacturing sites through an HSE (health, safety and the environment) management system.

The foundation of this HSE management system is based on an evaluation of risks destined to prevent incidents having an impact on people, property and the environment (including the identification of major accident scenarios).

HSE manuals describe the safety and environmental systems and management organisations deployed at the sites. The Lanester and Marans sites (SEVESO upper tier risk category sites) are subject to special requirements. They 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.

For the Marans and Lanester sites, the PPRT (Plans de Prévention des Risques Technologiques) technology risk prevention plans, developed at the end of 2012, contributed to control of urbanisation within defined areas around the sites. Initiatives and internal investments to reduce the probability of accidents are accompanied by recommendations to strengthen protection for surrounding populations. For example, Guerbet signed a financing agreement to support the installation of containment facilities for individuals or companies in the area around the Lanester site.

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;
- Management of feedback/lessons learned through the

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;
- Necessary monitoring of regulatory compliance;
- Review of the system and its performance by supervisory staff.

Since 2010, Safety and Environment audits have been performed at the manufacturing sites. They are based on internal standards comparable to standard and systems such as OHSAS 18001, ISO 14001 and SGS (Management and Security System for SEVESO sites in France). Audits conducted in 2013 made it possible to measure progress achieved at the manufacturing sites. Priority lines of action for improvement are incorporated into the annual action plans for continuous improvement to promote sustainable performance.

### Pollution and waste management

The Group's Environmental Safety\*\* policy also involves a commitment to managing the environmental impacts of its manufacturing sites, in particular in terms of emissions, effluents or waste in order to preserve the natural environment.

In 2013, investments for aqueous effluents treatment solutions at the Lanester and Marans sites had a significant impact on quantities of waste that were outsourced. These two sites account for 95% of the quantity of waste generated at the Group level.

Hazardous waste externally processed (in tonnes) <sup>1</sup>	2013	2012	Significant trends
Total	6,502	16,933	-62%

Hazardous waste externally processed may be recovered in various forms, for example by solvent regeneration or energy recovery from HCV effluents.

COD emissions (in tonnes) <sup>1</sup>	2013	2012	Significant trends
Total	10.9	14.3	-24%

Emissions quality was approved by the commissioning of new installations, and the pollutant load of effluents, while respecting recommended standards, declined 24% in 2013. In 2013, the percentage of waste treated internally was 90.9%, up from 80.5% in 2012. Standards governing waste and emissions applicable to manufacturing sites, and in particular the Seveso sites of Lanester and Ma-

1. Quantity of hazardous waste, as defined by applicable French regulations, processed externally for the Lanester, Marans and Aulnay-sous-Bois expressed in tonnes. The figure for 2012 was restated to include the Aulnay site in the reporting boundary as part of a continuous improvement process. Exclusion: the Rio de Janeiro site for which the only hazardous waste originates from the analysis laboratory.

2. Quantity of DCO (chemical oxygen demand) emissions after treatment by the Lanester and Marans sites in tonnes. Exclusion: the Aulnay and Rio de Janeiro sites are not subject to administrative monitoring for this indicator.

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rans, result in the application of numerous measures with respect to parameters covering atmospheric emissions (volatile organic compounds, NOx, dust, etc.), liquid emissions and monitoring soil. All results are used for guiding the operational activities of the installations, with alert thresholds making it possible to detect and remedy anomalies. The results of this follow-up are communicated to the regional regulatory authorities (DREAL) for Seveso sites, through monthly reports or specific reports: management plan for solvents or annual environmental report. Finally, internal procedures and employee training make it possible to integrate regulatory developments, maintain the level of expertise for managing specific risks (transport of hazardous materials, manipulation of chemical products, etc.), as well as respond to abnormal situations in order to limit their impacts.

Other Group sites, notably Aulnay, apply the same approach for the management of their environmental impacts. Waste monitoring covers specific factors for example the treatment of certain very specific waste related to research activities.

In 2013, measures were undertaken to raise awareness about environmentally responsible practices through campaigns focusing on paper waste separation procedures.

### Sustainable use of resources

#### • Water conservation

In 2013, water consumption of production sites came to 291,533 m<sup>3</sup>, up 2.5% compared to 2012. Since 2007, water consumption per unit produced by the manufacturing facilities has been reduced by 21.8%.

Water consumption (in m <sup>3</sup> )	2013	2012	Significant trends
Aulnay	54,316	55,990	-3.0%
Lanester	172,841	168,339	+2.7%
Marans	48,322	45,424	+6.4%
Rio de Janeiro	16,054	14,805	+8.4%
<b>Total</b>	<b>291,533</b>	<b>284,558</b>	<b>+2.5%</b>

Water consumption for the sites must be analysed in relation to total manufacturing output in 2013 as well as the water consumption profiles per type of product. In 2013, the trend for total consumption reflects the commissioning and testing of a significant number of new manufacturing installations, as well as a lower level for water recycling than in 2012 for the Lanester site.

#### • Managing energy consumption

The total energy consumption of its manufacturing facilities (electricity, gas and fuel combined) rose 1.3% from 2012. The energy consumption savings working group of Lanester achieved concrete energy efficiency results for the site that account for 60% of the Group's energy

consumption. Multi-year priorities for work are focused on technical, organisational and behavioural improvements. The first results of this pilot working group are positively contributing to the Group's economic and environmental performance. In effect, the Group's commitment to reduce greenhouse gas emissions is directly related to its energy efficiency performance (see 'Contributions to measures against global warming').

Energy consumption (in MWh)	2013	2012	Significant trends
Aulnay	21,318	18,582	+14.7%
Lanester	63,772	66,377	-3.9%
Marans	14,887	13,776	+8.1%
Rio de Janeiro	3,292	3,217	+2.3%
<b>Total</b>	<b>103,269</b>	<b>101,952</b>	<b>+1.3%</b>

The commissioning and testing of Aulnay's new pharmaceutical production unit contributed to the reported increase for the site in 2013 whereas the Lanester site registered a 3.9% decrease in a context of lower production. Consumption for different energy sources breaks down as follows :

Energy sources by manufacturing site (MWh)	2013		2012	
Electricity	41,905	40.6%	40,530	39.8%
Gas	55,034	53.3%	55,610	54.5%
Fuel	6,330	6.1%	5,811	5.7%

#### • Raw materials consumption

In 2013, work continued to focus on innovating our processes. Initiatives to recover iodine for internal recycling in our manufacturing processes reached new operational milestones and quantities recovered exceeded targets. These results achieved by the Lanester site highlight once again Guerbet's commitment to pursue business growth by producing in an economic and ecological manner.

### Contributions to measures against global warming

The Group has adopted measures to analyse its greenhouse gas (GHG) emissions since 2010 using the "carbon assessment" tool (CarbonEM) made available by French Pharmaceutical Companies Association (LEEM). The GHG emissions audit performed based on 2011 data showed that Group GHG emissions<sup>1</sup> originated mainly from energy consumption of production sites (approximately 70% of total GHG emissions). For that reason, Guerbet has set an objective of reducing GHG emissions by 20% per unit produced for the energy reporting boundary of the manufacturing sites by 2016 (in relation to 2011

1. Reporting boundary: the Group's four manufacturing facilities, the Gonesse distribution platform and the headquarters at Villepinte.

data). To achieve this goal, Guerbet will pursue its actions focusing on efficiently managing energy consumption at its manufacturing facilities (refer to 'sustainable use of resources'). In 2013, GHG emissions linked to energy consumption by the Group's four production sites came to 18,532 tonnes of CO2 equivalent, an increase of 1.1% from 2012.

Absolute GHG emissions (in Mt CO2e) <sup>1</sup> and contribution by type of energy	2013	2012	Change
Electricity	5,161	4,989	+3.4%
Gas / Fuel	13,371	13,349	+0.2%
Total	18,532	18,338	+1.1%

Emissions factors used are derived from the tool for assessing GHG emissions developed by France's research-based pharmaceutical association LEEM (CarbonEM). These factors take into account the types and geographical origins of energy consumed.

### Protection of biodiversity

The programme in place since the implementation of the REACH regulation within the EU has resulted in the registration of substances covered by the REACH deadline of 31 May 2013 with the ECHA (European Chemical Agency). This European regulation applies to manufacturers, importers and users of chemical substances within the European Union and is destined to strengthen the intrinsic knowledge about their health and environmental risks. For substances involving the greatest risks, very stringent authorisation files may be required by the ECHA representing an incentive for industry and relevant parties to invest in alternative less dangerous substances, when they exist or a socio-economic analysis (risk-benefit) so permits.

In 2013, impact or acceptability studies on the receiving environments were conducted by the Lanester and Marans sites, in connection with developments in their effluent treatment method and certain emission thresholds. The studies contribute to a better understanding of receiving environments and their sensitivity to all forms of emissions in the natural environment. They also contribute to demonstrating the effectiveness in the management of environmental impacts in terms of ecotoxicity or bioaccumulation.

## 3. Social information

### Territorial, economic and social impact

As an economic stakeholder in the regions where it operates, Guerbet is committed to modernising its industrial infrastructure and developing more ecological solutions. With this objective, €182 million were invested from 2006 to 2013 at the French sites of Aulnay (Seine-Saint-Denis), Lanester (Morbihan), Marans (Charente Maritime) and Gonesse (Val d'Oise). The employment generated from these activities is thus largely local and regional. Accordingly, Guerbet employs more than 600 people in the northern suburbs of Paris, in Seine Saint Denis and Val d'Oise, where the Group's headquarters, the Aulnay-sous-Bois pharmaceutical plant and the Gonesse's logistics hub are located. In addition to Guerbet's contribution to job creation, Guerbet undertakes along with national and regional authorities to promote economic development in the territories where the Group operates. Such measures have included ad hoc initiatives (providing traineeships at the Aulnay-sous-Bois plant to Seine Saint Denis high school students) but also and above all by actively participating in local industrial and scientific ecosystems.

For example, Guerbet is a member of the *Medicen Paris Region* competitive cluster of the Ile-de-France region, along with other manufacturing companies, start-ups, university hospitals and research laboratories. It was through this cluster that Guerbet took the lead for the HECAM (HEpatoCellular CArcinoma Multitechnological) project seeking to structure an industrial sector to address the needs for early detection, diagnosis and treatment for hepatocellular carcinoma.

### Stakeholder relations

Guerbet supports different organisations and associations concerned by the development and activity of the Group. Areas covered concern measures in favour of integration, general education and organisations having a connection with Guerbet's activities (for example, medical and pharmacy schools).

The partnership with the association '*Nos quartiers ont du talent*' continued in 2013. This mentoring programme for young students from under-resourced urban districts engaged in a job search enabled Guerbet employees to contribute their advice on CVs, letters of motivation or recruitment interviews.

The production sites in turn organise open house initiatives. These events provide opportunities for discovering the production installations, developing lasting relations between schools and companies and also explaining the challenges associated with managing operations at sites subject to very high standards in terms of quality, safety and the environment. A community bridge building initiative ('*mieux se connaître pour mieux cohabiter*') in Lanester also provides

1. GHG emissions from energy consumption of the Group production sites expressed in tonnes of CO2 equivalent. Exclusion: the 17 commercial subsidiaries, the Villepinte headquarters, the Gonesse distribution platform and the company Medex.

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neighbourhood residents an opportunity to meet with the site's teams and discuss with them subjects relating to the production of active pharmaceutical ingredients.

For the Marans site, the local coordinating body (CLIC or *Comité Local d'Information et de Concertation*) was replaced by a new entity (CSS or *Commission de Suivi de Site*) in 2013. This latter body comprised of representatives from five stakeholder groups (central government, regional government, the manufacturer, neighbourhood or environmental associations, and employees of the manufacturer) provides a forum for exchange and information for the purpose of preventing environmental risks, monitoring zoning-regulated sites and promoting public information.

### Subcontracting, suppliers and fair practices

The Group's financial and purchasing policies establish rules for ethical conduct in relations with Guerbet's partners (suppliers, subcontractors, etc.). An Ethics and Governance Committee was also formed and is described on page 50. The Group is also subject to strict regulations governing relations with professionals in the healthcare sector (for example, French DMOS act regulating relations between businesses and the medical profession) and the monitoring of adverse effects linked to the use of its products (see 3.1.1. on pharmaceutical risk in the Risk factors section).

In 2013, Guerbet continued to participate in the CSR (Corporate Social Responsibility) committee of LEEM<sup>1</sup> and its Responsible Purchasing working group.

Highlighting its commitment to developing a responsible approach in the economic arena, in July 2013 Guerbet signed the Charter for Responsible Supplier Relations.

This Charter (originally the 'Inter-Company Relations Charter') drawn up jointly by Médiation du Cr dit and the French Purchasing Association (CDAF<sup>2</sup>) was first introduced in 2010. Charter signatories undertake to work on improving their relations with their suppliers, especially when these are small and medium-sized enterprises (VSE-SMEs).

This charter provides Guerbet with a means for asserting its commitment to the good practices promoted therein and to exercise its responsibility as a major contractor.

The Charter's ten commitments cover a range of areas encompassing ethics, economics and the environment in relations between signatory contractors and their suppliers. An approach leader as well as an internal mediator were appointed and then provided with specific training proposed to signatory contractors.

The mission of the mediator, whose intervention may be solicited by a supplier or buyer, is to facilitate convergence among the two parties with the purpose of identifying a solution and invoking the issues raised within an improvement process. The approach leader is responsible for ensuring implementation of the Charter's commitments. The Purchasing function, guaranteeing the activity plans,

the monitoring of performance and action plans, is central to this responsible supplier relationship.

As a supplier, Guerbet's positioning was rewarded by the 'green label' A+ rating issued by the CAHPP<sup>3</sup> central hospital purchasing group in early 2013 in the pharmaceutical supplies segment. This green label constitutes a 'positive' rating serving as an incentive to suppliers approved by this referenced by this central purchasing group. The A+ score (out of 4 possible ratings: no label, A, A+ or A++) highlights measures implemented in six areas: Management engagement, purchasing policy, product/ecodesign, reducing customer site impacts, waste management, ordering and distribution.

For Guerbet, this rating system provides a useful mechanism for supplementing tools to evaluate its socially responsible practices and identify areas for improvement for its action plans.

### 4. Statutory Auditor's independent third-party report on the consolidated employment related, environmental and social information included in the Management Report

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

To the shareholders:

As Statutory Auditor of Guerbet, designated as an independent third party and certified by COFRAC under No.3-10484, we hereby present our report on the consolidated employment-related, environmental and social information (hereinafter referred to as "CSR Information") provided in the management report for the year ended 31 December 2013 pursuant to the provisions of article L. 225-102-1 of the French commercial code.

#### Responsibility of the company

The Board of Directors is responsible for preparing a management report including CSR Information in accordance with the provisions of Article R. 225-105-1 of the French Commercial Code and with the procedures used by the Company (hereinafter the "Guidelines") summarised in said report and available on request from the company's headquarters.

1. 'Les Entreprises du M dicament' – the French Pharmaceutical Companies Association

2. Compagnie des Dirigeants et Acheteurs de France

3. Centrale d'Achats de l'Hospitalisation Priv e et Publique

4. for which the scope is available at the website [www.cofrac.fr](http://www.cofrac.fr)

## Independence and quality control

Our independence is defined by regulations, the code of ethics of the profession and by the provisions of Article L.822-11 of the French commercial code. We have also implemented a quality control system comprising documented policies and procedures for ensuring compliance with the codes of ethics, professional auditing standards and applicable legal and regulatory texts.

## Responsibility of the auditors

On the basis of our work, it is our responsibility to:

- certify that the required CSR Information is presented in the management report or, in the event that any CSR Information is not presented, that an explanation is provided in accordance with the third paragraph of Article R. 225-105 of the French commercial code (Statement of disclosure of CSR Information);
- express limited assurance that the CSR Information, taken as a whole, is, in all material respects, fairly presented in accordance with the Guidelines (Reasoned opinion on the fairness of the CSR Information).

Our work was conducted by a team of five between 4 February and 11 March 2014 over a period of approximately two weeks. In the performance of this engagement, we were assisted by our specialised CSR experts.

We performed our work in accordance with the professional auditing standards applicable in France and with legal order published on 13 May 2013 determining the conditions in which the independent third party performs its engagement and concerning the reasoned opinion of fairness in accordance with the ISAE 3000 international standard<sup>1</sup>.

### 1. Statement of disclosure of CSR information

- We conducted interviews with the relevant heads of department to familiarise ourselves with sustainable development policy, according to the impact of the Company's activity on labour and the environment, of its social commitments and any action or programmes related thereto.
- We compared the CSR Information presented in the management report with the list as provided for in Article R.225-105-1 of the French commercial code;
- For any consolidated Information that was not disclosed, we verified that the explanations provided complied with the provisions of Article R. 225-105, paragraph 3 of the French commercial code.

- We ensured that the CSR Information covered the scope of consolidation, i.e., the company, its subsidiaries as defined by Article L. 233-1 and the entities it controls as defined by Article L. 233-3 of the French commercial code within the limitations set out in the 'methodology note' presented in chapter 4 of the management report;

Based on this work and the limitations mentioned above, we attest to the completeness of the required CSR Information in the management report.

### 2. Reasoned opinion on the fairness of the CSR Information *Nature and scope of our work*

We conducted ten interviews with persons responsible for preparing CSR information, departments responsible for collecting information and, where appropriate, those in charge of internal control and risk management procedures in order to:

- assess the suitability of the Guidelines in light of their relevance, completeness, reliability, impartiality and comprehensibility, and taking industry best practice into account when necessary;
- verify the implementation of a data-collection, compilation, processing and control procedure that is designed to produce CSR Information that is exhaustive and consistent, and familiarise ourselves with the internal control and risk management procedures involved in preparing the CSR Information

We determined the nature and scope of our tests and controls according to the nature and importance of the CSR Information in the light of the nature of the Company, the social and environmental challenges of its activities, its sustainable development policy and industry best practice.

With regard to the CSR Information that we considered to be the most important<sup>2</sup>:

- At parent entity level, we consulted documentary sources and conducted interviews to substantiate the qualitative information (organisation, policy, action), we followed analytical procedures on the quantitative information and verified, using sampling techniques, the calculations and the consolidation of the data and we verified their consistency and concordance with the other information in the management report;
- at the level of a representative sample of entities selected by us<sup>3</sup> by activity, contribution to the consolidated indicators, location and risk analysis, we conducted

1. ISAE 3000 – Assurance engagements other than audits or reviews of historical information

2. Quantitative information

**Employment:** Headcount (fixed-term and permanent contracts) at 31/12; % of women in the workforce at 31/12; number of employees recruited with permanent contracts, theoretical number of hours worked, occupational accident frequency rate; occupational accidents severity rate; number of training hours provided in the period.

**Environment:** Energy consumption (in MWh); electricity consumption (en MWh); gas consumption (in MWh); fuel consumption (en MWh); absolute GHG emissions (in Mt CO2e) linked to electricity, gas, fuel and total energy consumption; water consumption (m3); quantity of COD emissions after treatment. (in tonnes); hazardous waste process externally (tonnes); proportion of waste process internally.

**Qualitative information:**

**Employment:** Policy for combating discrimination

**Social:** Implementation and functioning of the Ethics Committee; Pharmacovigilance: Shortfalls identified and in the process of being corrected for the renewal of BPF (GMP equivalent) certification by the last inspection (15 to 19 April 2013) by the French National Drug and Health Products Safety Agency (ANSM).

3. Guerbet France headquarters and Villepinte; the Lanester production site (France); the Marans production site (France), on an off-site basis and for fuel only.

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interviews to ensure that procedures are followed correctly, and we performed tests of details, using sampling techniques, in order to verify the calculations made and reconcile the data with the supporting documents. The selected sample represents on average 69 % of headcount and between 43% and 100% of quantitative environmental data.

For the other CSR consolidated information published, we assessed its based on our knowledge of the Company.

Finally, also assessed the relevance of explanations given for any information not disclosed, either in whole or in part. We consider that the sampling methods and the size of the samples retained based on our professional judgement allows us to issue a moderate assurance. A higher level of assurance would have required more extensive verifications. Because of the use of sampling techniques and other limitations intrinsic to the operation of any information and internal control system, we cannot completely rule out the possibility that a material irregularity has not been detected.

### **Conclusion**

Based on our work, nothing has come to our attention that causes us to believe that the CSR Information, taken as a whole, is not presented fairly, in all material respects, in accordance with the Guidelines.

Villepinte, 8 April 2014

One of the Statutory Auditors;  
DELOITTE & ASSOCIES

Jean-Marie LE GUINER

Florence DIDIER-NOARO  
*Sustainability Services*

## 1. Consolidated financial statements and notes

### 1.1 Consolidated financial statements

#### 1.1.1 Consolidated balance sheet

<b>ASSETS (net)</b> In thousands of euros	Note	2013	2012
Intangible fixed assets	5	36,216	36,254
Property, plant and equipment	6	197,358	189,582
Non-current financial assets	7	2,783	3,200
Deferred tax assets	8	8,326	9,250
<b>Total non-current assets</b>		<b>244,683</b>	<b>238,286</b>
Inventories	9	97,305	105,146
Trade receivables and related accounts	10 & 1.1	75,372	86,826
Current assets held for sale		-	-
Other current financial assets	1.1	23,759	20,235
Cash and cash equivalents	1.2	18,433	10,473
<b>Total current assets</b>		<b>214,869</b>	<b>222,680</b>
<b>TOTAL ASSETS</b>		<b>459,552</b>	<b>460,966</b>

<b>EQUITY AND LIABILITIES (net)</b> In thousands of euros	Note	2013	2012
Capital		12,200	12,200
Other reserves		208,141	192,407
Consolidated net income		20,489	20,399
Currency translation adjustments		(2,572)	1,203
<b>Shareholders' equity</b> of which attributable to equity holders of the parent company	11	<b>238,258</b> 238,258	<b>226,209</b> 226,209
Non-current financial liabilities	2.1	62,183	67,043
Other non-current financial liabilities	2.0	1,108	2,258
Deferred tax liabilities	8	10,758	10,345
Provisions	12	20,358	20,927
<b>Total non-current liabilities</b>		<b>94,407</b>	<b>100,573</b>
Trade payables and equivalent		35,057	38,855
Current financial liabilities	2.1	38,734	42,439
Other current financial liabilities	2.6	43,914	42,429
Current tax liabilities		7,495	6,436
Provisions	12	1,687	4,025
<b>Total current liabilities</b>		<b>126,887</b>	<b>134,184</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>459,552</b>	<b>460,966</b>

## ■ FINANCIAL STATEMENTS AND NOTES

### 1.1.2 Consolidated income statement

In thousands of euros	Note	2013	2012
<b>Revenue</b>	<b>4</b>	<b>389,669</b>	<b>403,495</b>
Royalties		33	32
Other revenue from ordinary activities	<b>13</b>	2,371	2,517
Supplies used in operations		(94,688)	(121,724)
Staff costs	<b>14.1</b>	(110,107)	(105,264)
External charges	<b>15</b>	(120,129)	(119,334)
Tax other than on income	<b>16</b>	(14,363)	(13,748)
Allowances for depreciation and amortisation	<b>17</b>	(22,347)	(21,800)
Net allowances for reserves		206	(1,377)
Change in work in progress and finished goods		(2,791)	7,595
Other current operating income and expenses	<b>18</b>	2,130	1,339
<b>Current operating income</b>		<b>29,984</b>	<b>31,731</b>
Other operating income and expenses	<b>19</b>	(59)	(94)
<b>Operating profit</b>		<b>29,925</b>	<b>31,637</b>
Income from cash and cash equivalents		122	142
Finance costs	<b>20</b>	(1,208)	(3,992)
<b>Net interest expense</b>		<b>(1,086)</b>	<b>(3,850)</b>
Currency gains and losses		(1,054)	(380)
Other financial income and charges		(74)	321
Income tax	<b>21</b>	(7,222)	(7,329)
<b>Consolidated net income</b>		<b>20,489</b>	<b>20,399</b>
of which attributable to equity holders of the parent company		20,489	20,399
Net earnings per share for par value of €4 (in euros)	<b>27</b>	6.72	6.69
Diluted net earnings per share for par value of €4 (in euros)	<b>27</b>	6.46	6.44
Net earnings per share for par value of €1 (in euros)	<b>27</b>	1.68	1.67
Diluted net earnings per share for par value of €1 (in euros)	<b>27</b>	1.62	1.61

### 1.1.3 Statement of net profit and income and expense recognised directly in equity

In thousands of euros	2013	2012
<b>Net profit of the period</b>	<b>20,489</b>	<b>20,399</b>
<b>Income and expense recognised directly in equity</b>		
Actuarial gains/(losses) on retirement benefits (IAS 19)	1,038	(1,984)
Currency translation adjustments	(3,775)	(1,945)
<b>Total net profit and income and expense recognised directly in equity</b>	<b>17,752</b>	<b>16,470</b>

### 1.1.4 Consolidated statement of cash flows

In thousands of euros	Note	2013	2012
<b>Net income</b>		<b>20,489</b>	<b>20,399</b>
Allowances and reversals of provisions for fixed assets		23,581	21,785
Allowances and reversals for contingencies	<b>12.1</b>	(1,328)	80
Fair value changes in hedging instruments		(1,186)	729
Stock option expenses		384	416
Income from the disposal of fixed assets and other adjustments		101	1,880
<b>Cash flow after net interest expense and tax</b>		<b>42,041</b>	<b>45,289</b>
Net interest expense		1,086	3,850
Tax expenses (including deferred tax)	<b>21</b>	7,222	7,329
<b>Cash flow before net interest expense and tax</b>		<b>50,349</b>	<b>56,468</b>
Tax payments		(5,993)	(2,349)
<i>Change in inventories</i>	<b>9</b>	7,841	(651)
<i>Change in trade receivables and related accounts</i>		11,890	(1,480)
<i>Change in trade payables and related accounts</i>		(3,885)	(10,145)
<i>Change in other assets</i>		(2,896)	(484)
<i>Change in other liabilities</i>		1,974	3,273
<b>Change in operating working capital</b>		<b>14,924</b>	<b>(9,487)</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES (A)</b>		<b>59,280</b>	<b>44,632</b>
Capital expenditures		(35,345)	(33,195)
<i>of which for intangible assets</i>	<b>5</b>	(5,246)	(3,182)
<i>of which for property, plant and equipment</i>	<b>6</b>	(30,099)	(29,649)
<i>of which for financial assets</i>		-	(364)
Proceeds from the disposal of fixed assets		1,246	820
(Increase), decrease in payables to fixed assets suppliers		(1,341)	(1,547)
<b>CASH FLOWS FROM INVESTING ACTIVITIES (B)</b>		<b>(35,440)</b>	<b>(33,922)</b>
Dividends paid		(6,090)	(5,481)
Capital increases		-	-
New long-term debt		15,009	14,868
Repayment of borrowings		(26,873)	(8,058)
Purchase and sale of treasury stock		-	-
Net interest payments (including on capital leases)		(1,068)	(3,863)
<b>CASH FLOWS FROM FINANCING ACTIVITIES (C)</b>		<b>(19,022)</b>	<b>(2,534)</b>
Impact of foreign exchange fluctuations (D)		(139)	(349)
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS (A) + (B) + (C) + (D)</b>	<b>2.5</b>	<b>4,679</b>	<b>7,827</b>
<b>OPENING CASH AND CASH EQUIVALENTS</b>		<b>(3,986)</b>	<b>(11,813)</b>
<b>CLOSING CASH AND CASH EQUIVALENTS</b>	<b>1.2 &amp; 2.1</b>	<b>693</b>	<b>(3,986)</b>

## FINANCIAL STATEMENTS AND NOTES

### 1.1.5 Statement of changes in shareholders' equity

In thousands of euros	Capital	Retained earnings	Result	Change in cumulative translation adjustments	Total
<b>At 31/12/2011</b>	<b>12,200</b>	<b>185,023</b>	<b>14,427</b>	<b>3,148</b>	<b>214,798</b>
Capitalisation of 2011 income		14,427	(14,427)		-
Stock options		426			426
Distribution of dividends		(5,481)			(5,481)
2012 consolidated income			20,399		20,399
Actuarial gains and losses		(1,984)			(1,984)
Currency translation adjustments				(1,945)	(1,945)
Other changes		(4)			(4)
<b>At 31/12/2012</b>	<b>12,200</b>	<b>192,407</b>	<b>20,399</b>	<b>1,203</b>	<b>226,209</b>
Capitalisation of 2012 income		20,399	(20,399)		-
Stock options		384			384
Distribution of dividends		(6,090)			(6,090)
2013 consolidated income			20,489		20,489
Actuarial gains and losses		1,038			1,038
Currency translation adjustments				(3,775)	(3,775)
Other changes		3			3
<b>At 31/12/2013</b>	<b>12,200</b>	<b>208,141</b>	<b>20,489</b>	<b>(2,572)</b>	<b>238,258</b>

### 1.2 Notes to the consolidated financial statements

Figures presented in these notes are in thousands of euros.

#### 1) Significant accounting policies

##### a) Basis of presentation and statement of compliance

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 over all periods presented.

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/index\\_en.htm](http://ec.europa.eu/internal_market/accounting/ias/index_en.htm)

The format for the financial statements compliance 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 accumulated amortisation previously applied in the French GAAP financial statements was maintained at the value of 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 standards and interpretations applicable to the consolidated financial statements in 2013

#### Standards, amendments and interpretations whose application was mandatory commencing in 2013

Standards, amendments and interpretations whose application is not warranted or would not have a material effect on the consolidated financial statements of the period include:

- Amendments to IFRS 7: Disclosures on the offsetting of financial assets and financial liabilities.
- Amendments to IAS 1: Presentation of other comprehensive income
- Amendments to IAS 19: Employee benefits
- IFRS 13: Fair value measurement
- Amendments to IAS 12: Recovery of underlying assets
- Amendments to IFRS 1: Government loans

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

- IFRS 10: Consolidated financial statements
- IFRS 11: Joint arrangements
- IFRS 12: Disclosure of interests in other entities
- Amendments to IAS 28: Investments in associates and joint ventures
- Amendments to IAS 32: Offsetting financial assets and financial liabilities
- Amendments to IAS 36: Recoverable amounts disclosures for non-financial assets
- Amendments to IAS 39 and IFRS 9: Novation of derivatives and continuation of hedge accounting

The potential impacts of these texts are currently 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 non-controlling interests in 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 amortisation period is determined on a case-by-case basis according to the nature and characteristics of the items included under this heading.

## ■ FINANCIAL STATEMENTS AND NOTES

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 over periods of three to ten 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 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
- Machinery and equipment 5 to 10 years
- Other tangible assets: 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. Annual impairment tests are conducted in the fourth quarter.

Other intangible assets are also subject to impairment tests whenever events or circumstances indicate that the carrying value of these assets may not be 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 asset (or group 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 measured at amortised cost using the effective interest method. Their carrying value comprises the amount of capital payable plus 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 lower than the carrying value an impairment loss 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 rate method. They are tested for impairment when an indication of impairment arises. An impairment loss is recorded if the carrying value is greater than the estimated recoverable value.

#### *Available-for-sale assets*

Available-for-sale assets are a residual category for non-derivative financial assets that do not fall in any of the previous categories. 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. How-

ever, 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.

### **l) Inventories**

Raw materials and other supplies are recorded at the opening weighted average price. When the carrying value falls below this amount, a provision is recorded 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 which includes direct and indirect production costs and excludes 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 impairment charge is recorded when a collection risk exists determined on a case-by-case basis, except under certain specific economic circumstances.

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.

## ■ FINANCIAL STATEMENTS AND NOTES

### p) Provisions

Provisions correspond to liabilities that may define criteria:

- 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. Changes in fair value of these financial instrument are recognised 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, costs are estimated according to the method of 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 significant risks and rewards incident to ownership have been transferred to the buyer. 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 French businesses tax (*Contribution Economique Territoriale* or CET) that entered into force in 2010, replacing the previous 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 cal-

culated 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**

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

#### **II) Périmètre de consolidation**

Changes in Group structure with respect to consolidation.

- 2012: simplified merger entailing the transfer of all liabilities and assets of SCI Kalb to the parent company Guerbet (Transfert Universel du Patrimoine)
- 2013: consolidation of Guerbet France, formed in November 2012 with spin-off from the parent company Guerbet on 30 June 2013

All companies are fully consolidated with ownership interests of 100% (refer to the list of companies in note 31). 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. In 2010, under the terms of a reciprocal agreement between Guerbet and the non-controlling shareholder, Guerbet exercised the put option to acquire the remaining 40% of the capital at a price to be determined in reference to Medex's commercial performance. The fixing of the price was subject to a dispute, with the maximum price provided for under the contract of €2.5 million maintained under 'Payables to the excessive supplier' until 31 December 2012. In accordance Commercial Court of Lyon's ruling of 17 July 2013, shares representing 40% of the capital were transferred to Guerbet for €1. In light of this agreement, Medex has been fully consolidated since 2004.

The financial period of all consolidated companies is twelve months with the exception of Guerbet France (13 months for its first period) ending on 31 December.

## FINANCIAL STATEMENTS AND NOTES

### III) Notes to the financial statements

#### Note 1 - Financial assets

2013	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 <sup>1</sup>	-	1,369	-	1,369
Other non-current financial assets	117	1,297	-	1,414
Trade and other receivables	-	75,372	-	75,372
Other current financial assets	-	23,759	-	23,759
Cash and cash equivalents	-	-	18,433	18,433
<b>Total</b>	<b>117</b>	<b>101,797</b>	<b>18,433</b>	<b>120,347</b>

2012	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 <sup>1</sup>	-	832	-	832
Other non-current financial assets	118	2,250	-	2,368
Trade and other receivables	-	86,826	-	86,826
Other current financial assets	-	20,235	-	20,235
Cash and cash equivalents	-	-	10,473	10,473
<b>Total</b>	<b>118</b>	<b>110,143</b>	<b>10,473</b>	<b>120,734</b>

#### Change in financial assets depreciation

	31/12/2012	Allowances	Reversals	Currency translation adjustments	31/12/2013
Non-current tax receivables	-	-	-	-	-
Other non-current financial assets	-	-	-	-	-
Trade and other receivables	1,769	196	(578)	32	1,419
Current derivative financial instruments	-	-	-	-	-
Other current financial assets	865	492	-	(202)	1,155
Cash and cash equivalents	-	-	-	-	-
<b>Total</b>	<b>2,634</b>	<b>688</b>	<b>(578)</b>	<b>(170)</b>	<b>2,574</b>

	31/12/2012	Allowances	Reversals	Currency translation adjustments	31/12/2012
Non-current tax receivables	-	-	-	-	-
Other non-current financial assets	-	-	-	-	-
Trade and other receivables	2,687	652	(1,560)	(10)	1,769
Current derivative financial instruments	-	-	-	-	-
Other current financial assets	29	900	-	(64)	865
Cash and cash equivalents	-	-	-	-	-
<b>Total</b>	<b>2,716</b>	<b>1,552</b>	<b>(1,560)</b>	<b>(74)</b>	<b>2,634</b>

1. Of which discounted receivables for Research Tax Credits of 2011, 2012 and 2013 for €307,000, €424,000 and €391,000 and repayable no later than 2014, 2015 and 2016 respectively.

### 1.1 – Originated loans and receivables at amortised cost

	2013			2012		
	Gross	Impairment	Net	Gross	Impairment	Net
Non-current tax receivables	1,369		1,369	832		832
Other non-current financial assets	1,297		1,297	2,250		2,250
Trade and other receivables	76,791	(1,419)	75,372	88,595	(1,769)	86,826
Other current financial assets	24,914	(1,155)	23,759	21,100	(865)	20,235
<b>Total</b>	<b>104,371</b>	<b>(2,574)</b>	<b>101,797</b>	<b>112,777</b>	<b>(2,634)</b>	<b>110,143</b>

Other current financial assets at amortised cost	2013	2012
Advances and down-payments to suppliers	991	504
Tax receivables (other than on income)	17,148	15,255
Trade receivables	426	826
Employee- related receivables	494	239
Royalty payment receivables	7	4
Grant receivables	910	1,253
Other current assets	377	404
Prepaid expenses	3,406	1,750
<b>Total</b>	<b>23,759</b>	<b>20,235</b>

Aged trial balance information for trade receivables at 31 December 2013	Gross	Impairment	Net
Receivables not due	66,467	(57)	66,410
Receivables past due less than 3 months	4,551	(79)	4,472
Receivables past due less than 6 months	1,251	(100)	1,151
Receivables past due less than 1 year	1,954	(144)	1,810
Receivables past due less than 2 years	1,932	(470)	1,462
Receivables past due more than 2 years	636	(569)	67
<b>Total</b>	<b>76,791</b>	<b>(1,419)</b>	<b>75,372</b>

Outstanding trade receivables 31 December 2013 were reduced by a non-recourse assignment in Italy and Spain in December 2013 for €4,049,000.

Aged trial balance information for trade receivables at 31 December 2012	Gross	Impairment	Net
Receivables not due	72,236	(214)	72,022
Receivables past due less than 3 months	10,493	(52)	10,441
Receivables past due less than 6 months	2,489	(63)	2,426
Receivables past due less than 1 year	1,699	(197)	1,502
Receivables past due less than 2 years	1,302	(882)	420
Receivables past due more than 2 years	376	(361)	15
<b>Total</b>	<b>88,595</b>	<b>(1,769)</b>	<b>86,826</b>

Outstanding trade receivables at 31 December 2012 were reduced by a non-recourse assignment in Italy in December 2012 for €2,921,000.

## ■ FINANCIAL STATEMENTS AND NOTES

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

	2013	2012
<b>Financial assets measured at fair value through profit or loss excluding derivatives o.w.</b>	<b>18,433</b>	<b>10,473</b>
Marketable securities	-	-
Cash at bank and in hand	18,433	10,473
<b>Total</b>	<b>18,433</b>	<b>10,473</b>

Foreign exchange and interest rate hedges generated a gain of €193,000 in 2012 compared with a loss of €729,000 in 2011.

The parent company has not held marketable securities since 2012.

### 1.3 – Financial assets given as collateral

The Group terminated its commercial receivables securitisation programme in 2013.

### 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 both by the financial institutions from which Guerbet has obtained the financial instruments and by an independent firm. Provisions are measured and adjusted according to changes in value recognised for market instruments from one period to another.

## Note 2 – Financial liabilities

### 2.0 - Breakdown of current and non-current financial liabilities

	2013			2012
	Current	Non-current	Total	Total
Borrowings (Note 2.1)	38,734	62,183	100,917	109,482
Trade payables	35,057		35,057	38,855
Other payables (Note 2.6) o.w.	43,914	1,108	45,022	44,687
Derivative financial instruments (see notes 3.4, 3.5 and 26)		1,108	1,108	2,258
<b>Total</b>	<b>117,705</b>	<b>63,291</b>	<b>180,996</b>	<b>193,024</b>

## 2.1 - Breakdown of current and non-current borrowings

€ thousands	2013	2012
<b>Non-current borrowings o.w.</b>	<b>62,183</b>	<b>67,043</b>
Securitisation	-	-
Special profit-sharing reserve (blocked current accounts)	707	703
Capital leases	1,771	2,347
Medium-term borrowings	19,533	23,705
Other borrowings	40,172	40,288
<b>Current borrowings o.w.</b>	<b>38,734</b>	<b>42,439</b>
Securitisation	-	11,621
Capital leases	891	767
Medium-term borrowings (maturities < 1 year)	7,720	5,885
Other current borrowings and profit-sharing reserve	5,886	4,504
Short-term bank loans & overdrafts	24,237	19,662
<b>Total borrowings</b>	<b>100,917</b>	<b>109,482</b>

This debt is primarily subject to floating-rate interest:

	2013	2012
Floating-rate debt (before hedging)	93%	96%
Fixed-rate debt	7%	4%

## 2.2 - Borrowings by currency

Currency	2013			2012		
	Year-end rate	Amount	%	Year-end rate	Amount	%
Euro		70,862	70.22%		78,709	71.89%
Yen	144.72	18,457	18.29%	113.61	21,600	19.73%
Dollar US	1.3791	4,264	4.23%	1.3194	3,032	2.77%
Won	1450.93	4,852	4.81%	1406.23	4,366	3.99%
Other		2,482	2.46%		1,775	1.62%
<b>Total</b>		<b>100,917</b>	<b>100.00%</b>		<b>109,482</b>	<b>100.00%</b>

## 2.3 - Borrowings ranked by maturity

Borrowings ranked by maturity:

	2013	2012
Less than 6 months	16,521	27,593
More than six months and less than one year	22,213	14,846
Between one and five years	50,121	47,569
Greater than five years	12,062	19,474
<b>Total</b>	<b>100,917</b>	<b>109,482</b>

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### 2.4 – Finance leases

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

	2013	2012
Less than one year	891	767
Between one and five years	1,771	2,347
Greater than five years	-	-
<b>Total</b>	<b>2,662</b>	<b>3,114</b>

### 2.5 – Changes in financial debt

Changes in net borrowings in the period:

	2012	Change	2013
Cash at bank and in hand	10,473	7,960	18,433
Bank facilities and credit balances	(14,459)	(3,281)	(17,740)
<b>Net cash and cash equivalents</b>	<b>(3,986)</b>	<b>4,679</b>	<b>693</b>
Gross borrowings excluding bank lines and balances	(95,023)	11,846	(83,177)
<b>Net financial debt</b>	<b>(99,009)</b>	<b>16,525</b>	<b>(82,484)</b>

### 2.6 – Other current financial liabilities

	2013	2012
Employee-related payables	30,181	29,416
Amounts payable on fixed assets <sup>1</sup>	6,204	7,545
Grants <sup>2</sup>	3,805	3,184
Trade debtors-credit balances	933	497
Royalties	-	407
Commissions	841	974
Other payables	1,950	406
<b>Total</b>	<b>43,914</b>	<b>42,429</b>

### 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 2013

In 2011, Guerbet implemented 60 forward exchange contracts, mainly for US dollars (USD), Japanese yen (JPY) and Hong Kong dollars (HKD) including 5 forward exchange purchase and sale agreements still open at 31/12/2013 for a net total equivalent value of €9.14 million.

1. Of which €2,500,000 for the discounted purchase price for 40% of Medex shares.

2. Of which advances received for €2,352,000 on the signature of the Iseult agreement (see Note 23).

### 3.2. Exposure to currency fluctuations at 31/12/2013

The following table presents the main risks of the Group centralised at the level of the Guerbet parent company:

In millions of euros	USD	BRL	JPY	TRY	CHF	KRW	HKD	GBP	MXN	TWD	Total*
Budget risk** (1)	13.46	3.51	1.79	3.02	12.50	9.98	12.31	4.94	4.79	-0.95	67.25
The balance sheet risk*** (2)	1.49	2.14	-2.96	0.28	-2.27	-0.06	4.34	-0.56	0.15	0.01	10.27
<b>Position before hedging (3=1+2)</b>	<b>14.95</b>	<b>5.65</b>	<b>-1.17</b>	<b>3.30</b>	<b>10.23</b>	<b>9.92</b>	<b>16.65</b>	<b>4.38</b>	<b>4.94</b>	<b>-0.94</b>	<b>72.13</b>
Outstanding hedges (4)	-3.07		0.80		1.06		-3.49	0.72			9.14
<b>Position after hedging (5=3+4)</b>	<b>11.88</b>	<b>5.65</b>	<b>-0.37</b>	<b>3.30</b>	<b>11.29</b>	<b>9.92</b>	<b>13.16</b>	<b>5.10</b>	<b>4.94</b>	<b>-0.94</b>	<b>66.55</b>

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

The calculation of sensitivity is carried out on the net unhedged amount at 31 December 2013 (balance sheet risk after subtracting outstanding hedges) for the main 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	2013	2012
HKD	85	23
JPY	216	0
BRL	214	151

### 3.4 - Interest-rate risks

At 31 December 2013, borrowings consisted mainly of floating-rate debt. The breakdown between fixed and floating rate debt is decided by the Group's executive management and reviewed on a periodic basis according to expected trends for interest rates.

### 3.5 - Interest rate hedging positions of Guerbet open in 2013

In 2013, no interest rate hedges were acquired. At 31 December 2013 the Group's gross debt amounted to €100.9 million. The hedge rate for gross floating-rate debt is 76%. The weighted average rate for hedges represented a fixed rate of 1.48 %.

\* Total in absolute values.

\*\* The budget risk corresponds to the risk associated with future commercial flows not yet confirmed by firm orders or invoices recognised in the balance sheet. This risk has no immediate impact on the income statement.

\*\*\* The balance sheet risk concerns all assets and liabilities in currencies other than the euro.

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### 3.6 - Exposure to interest rate changes at 31 December 2013

In thousands of euros	Current debt*	Non-current debt	Total
Financial liabilities at fixed-rates	(65)	(7,245)	(7,310)
Financial liabilities at floating-rates	(38,669)	(54,938)	(93,607)
Financial assets at fixed rates	10,700		10,700
Financial assets at floating-rates	7,733		7,733
Net balance before hedging**:			
- fixed-rate	10,635	(7,245)	3,390
- floating-rate	(30,936)	(54,938)	(85,874)
Off-balance sheet***	23,025	47,727	70,752
Net position after hedging			
- fixed-rate	(12,390)	(54,972)	(67,362)
- floating-rate	(7,911)	(7,211)	(15,122)
		(15,122)	

### 3.7 - Analysis of the sensitivity of net financial income to interest-rate risks after hedging at 31/12/2013

At 31 December 2013 the Group's net debt amounted to €85.2 million. The hedge rate for net floating-rate debt is 82%.

Interest rate changes of	1%
Sensitivity to interest rate risk	€ 151,220

### 3.8 - Liquidity risk

At 31 December 2013, unused lines of credit available amounted to €83 million. The Group's foreseeable needs are covered by available credit lines. The banking counterparties represent top-tier financial institutions.

- Other markets where the Group has a direct presence through sales subsidiaries only in selected countries (Brazil, South Korea, China, USA, etc.) and where sales are generated primarily from license or distribution agreements.

### 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;

### 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 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.

\* 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 swaps (receiving floating-rate and paying fixed rates).

2013	European companies for their respective markets	Other	Unallocated	Total
<b>Revenue</b>				
European markets	262,834	11,695		274,529
Other markets		115,140		115,140
<b>Total</b>	<b>262,834</b>	<b>126,835</b>		<b>389,669</b>
<b>Current operating income</b>	<b>103,174</b>	<b>15,486</b>	<b>(88,676)</b>	<b>29,984</b>
Other operating income and expenses				(59)
<b>Operating profit</b>				<b>29,925</b>
Net interest expense				(1,086)
Other financial income and charges				(1,128)
Tax charge				(7,222)
<b>Net income</b>				<b>20,489</b>
- of which amortisation and depreciation	(2,866)	(1,111)	(18,370)	(22,347)
- of which other non-cash expenses	103	(76)	179	206
Segment assets	380,774	78,778		459,552
- of which fixed assets	213,207	21,781		234,988
Segment liabilities excluding borrowings	124,872	13,290		138,162
Borrowings	77,503	5,629		83,132
Shareholders' equity			238,258	238,258
Segment capital expenditures				
- intangible assets	4,150	1,096		5,246
- property, plant and equipment	26,047	4,052		30,099

2013	European companies for their respective markets	Other	Unallocated	Total
<b>Revenue</b>				
European markets	277,982	10,260		288,242
Other markets		115,253		115,253
<b>Total</b>	<b>277,982</b>	<b>125,513</b>		<b>403,495</b>
<b>Current operating income</b>	<b>101,761</b>	<b>16,881</b>	<b>(86,911)</b>	<b>31,731</b>
Other operating income and expenses				(94)
<b>Operating profit</b>				<b>31,637</b>
Net interest expense				(3,850)
Other financial income and charges				(59)
Tax charge				(7,329)
<b>Net income</b>				<b>20,399</b>
- of which amortisation and depreciation	(3,375)	(1,070)	(17,355)	(21,800)
- of which other non-cash expenses	542	(1,283)	(636)	(1,377)
Segment assets	379,802	81,164		460,966
- of which fixed assets	205,360	22,844		228,204
Segment liabilities excluding borrowings	128,919	10,852		139,771
Borrowings	90,164	4,822		94,986
Shareholders' equity			226,209	226,209
Segment capital expenditures				
- intangible assets	3,153	29		3,182
- property, plant and equipment	26,688	2,961		29,649

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### 4.2 – Sales by product range

Percentage before trade discounts and rebates	2013	2012
X-ray	46.5%	50.3%
MRI	41.9%	40.1%
Other	11.6%	9.6%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>

### Note 5 - Intangible assets

#### 5.1 – Gross amounts

	31/12/2012	Increase	Decrease	Other changes	Currency translation adjustments	31/12/2013
Trademarks	8,807				(286)	8,521
Patents	13,097					13,097
Marketing authorisations	7,575				(1,628)	5,947
Commercial relations	153					153
Goodwill	10,190				(166)	10,024
Software	13,198	3,413	(15)		(299)	16,297
Intangible assets in progress	2,544	1,833				4,377
<b>Gross</b>	<b>55,564</b>	<b>5,246</b>	<b>(15)</b>	<b>-</b>	<b>(2,379)</b>	<b>58,416</b>

	31/12/2011	Increase	Decrease	Other changes	Currency translation adjustments	31/12/2012
Trademarks	8,981			5	(179)	8,807
Patents	13,102			(5)		13,097
Marketing authorisations	8,589				(1,014)	7,575
Commercial relations	6,075			(5782)	(140)	153
Goodwill	9,922				268	10,190
Software	11,387	2,520	(611)		(98)	13,198
Intangible assets in progress	2,075	662	(193)			2,544
<b>Gross</b>	<b>60,131</b>	<b>3,182</b>	<b>(804)</b>	<b>(5782)</b>	<b>(1,163)</b>	<b>55,564</b>

## 5.2 – Amortisation, depreciation and impairment by asset category

	31/12/2012	Allowances	Reversals	Other changes	Currency translation adjustments	31/12/2013
Patents	9,275	1,663		(1)		10,937
Marketing authorisations	1,473		(11)		(312)	1,150
Commercial relations	18				1	19
Software	8,544	1,725	(15)	3	(163)	10,094
<b>Total</b>	<b>19,310</b>	<b>3,388</b>	<b>(26)</b>	<b>2</b>	<b>(474)</b>	<b>22,200</b>

	31/12/2011	Allowances	Reversals	Other changes	Currency translation adjustments	31/12/2012
Patents	8,858	418		(1)		9,275
Marketing authorisations	1,660	13			(200)	1,473
Commercial relations	5,941			(5781)	(142)	18
Software	7,900	1,285	(561)		(80)	8,544
<b>Total</b>	<b>24,359</b>	<b>1,716</b>	<b>(561)</b>	<b>(5,782)</b>	<b>(422)</b>	<b>19,310</b>

### 5.3 – Additional information on the main intangible assets

Trademarks purchased include mainly €7,476,000 for worldwide distribution of the barium line in 1992 and ¥151 million (€1,040,000 at the 2013 year-end exchange rate) of Magnescope in Japan.

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. They were written down by €1,245,000 in 2013. This amount included €857,000 for a correction in the value assigned to these patents when Medex was acquired (see note 18) and €388,000 to take into account the reduction in their residual useful lives.

In 2005, the Group acquired marketing authorisations for Japan for Imagenil, Magnescope and Hexabrix for ¥861 million (€5,947,000 at the 2013 year-end exchange rate). The carrying value of marketing authorisations for Imagenil and Hexabrix had been fully amortised at 31 December 2010. The net carrying value of €4,800,000 corresponds to the marketing authorisation for Magnescope in Japan.

In 2005, the Group acquired for ¥593 million on a present value basis 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. At 31 December 2010, the net carrying value after amortisation had been fully written down. These intangible assets were written off in 2012.

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 indefinite, as of 1 January 2004 it was no longer amortised. Software is amortised over its useful life that is generally approximately three years.

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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 (Magnescope)	1,040
	Marketing authorisations	4,800
Germany	Patents	1,745
	Trademarks (Barium)	7,476
	Goodwill	990
South Korea	Goodwill	4,121
Italy	Goodwill	3,796

At 31 December 2013, 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 2014 to 2016. A discount rate of 5.37% was applied to all assets other than of Japan (4.88%).

Main MTP assumptions:

Revenue growth	Japan	Germany	South Korea	Italy
2014	(12.2%)	(2.1%)	18.2%	6.3%
2015	2.4%	2.4%	2.4%	2.4%
2016 and beyond	4.7%	4.7%	4.7%	4.7%

Change in working capital requirements (€ '000s):	Japan	Germany	South Korea	Italy
2014	(610)	(303)	1,336	526
2015	105	335	208	213
2016 and beyond	211	672	417	426

For each of these CGUs, the present value of future cash flows 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**

	31/12/2012	Increase	Decrease	Other changes	Currency translation adjustments	31/12/2013
Land	6,226				(36)	6,191
- including capital leases	2					2
Buildings	101,294	17,322	(792)		(969)	116,855
- including capital leases	2,501					2,501
Machinery and equipment	163,534	13,367	(4,136)	(288)	(945)	171,532
- including capital leases	7,996					7,996
Other tangible assets	48,465	6,534	(1,852)	809	(1,372)	52,583
- including capital leases	4,652	728	(485)			4,895
Assets under construction	57,657	(6,886)		(515)	(240)	50,016
Advances and instalments on fixed assets	559	(238)				321
<b>Gross</b>	<b>377,735</b>	<b>30,099</b>	<b>(6,780)</b>	<b>6</b>	<b>(3,562)</b>	<b>397,498</b>
Allowances for depreciation	(188,153)	(20,195)	6,313		1,895	(200,140)
Impairment	-					-
<b>Net</b>	<b>189,582</b>	<b>9,904</b>	<b>(467)</b>	<b>6</b>	<b>(1,667)</b>	<b>197,358</b>

	31/12/2011	Increase	Decrease	Other changes	Currency translation adjustments	31/12/2012
Land	6,254				(28)	6,226
- including capital leases	2					2
Buildings	97,525	6,990	(2,561)		(660)	101,294
- including capital leases	2,501					2,501
Machinery and equipment	161,227	8,504	(5,591)		(606)	163,534
- including capital leases	7,996					7,996
Other	47,981	5,929	(4,907)		(538)	48,465
<i>PPE</i>	47,981	5,929	(4,907)		(538)	48,465
- including capital leases	3,814	1,729	(891)			4,652
Assets under construction	51,027	8,213	(1,457)		(126)	57,657
<b>Advances and instalments on fixed assets</b>	<b>546</b>	<b>13</b>				<b>559</b>
Gross	364,560	29,649	(14,516)		(1,958)	377,735
Allowances for depreciation	(181,419)	(20,069)	12,265		1,070	(188,153)
<b>Impairment</b>	<b>-</b>					<b>-</b>
<b>Net</b>	<b>183,141</b>	<b>9,580</b>	<b>(2,251)</b>		<b>(888)</b>	<b>189,582</b>

In 2013, the Group invested in particular to:

- increase production capacity of the Lanester, Marans and Aulnay sites (including €5 million for the new primary packaging facility in Aulnay);
- improve effluent treatment systems in Lanester and Marans (€3 million)
- revamp the information systems in France, the United Kingdom and Portugal.

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

Currency	2013		2012	
	Year-end rate	Amount	Year-end rate	Amount
Euro		187,403		180,278
Real	3.25	8,611	2.70	8,115
Other currencies		1,344		1,189
<b>Total</b>		<b>197,358</b>		<b>189,582</b>

### 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.

### Note 7 – Other non-current assets

	2013			2012
	Gross	Non-current provisions	Net	Net
Deposits and guarantees	1221	-	1221	2,146
Research tax credits	1369	-	1369	825
Loans to personnel	62	-	62	90
Other non-current financial assets	131	-	131	139
<b>Total</b>	<b>2783</b>	<b>-</b>	<b>2783</b>	<b>3,200</b>

## Note 8 – Actifs et paDeferred tax assets and liabilities

	31/12/2012	Changes in income	Changes in equity	Translation adjustments & misc.	31/12/2013
Deferred tax assets	9,250				8,326
Deferred tax liabilities	(10,345)				(10,758)
<b>Total</b>	<b>(1,095)</b>	<b>274</b>	<b>(514)</b>	<b>(1,097)</b>	<b>(2,432)</b>
Of which deferred taxes resulting from:					
Recognition of tax losses	8,124	(705)		(1,237)	6,182
Temporary differences	9,994	410	(514)	(260)	9,630
Restatement of regulated provisions	(13,467)	(1,550)		(1)	(15,018)
Remeasurement of tangible assets	(2,637)	50		3	(2,584)
Remeasurement of intangible assets	(8,225)	480		593	(7,152)
Restatement of inventory margins	3,619	2,090		(202)	5,507
Restatement of provisions for subsidiary risks	(1,124)	(340)			(1,464)
Capital leases	(136)	31		(1)	(106)
Restatement of Medex injectors	64	14		(4)	74
Other	2,693	(206)		12	2,499

	31/12/2011	Changes in income	Changes in equity	Translation adjustments & misc.	31/12/2012
Deferred tax assets	10,896				9,250
Deferred tax liabilities	(8,603)				(10,345)
<b>Total</b>	<b>2,293</b>	<b>(3,280)</b>	<b>421</b>	<b>(529)</b>	<b>(1,095)</b>
Of which deferred taxes resulting from:					
Recognition of tax losses	9,079	(126)		(829)	8,124
Temporary differences	9,969	(115)	30	110	9,994
Restatement of regulated provisions	(11,490)	(1,978)		1	(13,467)
Remeasurement of tangible assets	(2,729)	94		(2)	(2,637)
Remeasurement of intangible assets	(9,396)	187		984	(8,225)
Restatement of inventory margins	5,033	(1,301)		(113)	3,619
Restatement of provisions for subsidiary risks	(1,109)	(15)			(1,124)
Capital leases	(244)	108			(136)
Restatement of Medex injectors	56	1		7	64
Other	3,124	(135)	391	(687)	2,693

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### Note 9 – Inventories

	2013	2012
Raw materials and packaging supplies	13,435	20,627
Trade goods	12,422	10,014
Intermediate and finished goods, work in progress	76,499	80,590
Spare parts	2,778	2,488
<b>Gross</b>	<b>105,134</b>	<b>113,719</b>
Provisions	(7,829)	(8,573)
<b>Net</b>	<b>97,305</b>	<b>105,146</b>

The €8 million reduction in inventories was the product of a proactive approach by the company to reduce the stock coverage ratio and improve production costs. The €8 million decline in consequence reflects price and volume effects that are both positive. This decline concerns mainly raw materials, in particular iodine, and active ingredients. Conversely, the exceptionally low inventory for trade goods at the end of 2012 pursuant to the renewal of the Covidien contract, has been replenished.

### Note 10 – Trade receivables and related accounts

	2013	2012
<b>Gross</b>	<b>76,791</b>	<b>88,595</b>
Provisions	(1,419)	(1,769)
<b>Net</b>	<b>75,372</b>	<b>86,826</b>

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 2013, 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. The share capital has remained unchanged since 31 December 2010.

#### 11.1 – Changes in the share capital of the parent company

In January 2014, following a four-for-one split, the par value of Guerbet's share was reduced to 1€. This in turn multiplied the number of shares outstanding by four to 12,200,184 shares.

#### 11.2 – Analysis of shareholders' equity

	2013	2012
Guerbet common stock	12,200	12,200
Additional paid-in capital and shares from Guerbet convertible bonds	5,462	5,462
Guerbet legal reserves	1,220	1,220
Retained earnings	145,779	130,602
Guerbet retained earnings	55,680	55,123
Consolidated net income	20,489	20,399
Currency translation adjustments	(2,572)	1,203
<b>Total</b>	<b>238,258</b>	<b>226,209</b>

## Note 12 – Provisions

### 12.1 – Analysis of changes in the period

	2012	Increases	Provisions used in the period	Reversals (unused provisions)	Currency translation adjustments & reclassifications	Change in actuarial assumptions	2013
<b>Non-current provisions</b>	<b>20,927</b>	<b>1,288</b>	<b>(258)</b>		<b>(21)</b>	<b>(1,578)</b>	<b>20,358</b>
Deferred employee benefits (note 12.2)	20,927	1,288	(258)		(21)	(1,578)	20,358
<b>Current provisions</b>							
Costs for mandatory paediatric studies	350			(347)	(3)		-
Tax dispute contingencies <sup>1</sup>	1,578	656	(401)	(1,071)	(134)		629
Sales-related lawsuit contingencies	761	-	(200)	(417)			144
Anticipated losses on purchase commitments <sup>2</sup>	425	255	(645)				35
Other contingencies	911	324	(293)	(12)	(50)		879
<b>Total current provisions</b>	<b>4,025</b>	<b>1,235</b>	<b>(1,539)</b>	<b>(1,847)</b>	<b>(187)</b>		<b>1,687</b>
<b>Total provisions</b>	<b>24,952</b>	<b>2,523</b>	<b>(1,797)</b>	<b>(1,847)</b>	<b>(208)</b>	<b>(1,578)</b>	<b>22,045</b>

	2011	Increases	Provisions used in the period	Reversals (unused provisions)	Currency translation adjustments & reclassifications	Change in actuarial assumptions	2012
<b>Non-current provisions</b>	<b>16,871</b>	<b>1,489</b>	<b>(251)</b>		<b>(9)</b>	<b>2,827</b>	<b>20,927</b>
Deferred employee benefits (note 12.2)	16,871	1,489	(251)		(9)	2,827	20,927
<b>Current provisions</b>							
Costs for mandatory paediatric studies	357				(7)		350
Tax contingencies <sup>1</sup>	1,587	1,055	(720)	(213)	(131)		1,578
Sales-related lawsuit contingencies	895	589	(723)				761
Anticipated losses on purchase commitments <sup>2</sup>	1,840	425	(1,840)				425
Other contingencies	496	576	(139)	(10)	(12)		911
<b>Total current provisions</b>	<b>5,175</b>	<b>2,645</b>	<b>(3,422)</b>	<b>(223)</b>	<b>(150)</b>		<b>4,025</b>
<b>Total provisions</b>	<b>22,046</b>	<b>4,134</b>	<b>(3,673)</b>	<b>(223)</b>	<b>(159)</b>	<b>2,827</b>	<b>24,952</b>

1. Tax dispute contingencies relate mainly to various tax and customs disputes in Brazil resulting in provisions recorded for BRL 1.2 million at 31/12/2011, BRL 1.1 million at 31/12/2012 and BRL 0.5 million at 31/12/2013.

2. Anticipated losses on purchase commitments resulted from a contractual obligation until 31 December 2011 by Guerbet to purchase active ingredients at specified prices from a supplier.

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### 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, Japan, Turkey);
- 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).

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 2013, these assets were valued at €4,630,000. 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.

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

#### c) Actuarial assumptions applied for France and Germany representing 92% of the provisions and 100% of plan assets:

	France		Germany	
	2013	2012	2013	2012
Discount rate	C	C	3.55%	3.50%
Projected rate of return for plan assets	N/A	N/A	3.56%	4.50%
Rate of salary increase <sup>1</sup>	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
Turnover rate	S	S	S	S
Retirement age	E	E	65	65
Rate of social charges	53.00%	47.00%	V	V

C = Bloomberg yield curve (discount rate for investment-grade companies). The impact of a 10% change in these rates would be €206,000.

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.

1. According to classifications for France.

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.

<b>Balance sheet commitments</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>
Discounted value of funded commitments	7,182	6,895	4,988	4,536	3,985
Discounted value of unfunded commitments	17,806	18,393	16,064	12,561	13,838
<b>Subtotal: discounted value of commitments</b>	<b>24,988</b>	<b>25,288</b>	<b>21,052</b>	<b>17,097</b>	<b>17,823</b>
Fair value of plan assets	(4,630)	(4,361)	(4,181)	(3,940)	(3,715)
<b>Balance</b>	<b>20,358</b>	<b>20,927</b>	<b>16,871</b>	<b>13,157</b>	<b>14,108</b>
<b>Items not yet recognised</b>					
Unrecognised past service costs	-	-	-	-	-
Unrecognised net actuarial gains (losses)	-	-	-	-	-
Total unrecognised items	-	-	-	-	-
<b>Total liabilities</b>	<b>20,358</b>	<b>20,927</b>	<b>16,871</b>	<b>13,157</b>	<b>14,108</b>
<b>Amounts recognised in the balance sheet</b>					
Accrued employee benefits	20,358	20,927	16,871	13,157	14,108
Non-current financial assets			-	-	-
<b>Net balance of the balance sheet (net liabilities)</b>	<b>20,358</b>	<b>20,927</b>	<b>16,871</b>	<b>13,157</b>	<b>14,108</b>

<b>Income statement expenses</b>	<b>2013</b>	<b>2012</b>
Service costs of the year	1,782	1,731
Finance costs	562	660
Projected return of plan assets	(46)	(59)
Employer contributions to financing assets	(296)	(228)
Benefits paid	(955)	(867)
Past service costs recognised	-	-
Actuarial losses or gains recognised	-	-
Effect of liquidations/reductions of future service	-	-
Change in the maximum amount of assets	-	-
Adjustments for the prior year	(13)	-
<b>Total net expenses of plans</b>	<b>1,034</b>	<b>1,237</b>

<b>Change in net liabilities of the period</b>	<b>2013</b>	<b>2012</b>
<b>Opening net liabilities</b>	<b>20,963</b>	<b>16,871</b>
Service costs of the year	1,782	1,731
Finance costs	562	660
Projected return of plan assets	(46)	(59)
Employer contributions to financing assets	(296)	(228)
Benefits paid	(963)	(867)
Actuarial gains and losses	(1,584)	2,811
Foreign currency translation adjustments	(34)	21
Past service costs	-	-
Changes in consolidation scope	-	-
Reduction of future service	-	-
Liquidation of future service	-	-
Other	(26)	(13)
<b>Closing net liabilities</b>	<b>20,358</b>	<b>20,927</b>

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Change in hedged assets	2013	2012
<b>Market value of funds invested at 1 January</b>	<b>4,361</b>	<b>4,181</b>
Projected return of funds	46	59
Actuarial gains and losses	25	(9)
Currency translation adjustments	-	-
Employer contributions	296	228
Employee contributions	-	-
Benefits paid	(98)	(98)
Change in Group structure (consolidation)	-	-
Plan reductions	-	-
Plan liquidations	-	-
<b>Market value of funds invested at 31 December</b>	<b>4,630</b>	<b>4,361</b>

### Note 13 – Other revenue from ordinary activities

	2013	2012
Sales of services	894	759
Operating grants	1,477	1,758
<b>Total</b>	<b>2,371</b>	<b>2,517</b>

### Note 14 – Staff costs

#### 14.1 – Analysis of staff costs

	2013	2012
Wages and salaries	(78,463)	(74,131)
Social security charges	(30,391)	(29,614)
Employee profit-sharing	(633)	(889)
Amortisation of share-based payment	(620)	(630)
<b>Total</b>	<b>(110,107)</b>	<b>(105,264)</b>

#### 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 imputed 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 - Highlights of share-based payments under plans in force at 31/12/2013

Grant date	Number granted	Share price on date of grant	Volatility	Risk-free rate	Exercise price	Vesting period
26 March 2009	6,000	€ 112.20	35 %	3.80 %	€ 112.26	2 years
17 October 2011	132,710	€ 66.30	35 %	2.77 %	€ 61.60	4 years
23 November 2011	12,000	€ 67.20	35 %	2.77 %	€ 64.30	4 years
20 February 2012	1,700	€ 61.50	35 %	2.77 %	€ 61.50	4 years

#### 14.2.2 – Breakdown of benefits per financial year for plans in force in 2013

Grant date	26 March 2009	17 October 2011	23 November 2011	20 February 2012	Total
2011	10	121	6		137
2012		591	53	6	650
2013		590	53	8	651
2014		590	53	8	651
2015		468	47	7	522
2016				1	1
<b>Total</b>	<b>10</b>	<b>2,360</b>	<b>212</b>	<b>30</b>	<b>2,612</b>

#### 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 – Average number of personnel during the year

The average number of personnel for Guerbet Group in 2013 was 1,395 employees. The following tables provide a breakdown of this workforce by employee category and activity for the last three financial periods.

Year	Management	Technicians/Workers Supervisors, Medical sales representatives	Plant workers	Total
2013	371	728	296	1,395
2012	361	707	306	1,374
2011	345	689	312	1,346

Year	Supply Chain	Commercial	Research & development	Support functions	Total
2013	606	312	167	310	1,395
2012	575	306	208	285	1,374
2011	567	301	205	273	1,346

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### 14.4 – Personnel by region at year-end

	2013	2012
Europe	1,178	1,152
Americas	192	164
Asia	62	58
<b>Total</b>	<b>1,432</b>	<b>1,374</b>

### Note 15 – External charges

	2013	2012
Studies and services	(17,266)	(19,113)
Non-stock supplies	(13,265)	(12,205)
Lease payments and rental charges	(6,909)	(6,269)
Maintenance and repairs	(8,410)	(8,088)
Insurance	(1,610)	(1,367)
Studies and research	(8,482)	(8,089)
External personnel	(2,437)	(2,070)
Commissions and fees	(16,204)	(14,703)
Advertising and external relations	(7,460)	(7,948)
Transport expenses	(5,242)	(6,007)
Travel and entertainment costs	(7,072)	(6,321)
Postal and telecommunications expenses	(1,904)	(1,705)
Other	(23,868)	(25,449)
<b>Total</b>	<b>(120,129)</b>	<b>(119,334)</b>

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

	2013	2012
Taxes on compensation	(3,243)	(2,569)
CET tax ( <i>Contribution Economique Territoriale</i> ) (France)	(3,497)	(3,434)
Inami tax (Belgium)	(1,653)	(1,743)
Other taxes	(5,970)	(6,002)
<b>Total</b>	<b>(14,363)</b>	<b>(13,748)</b>

### Note 17 – Allowances for depreciation and reserves

	2013	2012
On intangible assets	(2,146)	(1,663)
On property, plant and equipment	(20,201)	(20,137)
<b>Total</b>	<b>(22,347)</b>	<b>(21,800)</b>

### Note 18 – Other current operating income and expenses

	2013	2012
Royalty payments	(64)	(1,058)
Other miscellaneous income and expenses	2,295	4,277
Proceeds from the disposal of fixed assets	(101)	(1,880)
<b>Total</b>	<b>2,130</b>	<b>1,339</b>

When Medex was acquired in 2004, a €2.5 million liability corresponding to the maximum price payable to the shareholder for the remaining 40% capital to be acquired was recorded in the consolidated financial statements. In 2013, this liability was cancelled following the ruling of the Lyon commercial court setting the amount payable at €1. On that basis, €2.5 million in income was recorded under 'Other income and expenses'. Acquisition of the remaining 40% stake in Medex furthermore resulted in a correction

in the value assigned to Medex patents when control was acquired. This correction resulted in an impairment charge of €857,000 for these patents plus €285,000 in deferred tax income. The total impact of this acquisition on consolidated income represented a gain of €1,928,000. In 2012, 'Other income and expenses' included a business interruption insurance payment of €3,277,000 and a €1,195,000 payment related to a production shut-down for Lumirem.

### Note 19 – Other operating income and expenses

	2013	2012
Investment grants	-	-
Other miscellaneous income and expenses	(59)	(94)
<b>Total</b>	<b>(59)</b>	<b>(94)</b>

### Note 20 – Finance costs

	2013	2012
Capital leases	(115)	(215)
Securitisation	(87)	(184)
Interest from borrowings and current bank lines	(1,145)	(1,958)
Interest-rate swaps	139	(1,635)
<b>Total</b>	<b>(1,208)</b>	<b>(3,992)</b>

### Note 21 – Corporate income tax

#### 21.1 – Breakdown between current and deferred income tax

	2013	2012
Current tax	(7,732)	(4,060)
Deferred tax	510 <sup>1</sup>	(3,269)
<b>Total</b>	<b>(7,222)</b>	<b>(7,329)</b>

#### 21.2 – Analysis of the tax charge

	2013	2012
Theoretical tax charge for the consolidated company at applicable tax rate <sup>2</sup>	(10,530)	(10,010)
Impact of different tax rates	898	1,374
Impact of permanent non-deductible or tax-exempt expenses	(1,427)	(2,087)
Impact of tax credits	4,554	3,450
Impact of deferred taxes on unrecognised losses and misc.	(717)	(56)
<b>Total</b>	<b>(7,222)</b>	<b>(7,329)</b>

1. Of which €236,000 with an offset in equity

2. The tax rates applied were 38% for 2013 and 36.20% for 2012.

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### Note 22 – Research and development expenditures

	2013	2012
Direct expenses	34,711	32,008
Indirect expenses	2,018	1,952
<b>Total</b>	<b>36,729</b>	<b>33,960</b>

The definition of the scope for R&D and the method for allocating indirect expenses was modified in 2013. Figures presented for the purpose of comparison with 2012 were revised in consequence. Direct expenses include supplies used in operations, external charges, personnel expenses and allowances for depreciation.

### Note 23 – Investment grants

The following investment grants were recorded under income:

Account heading	Nature	2013	2012
Other revenue from ordinary activities	Innovation grant	818	1,499
Other revenue from ordinary activities	Water protection subsidies	546	
Other revenue from ordinary activities	Job creation subsidies	94	199
Other revenue from ordinary activities	Misc. grants	19	60
Other operating income	Investment grants	16	-
<b>Total</b>	<b>1,493</b>	<b>1,758</b>	

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 amendment executed with Oseo extended the term of the project by two years and modified the terms for financial returns if the product is put on market on completion of the project.

At 31 December 2013, the following items were recognised in connection with this aid agreement:

In the balance sheet:

- €2.3 million in grants received prior to the signature of the agreement in December 2008 and recognised under 'Other current financial liabilities';
- €4.3 million in repayable advances received from 2008 to 2013 and recognised under 'Non-current financial liabilities'.

In the income statement:

- Income of €678,000 was recorded under 'Other revenue from ordinary activities'

In 2012, Guerbet recognised accrued income of €1.4 million in connection with research expenditures incurred by Guerbet from July 2011 to June 2012. A repayable advance of €935,000 remains outstanding for research expenses incurred in the 2013 second half but not yet approved by OSEO at the end of the reporting period.

### Note 24 – Stock options and stock purchase options

Personnel of the company and its subsidiaries qualify for stock options. Within the framework of these plans at 31 December 2013, personnel were able to subscribe for 129,670 shares at a weighted average price of €62.63. The portion reserved for officers represented 16,370 shares at a weighted average price of €53.58. If all stock options were exercised, the total number of shares would be 3,179,716 for a nominal amount of €12,718,864. These new shares would represent an increase in shareholders' equity of 8,121,222. On that basis, potential dilution of the share capital is 4.25 %. Fully diluted net earnings per share calculated to take into account the dilutive effect of stock options grants offered to personnel was €6.46 for fiscal 2013.

Stock option plan highlights:

Grant date	Plan of 26/03/2009	Plan of 17/10/2011	Plan of 23/11/2011	Plan of 20/02/2012
Tax availability date	26/03/2011	17/10/2015	23/11/2015	20/02/2016
Number of options granted:	6,000	132,710	12,000	1,700
<i>o.w. Yves L'Epine</i>	-	-	12,000	-
<i>o.w. Bruno Bonnemain</i>	-	4,000	-	-
<i>o.w. Brigitte Gayet</i>	-	370	-	-
Subscription or purchase price	€ 112.26	€ 61.60	€ 64.30	€ 61.50
Plan expiration date	25/03/2019	16/10/2021	22/11/2021	20/02/2022
Number of options exercised	-	-	-	-
Number of options cancelled	4,000	18,740	-	-
Number of options outstanding	2,000	113,970	12,000	1,700

**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 2013 received the following compensation and benefits in-kind (in euros):

<b>Short-term benefits</b>	<b>2,825,493</b>
Fixed portion of total gross compensation (excluding benefits in-kind) <sup>1</sup>	2,109,282
Variable compensation <sup>2</sup>	678,085
Benefits in-kind	38,126
<b>Post-unemployment benefits</b>	<b>104,830</b>
<i>o.w. supplementary funded pension schemes</i>	102,355
<i>of which provisions for retirement severance payments</i>	2,475
<b>Other long-term benefits</b>	<b>None</b>
<b>Severance benefits</b>	<b>None</b>
<b>Share-based payments<sup>3</sup></b>	<b>None</b>

1. The fixed portion includes compensation of executive management as well as indemnities for corporate officers serving as Qualified Persons amounting to €13,607, attendance fees paid to Directors of €153,241 (net of contributions) and compensation paid to the Chairman of the Board of Directors of €47,996.

2. The variable portion for each board member depends on the number of individual objectives met 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 at December 2013.

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

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### Note 26 – Off-balance sheet commitments

Commitments given:

	2013	2012
Guarantees and security and other commitments granted to third parties on behalf	5 798	9 893
affiliated undertakings	5,798	9,893
Guarantees and security granted to third parties	4,919	6,194
<b>Receivables assigned within the framework of securitisation programmes</b>	-	<b>18,569</b>
<b>Total</b>	<b>10,717</b>	<b>34,656</b>

The fair value of cash instruments is -€1.11 million for interest rate hedges and €0.036 million for foreign exchange hedges. At 31 December 2013 there were eight interest rate hedges concerning €70.75 million.

Total open positions are presented below in detail:

Inception date	Expiration date	Contract type	Position Guerbet	Benchmark	Contract rate	Fair value	Notionnel (en €)
29/03/2011	29/03/2018	Swap	Purchase	3 Month Euribor	2.7750%	- 631,759.65	13,053,571.43
15/06/2009	16/06/2014	Swap	Purchase	3 Month Euribor	2.4920%	-12,583.12	1,500,000.00
09/07/2012	30/06/2017	Swap	Purchase	3 Month Euribor	0.7250%	-127,211.95	35162500.00
04/11/2011	08/11/2016	Swap	Purchase	3 Month Euribor	1.4350 %	-100,347.62	6,000,000.00
10/11/2011	14/11/2016	Swap	Purchase	3 Month Euribor	1.4525%	-101,781.11	6,000,000.00
30/06/2012	04/07/2016	Swap	Purchase	3 Month Euribor	2.2950%	-80,410.55	2,750,000.00
09/12/2009	12/12/2016	Cap	Purchase	3 Month Euribor	2.53%	-46,708.16	4285714.29
17/12/2009	17/12/2014	Cap	Purchase	3 Month Euribor	2.30%	-6,706.55	2,000,000.00

With respect to the management of foreign exchange risk, 60 forward exchange hedging contracts were negotiated in 2013 including 5 still open at 31 December for €9.14 million. Total open positions are presented below in detail:

Inception date	Expiration date	Type	Spot trade	Hedging rate	Amount (in €)	Amount (in currency)	Fair value
27/12/2013	30/01/2014	HKD swap sale	10.612	10.6125	3,486,454.65	37,000,000.00	26,182.41
27/12/2013	31/01/2014	USD swap sale	1.368	1.3682	3,069,726.65	4,200,000.00	24,262.25
27/12/2013	31/01/2014	CHF swap purchase	1.2247	1.224	1,062,091.50	1,300,000.00	-2,855.79
27/12/2013	31/01/2014	GBP swap purchase	0.836	0.836	717,703.35	600,000.00	1,807.39
27/12/2013	31/01/2014	JPY swap purchase	142.38	142.28	801,237.00	114,000,000.00	-13,400.11

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

The following table presents consolidated earnings per share before the 4-for-1 split of Guerbet's share in January 2014.

	2013	2012
Consolidated net income attributable to the Group (in euros)	20,489,000	20,399,000
Weighted average number of shares outstanding in the period	3,050,046	3,050,046
<b>Net earnings per share</b>	<b>6.72</b>	<b>6.69</b>

	2013	2012
Consolidated net income attributable to the Group (in euros)	20,489,000	20,399,000
Annual savings of interest net of tax at the market rate and resulting from the exercise of stock options	57,306	101,863
Consolidated net income after dilution (in euros)	20,546,306	20,500,863
Total number of potential shares	3,179,716	3,185,346
<b>Net diluted earnings per share</b>	<b>6.46</b>	<b>6.44</b>

After this 4-for-1 split of Guerbet's share, earnings per share would be as follows:

	2013	2012
Net earnings per share	1.68	1.67
Net diluted earnings per share	1.62	1.61

### Note 28 – Post-closing events

Four-for-one stock split.

### Note 29 – 2013 Appropriation of income

On 12 March 2014, the Board of Directors ruled on the consolidated financial statements for the period ending 31 December 2013. These financial statements will become definitive only after they have been approved by the Annual General Meeting of the shareholders. The Board of Directors will propose the distribution of a net dividend of €0.50 per share, equivalent to the distribution made in 2013 taking into account the 4-for-1 stock split in January 2014. The total amount of dividends to be distributed will consequently be €6,100,000.

## FINANCIAL STATEMENTS AND NOTES

### Note 30 – Auditors' fees

In thousands of euros	Deloitte & Associés				HAF Audit & Conseil			
	Amount		%		Amount		%	
	2013	2012	2013	2012	2013	2012	2013	2012
<b>Audit</b>								
Work as statutory auditors, certification, auditing of corporate and consolidated financial statements:								
- Issuer	96	95	35%	35%	96	95	40%	42%
- Fully consolidated subsidiaries	175	173	63%	64%	112	111	46%	49%
Other procedures and services directly related to the mission of the statutory auditors:								
- Issuer					34	19	14%	9%
- Fully consolidated subsidiaries	6	2	2%	1%	1		0%	
<b>Subtotal</b>	<b>277</b>	<b>270</b>	<b>100%</b>	<b>100%</b>	<b>243</b>	<b>225</b>	<b>100%</b>	<b>100%</b>
Other procedures and services	25	13						
<b>Total</b>	<b>302</b>	<b>283</b>			<b>243</b>	<b>225</b>		

### 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%
340,598,978	Medex	France	100% <sup>1</sup>
789,526,555	Guerbet France	France	100%
	Guerbet GmbH	Germany	100%
	Guerbet Ges.m.b.H	Austria	100%
	SA Guerbet nv	Belgium	100%
	Laboratorios Farmaceuticos Guerbet SA	Spain	100%
	Guerbet Laboratories Ltd	United Kingdom	100%
	Guerbet Nederland BV	Netherlands	100%
	Guerbet SpA	Italy	100%
	Martins & Fernandes	Portugal	100%
	Guerbet AG	Switzerland	100%
	Guerbet AS	Turkey	100%
	Guerbet Produtos Radiologicos	Brazil	100%
	Guerbet Mexicana	Mexico	100%
	Guerbet LLC	USA	100%
	Guerbet Korea	South Korea	100%
	Guerbet Asia Pacific Ltd	Hong Kong	100%
	Guerbet Japan	Japan	100%
	Guerbet Taiwan Co.Ltd	Taiwan	100%

1. of which 40% acquired in 2013

## 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 2013 on:

- the audit of the accompanying consolidated financial statements of Guerbet;
- The justification of our assessments;
- The specific procedures and disclosures 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 consists of examining, on the basis of tests and other selection methods, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the financial statements. 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 financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at 31 December 2013 and of the results of its operations for the year then ended in accordance with the IFRSs as adopted by the European Union.

### 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 as well as the forecasted cash flows and assumptions applied and have verified that Note 5 to the financial statements 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 to the financial statements 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 verifications

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 2014

The Statutory Auditors  
*[French original signed by]*

**HAF Audit & Conseil**  
**Member of Crowe**  
**Horwath International**  
Marc de Prémare

**Deloitte & Associés**  
  
Jean-Marie Le Guiner

## ■ FINANCIAL STATEMENTS AND NOTES

### 3. Parent company financial statements and notes

#### 3.1 Parent company financial statements

##### 3.1.1 Balance sheet

ASSETS (In thousands of euros)	Note	2013			2012
		Gross	Depreciation, Amort. & Provisions	Net	Net
Patents, trademarks and similar rights		3	-	3	3
Other intangible assets		16,644	8,160	8,484	6,511
<b>Intangible assets</b>	<b>1</b>	<b>16,647</b>	<b>8,160</b>	<b>8,487</b>	<b>6,514</b>
Land		1,554	-	1,554	1,554
Buildings		80,601	38,817	41,784	29,137
Machinery and equipment		80,601	38,817	41,784	29,137
Other tangible assets		123,920	72,890	51,030	49,342
Assets under construction		16,415	11,808	4,607	7,113
Advances and instalments on fixed assets		45,821	-	45,821	50,938
<b>Property, plant and equipment</b>		<b>126</b>	<b>-</b>	<b>126</b>	<b>559</b>
Investments in associates	<b>2</b>	268,437	123,515	144,921	138,643
Advances to associates	<b>3</b>	56,520	11,478	45,042	42,240
Loans	<b>6</b>	-	-	-	6
Other financial assets	<b>4/6</b>	62	-	62	90
<b>Financial assets</b>	<b>6</b>	<b>551</b>	<b>-</b>	<b>551</b>	<b>9,034</b>
<b>TOTAL NON-CURRENT ASSETS</b>		<b>57,133</b>	<b>11,478</b>	<b>45,655</b>	<b>51,370</b>
<b>Inventories</b>		<b>342,217</b>	<b>143,153</b>	<b>199,063</b>	<b>196,528</b>
Advances and instalments on fixed assets	<b>5</b>	67,194	2,771	64,422	70,887
Trade receivables and related accounts		767	-	767	450
Other operating receivables	<b>6</b>	35,667	59	35,608	28,836
<b>Total trade receivables</b>	<b>6</b>	<b>53,325</b>	<b>3,853</b>	<b>49,472</b>	<b>54,654</b>
Marketable securities and cash and cash equivalents		89,759	3,912	85,847	83,940
<b>TOTAL ACTIF CIRCULANT</b>	<b>7</b>	<b>14,321</b>	<b>-</b>	<b>14,321</b>	<b>7,782</b>
Prepaid expenses		171,273	6,683	164,590	162,608
Expenses carried forward to future financial years	<b>6</b>	1,357	-	1,357	748
Currency translation adjustments		-	-	-	-
<b>TOTAL ASSETS</b>		<b>5,165</b>	<b>-</b>	<b>5,165</b>	<b>761</b>
		<b>520,012</b>	<b>149,837</b>	<b>370,176</b>	<b>360,645</b>

<b>SHAREHOLDERS' EQUITY AND LIABILITIES (In thousands of euros)</b>	<b>Note</b>	<b>2013</b>	<b>2012</b>
Share capital		12,200	12,200
Additional paid-in capital		5,461	5,461
Legal reserve		1,220	1,220
Regulated reserves		-	-
Other reserves		52,015	52,015
Retained earnings/(accumulated deficit)		55,705	55,112
<b>Profit of the period</b>		<b>15,323</b>	<b>6,683</b>
<b>Equity capital</b>		<b>141,924</b>	<b>132,692</b>
Tax-driven provisions	9	39,195	35,039
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>8</b>	<b>181,119</b>	<b>167,731</b>
<b>Provisions for contingencies and expenses</b>	<b>10</b>	<b>20,163</b>	<b>17,886</b>
Subordinated grants		4,600	2,064
<b>Other equity</b>		<b>4,600</b>	<b>2,064</b>
Convertible bond loans		-	-
Borrowings and debt with credit institutions excluding current bank lines		67,597	70,952
Current bank lines and credit balances		17,834	14,235
Other loans and borrowings		962	1,188
<b>Total borrowings</b>		<b>86,393</b>	<b>86,375</b>
Trade payables and equivalent		26,111	28,029
Tax and employee-related payables		21,365	23,248
Payables to fixed asset suppliers and equivalent		5,535	4,595
Other payables		19,763	24,016
<b>Total payables &amp; misc. liabilities</b>		<b>72,774</b>	<b>79,888</b>
<b>TOTAL DETTES</b>	<b>11</b>	<b>159,168</b>	<b>166,263</b>
Deferred revenue	11	3,014	3,050
Currency translation adjustments		2,112	3,652
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>370,176</b>	<b>360,645</b>

## FINANCIAL STATEMENTS AND NOTES

### 3.1.2 3.1.2 Income statement highlights

In thousands of euros	Note	2013	2012
Sold production – France		111,887	120,224
Sold production – international		180,158	180,471
<b>Sales</b>	<b>13</b>	<b>292,045</b>	<b>300,695</b>
Other services and products		4,583	1,424
License fees and royalties		3,179	2,893
Capitalised production costs		2,717	2,670
Reversals of provisions, expense reclassifications		3,165	1,125
Expense reclassifications		-	-
Operating grants	<b>14</b>	1,469	1,727
Other income	<b>15</b>	-	3,277
<b>OPERATING INCOME</b>		<b>307,158</b>	<b>313,811</b>
Purchase of goods, raw materials and other supplies		(96,004)	(118,968)
+ Opening inventory		(74,976)	(74,368)
- Closing inventory		67,194	74,976
<b>Stock variation of the period</b>		<b>(103,787)</b>	<b>(118,360)</b>
Non-stock purchases, other services and external charges		(89,565)	(79,212)
Taxes and similar payments		(10,623)	(10,254)
Staff costs	<b>16</b>	(66,700)	(67,673)
Allowances for depreciation		(13,836)	(13,726)
Provisions		(527)	(4,610)
<b>OPERATING EXPENSES</b>		<b>(285,037)</b>	<b>(293,834)</b>
<b>OPERATING PROFIT</b>		<b>22,121</b>	<b>19,977</b>
Reversals of provisions, expense reclassifications		2,719	3,898
Interest and similar income		2,504	620
Currency gains		7,007	4,812
<b>FINANCIAL INCOME</b>		<b>12,231</b>	<b>9,329</b>
Exceptional appropriations for amortisations and reserves		(8,064)	(857)
Interest and similar expenses		(2,050)	(2,325)
Currency losses		(1,518)	(6,990)
<b>FINANCIAL EXPENSES</b>		<b>(11,632)</b>	<b>(10,172)</b>
<b>NET FINANCIAL EXPENSE</b>	<b>17</b>	<b>598</b>	<b>(843)</b>
<b>PRE-TAX INCOME BEFORE EXCEPTIONAL ITEMS</b>		<b>22,719</b>	<b>19,134</b>
<b>PRE-TAX INCOME BEFORE EXCEPTIONAL ITEMS</b>		<b>22,719</b>	<b>19,134</b>
Exceptional income from management operations		10	1,423
Exceptional income from capital transactions		1,591	357
Reinstatements of amortisations and reserves		2,640	1,781
<b>EXCEPTIONAL INCOME</b>		<b>4,242</b>	<b>3,561</b>
Exceptional expenses on management operations		(31)	(4,584)
Exceptional expenses on capital transactions		(1,550)	(2,144)
Exceptional appropriations for amortisations and reserves		(6,796)	(6,731)
<b>EXCEPTIONAL EXPENSES</b>		<b>(8,378)</b>	<b>(13,459)</b>
<b>NET EXCEPTIONAL ITEMS</b>	<b>18</b>	<b>(4,136)</b>	<b>(9,899)</b>
Employee profit-sharing		(451)	(785)
Income tax	<b>19</b>	(2,809)	(1,768)
<b>NET INCOME</b>		<b>15,323</b>	<b>6,683</b>

### 3.1.3 Cash flow statement

In millions of euros	2013	2012
Gross cash flow	35.22	27.54
Change in inventories	7.78	(0.61)
Change in trade receivables and related accounts	(7.39)	(10.78)
Change in trade payables and related accounts	(1.87)	(10.44)
Increase (decrease) in other current assets and liabilities	(4.81)	20.98
<b>Cash flow from operating activities (A)</b>	<b>28.93</b>	<b>26.69</b>
Capital expenditures for operations	(25.94)	(23.79)
Disposal of operating assets	1.59	0.36
Increase (decrease) in financial assets	5.51	0.02
<b>Cash flow from investing activities (B)</b>	<b>(18.84)</b>	<b>(23.41)</b>
Capital increase	-	-
Merger loss (mali de fusion)	-	(0.10)
Decrease in retained earnings	-	-
Dividends paid	(6.09)	(5.48)
New long-term debt	12.08	13.29
Debt repayment	(13.14)	(2.92)
<b>Cash flow from financing activities (C)</b>	<b>(7.15)</b>	<b>4.79</b>
<b>Net change in cash (A) + (B) + (C)</b>	<b>2.94</b>	<b>8.07</b>
<b>Opening cash and cash equivalents</b>	<b>(6.45)</b>	<b>(14.52)</b>
<b>Closing cash and cash equivalents</b>	<b>(3.51)</b>	<b>(6.45)</b>

### 3.2 Notes to the annual financial statements

Figures presented in these notes are 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 the 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 purchase cost. Costs associated with patents and marketing authorisations are expensed. Patents and marketing authorisations are amortised over their useful lives.

## ■ FINANCIAL STATEMENTS AND NOTES

### • Trademarks

Trademarks acquired are carried at their purchase cost. In compliance with Regulations 2002-10 and 2004-06 concerning assets adopted by the Accounting Regulatory Committee, costs for registering or renewing trademarks are expensed in the period incurred. Trademarks are not amortised.

### • 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:

- Buildings: 20 years;
- Fixtures, fittings: 10 years;
- Machinery and equipment: 5 to 10 years;
- Other tangible 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 is recorded 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 which includes direct and indirect production costs and excludes 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.

### 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 its 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) Provisions for contingencies and expenses*

Provisions for contingencies and expenses correspond to liabilities that meet the following criteria:

- 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*

Obligations in connection with retirement severance benefits are recorded under provisions for contingencies and expenses. For defined contribution plans concerning post-employment benefits, costs are estimated according to the method of 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 significant risks and rewards incident to ownership have been transferred to the buyer.

*n) Investment grants*

According to the option available under 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 - Gross**

	2013	2012
<b>Intangible assets at 1 January</b>	<b>13,275</b>	<b>10,925</b>
Allowances	4,916	3,078
Decreases	(1,544)	(728)
<b>Intangible assets at 31 December</b>	<b>16,647</b>	<b>13,275</b>

In 2013, changes in cost correspond primarily to software.

## FINANCIAL STATEMENTS AND NOTES

### 1 – 2 - Allowances for depreciation and amortisation

	2013	2012
<b>Amortisation and provisions on intangible assets at 1 January</b>	<b>6,760</b>	<b>5,886</b>
Allowances	1,413	1,099
Reversals	(13)	(225)
<b>Amortisation and provisions on intangible assets at 31 December</b>	<b>8,160</b>	<b>6,760</b>

### Note 2 - Property, plant and equipment

	31/12/2012	2013 increase	2013 decrease	31/12/2013
Land	1,554	-	-	1,554
Buildings	64,368	16,341	(108)	80,601
Machinery and equipment	115,757	8,557	(394)	123,920
Other tangible assets	23,990	1,670	(9,245)	16,415
Assets under construction	50,938	(5113)	(4)	45,821
Advances and instalments on fixed assets	559	(433)	-	126
<b>Gross</b>	<b>257,166</b>	<b>21,022</b>	<b>(9,751)</b>	<b>268,437</b>
Allowances for depreciation	(118,523)	(12,422)	7,430	(123,515)
Impairment	-	-	-	-
<b>Net</b>	<b>138,643</b>	<b>8,600</b>	<b>(2,321)</b>	<b>144,921</b>

	31/12/2011	2012 increase	2012 decrease	31/12/2012
Land	1,491	62	-	1,554
Buildings	63,494	3,419	2,545	64,368
Machinery and equipment	116,749	4,461	5,453	115,757
Other tangible assets	24,364	2,227	2,601	23,990
Assets under construction	41,974	10,292	1,328	50,938
Advances and instalments on fixed assets	86	473	-	559
<b>Gross</b>	<b>248,158</b>	<b>20,935</b>	<b>11,927</b>	<b>257,166</b>
Allowances for depreciation	(115,956)	(12,853)	(10,286)	(118,523)
Impairment	-	-	-	-
<b>Net</b>	<b>132,201</b>	<b>8,082</b>	<b>(1,641)</b>	<b>138,643</b>

Capital expenditures with a gross value of €21 million in 2013 and €20.9 million in 2012 concerned primarily projects to increase production capacity at the Aulnay and Lanester plants. The decrease in property, plant and equipment corresponds largely to the contribution of tangible fixed assets for a net amount of €2.30 million to the new subsidiary, Guerbet France.

### Note 3 - Investments

	2013	2012
<b>Gross</b>	<b>56,520</b>	<b>53,519</b>
Provision for impairment	(11,478)	(11,279)
<b>Net</b>	<b>45,042</b>	<b>42,240</b>

These amounts correspond to shares held at 31 December. Detailed financial information on these investments is presented under 'Subsidiaries and associates'. The increase in the gross amount for investment securities concerns mainly the €3 million capital increase of the Mexican subsidiary.

### Note 4 - Loans

	2013	2012
Loans to personnel	62	90

### Note 5 - Inventory

	2013	2012
<b>Raw materials and supplies</b>		
Gross	16,864	23,652
Provisions	(339)	(292)
<b>Net</b>	<b>16,525</b>	<b>23,360</b>
<b>Intermediate and finished goods</b>		
Gross	42,589	46,206
Provisions	(1,071)	(2,407)
<b>Net</b>	<b>41,518</b>	<b>43,799</b>
<b>Trade goods</b>		
Gross	7,741	5,118
Provisions	(1,362)	(1,390)
<b>Net</b>	<b>6,379</b>	<b>3,728</b>
<b>Total net</b>	<b>64,422</b>	<b>70,887</b>

## FINANCIAL STATEMENTS AND NOTES

### Note 6 – Receivables by maturity

	2013			2012
	Gross	Less than 1 year	More than one year	
Advances to associates	-	-	-	6
Loans	62	-	62	90
Other financial assets <sup>1</sup>	551	-	551	9,034
Doubtful and disputed trade receivables	73	73	-	50
Other operating receivables <sup>2</sup>	27,840	27,840	-	10,221
Bills awaiting collection	7,754	7,754	-	18,607
Employee and related receivables	190	190	-	88
Social security and related receivables	59	59	-	12
Income tax receivables <sup>3</sup>	5,196	5,196	-	4,229
VAT receivables	4,595	4,595	-	3,622
Other tax receivables	85	85	-	-
Miscellaneous tax receivables	700	700	-	-
Advances to Group companies and shareholders	39,447	39,447	-	46,493
Sundry debtors	3,052	3,052	-	3,321
Prepaid expenses	1,357	1,131	226	748
<b>Total</b>	<b>90,962</b>	<b>90,122</b>	<b>839</b>	<b>96,521</b>

### Note 7 – Marketable securities, cash and cash equivalents

Marketable securities consist in part of 5,107 shares held in treasury with a gross value of €170,000. In 2013, there were no changes in treasury shares. The market value of the Guerbet share was €108.56 at 31 December 2013 representing a total valuation for these shares of €554,000.

### Note 8 – Shareholders' equity

	2013	2012
<b>Shareholders' equity at 1 January</b>	<b>167,731</b>	<b>161,675</b>
Dividends distributed	(6,100)	(5,490)
Dividends allocated to retained earnings	10	9
Capital increase and additional paid-in capital	-	(96)
Decrease in retained earnings	-	-
Profit of the period	15,322	6,683
Tax-driven provisions	4,156	4,950
<b>Shareholders' equity at 31 December</b>	<b>181,119</b>	<b>167,731</b>

1. A receivables securitisation programme implemented by Guerbet Group in 2004 ended in 2013. The receivable assignee entity refunded the guarantee of €8.5 million to Guerbet.

2. At 31 December 2012, outstanding trade receivables are reduced by the amount of receivables assigned acquired by the programme of the assignee. Receivables assigned totalled €10,998,000.

3. This concerns mainly a corporate income tax receivable of €1,917,000, a research tax credit receivable of €2,727,000 and a CITE employment tax credit receivable of €509,000. This new CITE (*Crédit d'Impôt Compétitivité Emploi*) tax is recognised as a credit on employment taxes.

Changes in the number of Guerbet shares over the period:

	2013
<b>Number of shares at 1 January</b>	<b>3,050,046</b>
Shares created by exercising stock options <sup>1</sup>	-
<b>Number of shares at 31 December</b>	<b>3,050,046</b>

### Note 9 – Regulated provisions

	31/12/2011	2012 allowances	2012 reversals	31/12/2012	2013 allowances	2013 reversals	31/12/2013
Investment provisions	159	-	-	159	-	99	60
Special accelerated depreciation	29,930	6,731	1,781	34,880	6,796	2,541	39,135
<b>Total</b>	<b>30,089</b>	<b>6,731</b>	<b>1,781</b>	<b>35,039</b>	<b>6,796</b>	<b>2,640</b>	<b>39,195</b>

### Note 10 – Provisions for contingencies and expenses

	31/12/11	Allo- wances 2012	2012 reversals (used/ reclassified)	2012 reversals (unused provisions)	31/12/12	Allo- wances 2013	2013 reversals (used/ reclassified)	2013 reversals (unused provisions)	31/12/13
Retirement severance benefits (1)	13,853	1,908	-	-	15,761	42	1,422	-	14,381
Interest rate hedges	-	-	-	-	-	-	-	-	-
Foreign exchange risk	3,439	761	3,439	-	761	5,166	761	-	5,166
Trade receivables	-	-	-	-	-	-	-	-	-
Purchase commitments for active ingredients	-	-	-	-	-	-	-	-	-
Other	1,057	1,036	378	351	1,364	165	913	-	616
<b>Total</b>	<b>18,349</b>	<b>3,705</b>	<b>3,817</b>	<b>351</b>	<b>17,886</b>	<b>5,373</b>	<b>3,096</b>	<b>-</b>	<b>20,163</b>

(1) Retirement severance benefits:

The reversal in 2013 of €1,422,000 includes €790,000 representing the contribution to the new subsidiary, Guerbet France.

Provisions for retirement severance benefits did not include any amount set aside for corporate officers at 31 December 2013. The company does not have any commitments with 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, 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.

Turnover rate:

Application of rate tables based on internal statistical data from recent years and analysis of the criteria with respect to the employee classification category and age.

Salaries increase rate:

The rate of salary increases adopted to calculate the commitment at 31 December 2013 was 2.5%.

Mortality table

Application of the most recent mortality table published by INSEE, the French National Institute for Statistics and Economic Studies.

1. For further detail refer to Note 23.

## FINANCIAL STATEMENTS AND NOTES

### Note 11 – Payables aged trial balance information

	2013				2012
	Gross	Less than 1 year	Between 1 and 5 years	More than 5 years	Gross
Current debt (<1 year at inception)	67,597	32,860	22,675	12,062	14,271
Non-current debt(>1 year at inception)	17,834	17,834	-	-	70,916
Miscellaneous loans and borrowings	962	269	693	-	1,188
Trade payables and equivalent	26,111	26,111	-	-	28,029
Employee and related payables	14,422	13,715	-	707	15,694
Social security and related payables	6,933	6,933	-	-	7,267
Income tax payables	-	-	-	-	36
Government tax payables VAT payables	-	-	-	-	-
Other tax payables	10	10	-	-	251
Payables to fixed asset suppliers and equivalent	5,535	5,535	-	-	4,595
Payables to Group companies and shareholders	17,322	17,322	-	-	21,837
Other payables	2,442	2,442	-	-	2,179
Deferred revenue	3,014	662	-	2,352	3,050
<b>Total</b>	<b>162,182</b>	<b>123,693</b>	<b>23,368</b>	<b>15,121</b>	<b>169,313</b>

### Note 12 – Accrued income and expenses

	2013	2012
<b>Accrued income</b>		
Advances to associates	-	6
Trade receivables and related accounts	-	30
Other receivables	3,593	3,203
Banks, financial institutions	15	23
<b>Total</b>	<b>3,608</b>	<b>3,262</b>
<b>Accrued expenses</b>		
Borrowings and loans	74	64
Trade payables and related accounts	11,408	10,547
Amounts payable on fixed assets	-	-
Tax and employee-related payables	16,476	17,660
Other payables	1,845	1,834
Accrued interest on overdrafts	105	101
<b>Total</b>	<b>29,908</b>	<b>30,206</b>

### Note 13 – Sales by region

	2013	2012
France (including overseas department and territories)	115,570	123,445
Europe excluding France	109,694	104,316
<b>Europe including France</b>	<b>225,264</b>	<b>227,761</b>
Asia	30,661	27,271
Latin America	17,268	24,188
North America	6,147	7,115
Other countries	12,704	14,360
<b>Total</b>	<b>292,045</b>	<b>300,695</b>

#### 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 amendment executed with Oseo extended the term of the project by two years and modified the terms for financial returns if the product is put on market on completion of the project.

At 31 December 2013, the following items were recognised in connection with this aid agreement:

In the balance sheet:

- €2.3 million in grants received prior to the signature of the agreement in December 2008 and recognised under 'Other current financial liabilities';
- €4.3 million in repayable advances received from 2008 to 2013 and recognised under 'Non-current financial liabilities'.

In the income statement:

- Income of €678,000 recognised in 'Other revenue from ordinary activities'

In 2012, Guerbet recognised accrued income of €1.4 million in connection with research expenditures was incurred by Guerbet from July 2011 to June 2012. A repayable advance of €851,000 remains outstanding for research expenses incurred in the 2013 second half but not yet approved by OSEO at the end of the reporting period.

#### Note 15 – Other income

In 2012, an insurance payment of €3.3 million had been received for material damage and business interruption losses for the claim of November 2011 involving our Lanester site.

#### Note 16 – Staff costs

	2013	2012
Wages and salaries	(46,096)	(46,608)
Social security charges	(20,604)	(21,065)
<b>Total</b>	<b>(66,700)</b>	<b>(67,673)</b>

#### Note 17 – Net financial income/(expense)

	2013	2012
Dividends	2,003	-
Interest income/(expense)	(548)	(879)
Net currency gains/(losses)	55	(454)
Net provisions on investments	(941)	362
Cancellation of debt	-	-
Other	29	128
<b>Total</b>	<b>598</b>	<b>(843)</b>

#### Note 18 – Exceptional profit (loss)

	2013	2012
Waiver of Medex debt <sup>1</sup>	-	(4,553)
Net charges on regulated provisions	(4,156)	(4,950)
Net gains from the retirement of assets	41	(1,787)
Indemnity received for breach of contract	-	1,195
Other	(21)	196
<b>Total</b>	<b>(4,136)</b>	<b>(9,899)</b>

#### Note 19 – 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-sharing provisions. 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. A number of different statutory French 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 French tax group for fiscal 2013 was €15.97 million. The tax charge of the French tax group totalled €3.27 million after the application of tax credits including a research tax credit of €2.73 million. Because the tax charge owed by the Group is lower than the amount of tax prepayments and tax credits, the receivable is recorded under 'Other operating receivables' for €5.2 million.

1. This waiver is accompanied by a financial recovery clause.

## ■ FINANCIAL STATEMENTS AND NOTES

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

	2013	2012
Group tax income / (expense)	(3,275)	(1,738)
Tax charge from consolidated subsidiaries	149	288
Tax savings passed back to consolidated subsidiaries	(299)	(323)
Other tax charges	616	5
<b>Tax income /(expense) of the company heading the tax group</b>	<b>(2,809)</b>	<b>(1,768)</b>

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

	2013	2012
Income tax on current income <sup>1</sup>	(4,654)	(5,093)
Income tax on exceptional profit (loss)	1,568	3,326
Other tax charges	277	-
<b>Tax income /(expense) of the company heading the tax group</b>	<b>(2,809)</b>	<b>(1,768)</b>

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

For 2013, disallowed deductions incurred by Guerbet concerned €167,000 for the depreciation of private vehicles.

### Note 20 – Deferred taxes

Guerbet deferred tax has been calculated on the basis of French tax group 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.

	2013	2012
Net deferred tax resulting from timing differences (tax assets)	7,198	8,287
Deferred tax on shareholders' equity items (tax liabilities)	15,002	13,484

These deferred taxes were calculated at the rate of 33 1/3% increased by the French social contribution tax plus the exceptional contribution applicable for those years provided for by statute.

### Note 21 – 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.

	2013	2012
Pre-tax income	18,132	8,450
Net allowances or reversals of regulated provisions and special tax depreciation charges	(4,155)	(4,950)
Adjusted pre-tax income	22,287	13,400

1. Including a research tax credit of €3.04 million

## Note 22 – 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.

	2013	2012
<b>Financial assets</b>		
Investments in associates	56,412	53,411
Advances to associates	-	6
<b>Trade receivables</b>	<b>8,242</b>	<b>5,873</b>
<b>Receivables</b>		
Other receivables	1,907	1,353
Current account receivables	39,449	46,494
<b>Provisions for contingencies and expenses</b>	-	-
<b>Payables</b>		
Miscellaneous loans and borrowings	-	-
Trade payables	3,255	-
Amounts payable on fixed assets	72	72
Other payables	1	499
Current account receivables	17,321	21,837
Deferred revenue	85	134
<b>Operating income</b>		
Sale of goods	146,760	146,175
Revenue from services	3,196	1,185
Other income	3,146	2,856
<b>Operating expenses</b>		
Purchase of goods and supplies	(30,455)	(27,374)
Non-stock purchases, other services	(20,215)	(6,107)
Taxes other than on income	-	-
<b>Financial income</b>		
Dividends	2,003	-
Other interest and similar income	333	446
Reversals of provisions, expense reclassifications	1,958	458
Currency gains	-	-
<b>Financial expense</b>		
Allowances for amortisations and reserves	(2,899)	(96)
Interest and similar expenses	(116)	(118)
Cancellation of debt	-	-
Currency losses	-	-
<b>Exceptional expenses</b>		
Exceptional appropriations for amortisation and reserves	-	-
Cancellation of debt	-	(4,553)

### Debt waiver agreements granted to affiliated undertakings and implemented in 2013:

None

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### Note 23 – Stock options and stock purchase options

Grant date	Plan of 26/03/2009	Plan of 17/10/2011	Plan of 23/11/2011	Plan of 20/02/2012
Tax availability date	26/03/2011	17/10/2015	23/11/2015	20/02/2016
Number of options granted:	6,000	132,710	12,000	1,700
<i>o.w. Yves L'Epine</i>	-	-	12,000	-
<i>o.w. Bruno Bonnemain</i>	-	4,000	-	-
<i>o.w. Brigitte Gayet</i>	-	370	-	-
Subscription or purchase price	€ 112.26	€ 61.60	€ 64.30	€ 61.50
Plan expiration date	25/03/2019	16/10/2021	22/11/2021	20/02/2022
Number of options exercised	-	-	-	-
Number of options cancelled	4,000	18,740	-	-
Number of options outstanding	2,000	113,970	12,000	1,700

### Note 24 – Financial instruments subject to potential market risks

The fair value of cash instruments is -€1.11 million for interest rate hedges and €0.036 million for foreign exchange hedges. At 31 December 2012 there were eight interest rate hedges concerning €70.75 million at 31 December 2013. Total open positions are presented below in detail:

Inception date	Expiration date	Contract type	Position Guerbet	Benchmark	Contract rate	Fair value	Notionnel (en €)
(in €)	Notional amount	Swap	Purchase	3 Month Euribor	2.7750%	- 631,759.65	13,053,571.43
(in €)	16/06/2014	Swap	Purchase	3 Month Euribor	2.4920%	-12,583.12	1,500,000.00
09/07/2012	30/06/2017	Swap	Purchase	3 Month Euribor	0.7250%	-127,211.95	35162500.00
04/11/2011	08/11/2016	Swap	Purchase	3 Month Euribor	1.4350 %	-100,347.62	6,000,000.00
10/11/2011	14/11/2016	Swap	Purchase	3 Month Euribor	1.4525%	-101,781.11	6,000,000.00
30/06/2012	04/07/2016	Swap	Purchase	3 Month Euribor	2.2950%	-80,410.55	2,750,000.00
09/12/2009	12/12/2016	Cap	Purchase	3 Month Euribor	2.53%	-46,708.16	4285714.29
17/12/2009	17/12/2014	Cap	Purchase	3 Month Euribor	2.30%	-6,706.55	2,000,000.00

With respect to the management of foreign exchange risk, 60 forward exchange hedging contracts were negotiated in 2013 including 5 still open at 31 December for €9.14 million. Total open positions are presented below in detail:

Inception date	Expiration date	Type	Spot trade	Hedging rate	Amount (in €)	Amount (in currency)	Fair value
27/12/2013	30/01/2014	HKD swap sale	10.612	10.6125	3,486,454.65	37,000,000.00	26,182.41
27/12/2013	31/01/2014	USD swap sale	1.368	1.3682	3,069,726.65	4,200,000.00	24,262.25
27/12/2013	31/01/2014	CHF swap purchase	1.2247	1.224	1,062,091.50	1,300,000.00	-2,855.79
27/12/2013	31/01/2014	GBP swap purchase	0.836	0.836	717,703.35	600,000.00	1,807.39
27/12/2013	31/01/2014	JPY swap purchase	142.38	142.28	801,237.00	114,000,000.00	-13,400.11

#### Note 25 – Compensation to officers

	2013	2012
Compensation granted to officers	803	651

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

#### Note 26 – Average number of personnel during the year

	2013	2012
Office and plant workers	182	203
Technicians, supervisors, sales representatives	418	432
Management	231	253
<b>Total</b>	<b>831</b>	<b>888</b>

The decrease in the workforce between 2012 and 2013 is due mainly to the transfer of 61 employees to the new subsidiary, Guerbet France.

#### Note 27 – Off-balance sheet commitments

	2013	2012
Guarantees and security and other commitments granted to third parties on behalf of associates <sup>1</sup>	5,798	9,893
Guarantees and security granted to third parties	3,404	3,384
Receivables assigned within the framework of securitisation programmes	-	10,998
Property and equipment capital lease commitments:	379	508
- less than 1 year	130	130
- between 1 and 5 years	249	379
- greater than five years	-	-
Guaranteed debt	-	-
<b>Total</b>	<b>9,581</b>	<b>24,783</b>

1. The change in commitments given to third parties on behalf of associates corresponds mainly to the end of the obligation to purchase the remaining 40% interests in Medex for €2.5 million. Furthermore, a comfort letter was issued to the subsidiary Guerbet LLC.

## ■ FINANCIAL STATEMENTS AND NOTES

	Capital lease payments in 2013	Capital lease payments in 2012
On property leases	-	-
On equipment leases	130	141
<b>Total</b>	<b>130</b>	<b>141</b>

Capital lease commitments relative to these items are as follows:

	2013	2012
Value of property and equipment	588	588
Depreciation allowance if acquired by the company	72	72
Residual value of the property at the end of the contract	-	-

For 2013, the breakdown of property held under capital leases by nature is as follows:

	Initial reco- gnition	Allowances for depreciation in the period	Accumulated depreciation	Net
Land	-	-	-	-
Buildings	-	-	-	-
Machinery and equipment	588	72	150	438
<b>Total</b>	<b>588</b>	<b>72</b>	<b>150</b>	<b>438</b>

### Note 28 – Other information

- Contributions to Guerbet France include, in addition to those items already mentioned in note 2 and 10, the following:
  - Other operating receivables of €6,160
  - Cash of €69,037
  - Trade payables of €86,563
  - Tax and social security payables for €1,495,503
- 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 74,255 hours. Guerbet financed 652 training hours in fiscal 2013.
- Development expenditures of €36,729,000 not capitalised were expensed in 2013.
- Auditors' fees incurred by Guerbet for fiscal 2013 are presented in Note 30 of the consolidated financial statements.

### Note 29 – Post-closing events

None

## SUBSIDIARIES AND ASSOCIATES

In thousands of euros

Detailed information on subsidiaries and associates	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	Revenue Products	Dividends	Income for the last financial year
<b>A – INVESTMENTS WHOSE GROSS VALUE EXCEEDS 1% OF GUERBET'S CAPITAL</b>										
<b>SUBSIDIARIES</b>										
Simafex (France)	1,280	20,236	100.00	1,224	224	1,058		21,383		751
Medex (France)	180	-1,792	100.00	3,000		6,820		10,515		-2,189
Guerbet Produtos Radiologicos (Brazil)	9,288	9,547	100.00	11,197	11,197	236		34,516	784	-463
SA Guerbet N.V. (Belgium)	541	11,410	99.78	379	379			22,468		336
Martins & Fernandes (Portugal)	410	86	100.00	1,224	526	2,566		3,054		30
Guerbet A.G. (Switzerland)	408	5,581	100.00	304	304			19,213	1,219	1,231
Guerbet G.M.B.H. (Germany)	511	16,856	100.00	19,962	19,962			53,746		2,540
Guerbet A.S. (Turkey)	1,338	-210	99.99	2,009	1,211	199		5,922		84
Laboratorios Farmaceuticos Guerbet (Spain)	781	1,077	100.00	790	790	4,240		9,092		506
Guerbet Austria G.M.B.H. (Austria)	73	1,568	100.00	146	146			3,436		172
Guerbet Korea LTD (South Korea)	5,779	-4,246	100.00	8,202	4,997		4,852	15,755		251
Guerbet Taiwan (Taiwan)	170	261	100.00	191	191	9	777	3,550		-60
Guerbet SPA (Italy)	500	4980	99.90	500	500	1,391		14,154		562
Guerbet LLC (USA)	1,161	-748	100.00	1,624	512	2,182	87	8,547		95
Guerbet Mexicana (Mexico)	3,246	-381	100.00	3,600	2,886	125	42	3,405		22
Guerbet Japan KK (Japan)	1,175	-3,525	100.00	1,951	-	15,410		17,234		1,080
<b>ASSOCIATES</b>										
<b>B – INVESTMENTS WHOSE GROSS VALUE DOES NOT EXCEED 1% OF GUERBET'S CAPITAL</b>										
<b>SUBSIDIARIES</b>										
Abarem (France)	1	1	100.00	1	1					
Abalux (France)	2	2	100.00	2	2					
Guerbet France (France)	91	2,143	100.00	92	92			9,567		583
Guerbet Nederland B.V. (Netherlands)	12	698	100.00	13	13		40	6,353		390
Guerbet Laboratories LTD (United Kingdom)	N.S.	4,957	100.00	N.S.	N.S.	4,725		30,686		1,149
Guerbet Asie Pacifique (Hong Kong)										
<b>ASSOCIATES</b>										
Investments in French companies	N.C.	N.C.		108	108					N.S.
<b>General information relating to subsidiaries or associates</b>										
<b>Book value of shares:</b>	<b>French</b>			<b>Other countries</b>			<b>Investments in associates</b>			
							<b>French</b>		<b>Other countries</b>	
- Gross:		4,227			52,184			108		-
- Net:		1,228			43,706			108		-
Loans and advances granted		7,878			31,083			-		-
Guarantees and sureties granted		-			5,798			-		-
Dividends received		-			-			-		-

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 2013.

# FINANCIAL STATEMENTS AND NOTES

## 4. Auditors' report on the annual 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 2013 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 adopted by the Board of Directors. Our responsibility is to express an opinion on these financial statements based on our audit.

### I. Opinion on the 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 involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the annual financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. In our opinion, the annual financial statements give a true and fair view of the financial position and the assets and liabilities of the company as of 31 December 2012 and the results of its operations for the year then ended in accordance with accounting principles generally accepted in France.

### II. Justification of our assessments

Pursuant to the provisions of article L.823-9 of the French

commercial code on the justification of 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.

The assessments thus made form part of our procedure for auditing the annual financial statements taken in their entirety and have therefore contributed to the formation of our opinion expressed in the first part of this report.

### III. Specific procedures and disclosures

We have conducted the specific verifications 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 discussion and analysis contains the appropriate disclosures relating to the identity of holders of capital and voting rights.

Paris and Neuilly-sur-Seine, 8 April 2014

The Statutory Auditors

*[French original signed by]*

**HAF Audit & Conseil**  
**Member of Crowe**  
**Horwath International**  
Marc de Prémare

**Deloitte & Associés**

Jean-Marie Le Guiner

## 5. Auditors' special report on related party agreements and commitments

*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 your Company's Statutory Auditors, we hereby present our report on regulated agreements and commitments.

The terms of our engagement do not require us to identify 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, without expressing an opinion on their utility and 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.

Our role is also to provide you with the information stipulated in Article R. 225-31 of the French Commercial Code relating to the implementation during the past year of agreements and commitments previously approved by the Shareholders' Meeting, if any.

We performed procedures that we considered necessary in accordance with the professional guidelines of the French national accounting standard setter (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.

#### Agreement concluded with Medex

**Parties concerned:** none (Yves L'Epine on the date of the agreement's execution).

**Nature and purpose:** intra-group agreement concluded between Guerbet and Medex, for subcontracting by Medex in favour of Guerbet of its research and development activities for injectors and medical devices.

**Terms and conditions:** Recharging of these expenses applied retroactively as from 1 January 2013 plus a margin of 5%.

**Amount:** For fiscal 2013, amounts recharged totalled €2,962,392.33.

### AGREEMENTS AND COMMITMENTS PREVIOUSLY 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.

#### Agreement concluded with Guerbet LLC

**Parties concerned:** none

**Nature and purpose:** intra-group agreement concluded between Guerbet and Guerbet LLC for Guerbet LLC to recharge Guerbet for a portion of its marketing expenses.

**Terms and conditions:** recharging of these expenses plus a margin of 5%.

**Amount:** For fiscal 2013, amounts recharged totalled US\$3,073,294.06.

Paris and Neuilly-sur-Seine, 8 April 2014

The Statutory Auditors

*[French original signed by]*

**HAF Audit & Conseil**  
**Member of Crowe**  
**Horwath International**  
Marc de Prémare

**Deloitte & Associés**

Jean-Marie Le Guiner

# ORDINARY AND EXTRAORDINARY GENERAL MEETING OF 23 MAY 2014

## 1. Agenda

### Ordinary resolutions:

1. Reports of the Board of Directors and the Chair of the Board of Directors.  
Reports of the Statutory Auditors on the separate parent company and consolidated financial statements of the 2013 financial period.  
Approval of the parent company and consolidated financial statements of the 2013 financial period.  
Special report of the Statutory Auditors issued in accordance with article L 225-235 of the French Commercial Code on internal control and risk management procedures relating to the preparation and processing of accounting and financial information.  
Grant of discharge for members of the Board of Directors, Supervisory Board and the Statutory 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. Advisory vote Compensation for Marie-Claire Janailhac-Fritsch for the office of Chair of the Board of Directors.
6. Advisory vote: Compensation for Jean-Jacques Bertrand for the office of Chair of the Board of Directors
7. Advisory vote: Compensation for Yves L'Epine for the office of Chief Executive Officer
8. Advisory vote: Compensation for Brigitte Gayet for the office of Deputy Chief Executive Officer
9. Advisory vote: Compensation for Bruno Bonnemain for the office of Deputy Chief Executive Officer
10. Ratification of Mark Fouquet's appointment to the office of Director
11. Ratification of Didier Izabel's appointment to the office of Director
12. Authorisation to be granted to the Board of Directors to buy and sell shares of the company.

### Extraordinary resolutions:

13. Capital increase reserved for employees in accordance with article L.225-129-6 of the French commercial code

### Ordinary resolutions:

14. Powers for formalities.

## 2. Resolutions

### RESOLUTION ONE (Approval of the parent company and consolidated financial statements for the fiscal year ended 31 December 2013 and grant of discharge to members of the Board of Directors, Supervisory Board and the Auditors)

The shareholders, after having reviewed the reports of the Board of Directors and the Board's Chair and the reports of the Auditors, approve the parent company and consolidated financial statements for the 2013 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 the Board of Directors and 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 net income for the 2013 period was €1,532,736.64, approve the following appropriation of earnings and the distribution of dividends proposed by the Board of Directors:

	In euros
Net income	15,322,736.64
Retained earnings	55,704,969.41
<b>Total appropriation</b>	<b>71,027,706.05</b>
Legal reserve	-
<b>Distributable profit</b>	<b>71,027,706.05</b>
Initial dividend (minimum payout under the Article of Associations)	732,011.04
Additional dividend	5368080.96
<b>Total net dividend</b>	<b>6,100,092.00</b>
<b>Balance allocated to retained earnings</b>	<b>64,927,614.05</b>

The shareholders set in consequence the dividend for this period at €0.50 per share. This dividend will be payable on 5 June 2014 and will be applicable to the 12,200,184 shares comprising the Company's capital stock. For information, at 31 December 2013, the share capital was comprised of 3,050,046 shares. Following the 4-for-1 stock split of 23 January 2014, the Company's share capital is divided into 12,200,184 shares.

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 <sup>1</sup>	Tax allowance <sup>2</sup>
2010	€ 5,490,082.80	€ 1.80	€ 0.72
2011	€ 5,490,082.80	€ 1.80	€ 0.72
2012	€ 6,100,092.00	€ 2.00	€ 0.80

**RESOLUTION THREE (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)**

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 €220,000 for the fiscal year ending 31 December 2013.

**RESOLUTION FIVE (Advisory vote: Compensation for Marie-Claire Janailhac-Fritsch for the office of Chair of the Board of Directors)**

The shareholders, after having reviewed the Board of Directors' report and in accordance with the provisions of paragraph 24.3 of the AFEP-MEDEF corporate governance code, issued a favourable opinion on compensation due or granted to Marie-Claire Janailhac-Fritsch for serving as Chair of the Board of Directors from 30 September 2013 to 31 December 2013.

**RESOLUTION SIX (Advisory vote: Compensation for Jean-Jacques Bertrand for the office of Chair of the Board of Directors)**

The shareholders, after having reviewed the Board of Directors' report and in accordance with the provisions of paragraph 24.3 of the AFEP-MEDEF corporate governance code, issued a favourable opinion on compensation due or granted to Jean-Jacques Bertrand for serving as Chair of the Board of Directors from 30 September 2013 to 30 September 2013.

**RESOLUTION SEVEN (Advisory vote: Compensation for Yves L'Epine for the office of Chief Executive Officer)**

The shareholders, after having reviewed the Board of Directors' report and in accordance with the provisions of paragraph 24.3 of the AFEP-MEDEF corporate governance code, issued a favourable opinion on compensation due or granted to Yves L'Epine for serving as Chief Executive Officer for the period ending 31 December 2013.

**RESOLUTION EIGHT (Advisory vote: Compensation for Brigitte Gayet for the office of Deputy Chief Executive Officer)**

The shareholders, after having reviewed the Board of Directors' report and in accordance with the provisions of paragraph 24.3 of the AFEP-MEDEF corporate governance code, issued a favourable opinion on compensation due or granted to Brigitte Gayet for serving as Deputy Chief Executive Officer from 30 September 2013 to 31 December 2013.

**RESOLUTION NINE (Advisory vote: Compensation for Bruno Bonnemain for the office of Deputy Chief Executive Officer)**

The shareholders, after having reviewed the Board of Directors' report and in accordance with the provisions of paragraph 24.3 of the AFEP-MEDEF corporate governance code, issued a favourable opinion on compensation due or granted to Bruno Bonnemain for serving as Deputy Chief Executive Officer from 30 September 2013 to 30 September 2013.

**RESOLUTION TEN (Ratification of Mark Fouquet's appointment to the office of Director)**

The shareholders, acting as an ordinary general meeting, having reviewed the Board of Directors' report and in accordance with the provisions of L.225-24 of the French commercial code, ratify on this date the appointment of Mark Fouquet as director decided by the Board of Directors on 19 December 2013. Mark Fouquet is appointed for a term of office of six years that will expire at the end of the general meeting to be called in 2022 to approve the financial statements for the year ending 31 December 2019.

1. Before tax and social levies.

2. For natural persons having their tax residence in France.

## ■ ORDINARY AND EXTRAORDINARY GENERAL MEETING OF 23 MAY 2014

### **RESOLUTION ELEVEN (Ratification of Didier Izabel's appointment to the office of Director)**

The shareholders, acting as an ordinary general meeting, having reviewed the Board of Directors' report and in accordance with the provisions of L.225-24 of the French commercial code, ratify on this date the appointment of Didier Izabel as director decided by the Board of Directors on 12 March 2014. Didier Izabel is appointed for a term of office of six years that will expire at the end of the general meeting to be called in 2022 to approve the financial statements for the year ending 31 December 2019.

### **RESOLUTION TWELVE (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 Statutory Auditors' special report, in compliance with the provisions L. 225-209 et seq. of the French Commercial Code and EC regulation No. 2273/2003 of 22 December 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 610,009 shares with a par value of €1 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 €60 per share and the minimum purchase price is €5. 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 €36,600,540 on the basis of 610,009 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 24 May 2013.

### **Extraordinary resolutions:**

### **RESOLUTION THIRTEEN (Capital increase reserved for employees in accordance with article L.225-129-6 of the French commercial code)**

The shareholders, in accordance with the conditions of quorum and majority that apply to extraordinary general meetings, having reviewed the Board of Directors' report and in accordance with the provisions of the French commercial code, and notably articles L.225-129-6 and L.225-138 and articles L.3332-18 et seq. of the French labour code:

- grant to the Board of Directors, all powers necessary to increase the share capital, through one or more instalments, at its sole discretion, by issuing shares reserved, directly or through an employee stock ownership fund, to participants in a company savings plan open to employees of the company or companies affiliated with it according to the terms provided for by applicable laws and regulations and, furthermore fulfil the conditions that may be set by the Board of Directors;

- decide to suspend in consequence the pre-emptive subscription right granted to shareholders by article L.225-132 of the French commercial code in favour of said beneficiaries;
- Grant this authorisation for twenty-six (26) months from the date of this meeting;
- set the maximum nominal amount of shares that may be thus issued at €610,009 or 5% of the share capital;
- decide, in accordance with article L.3332-19 of the French labour code, that the price it may not be higher than the average price listed during the twenty (20) trading sessions prior to the date of the decision setting the opening date for subscriptions nor more than 20% below this average;
- decide that the Board of Directors will be vested with all powers to implement this delegation of authority, which it may further delegate in accordance with the law and provisions set forth above;
- grant all powers to the Board of Directors to implement this authorisation and take all required measures and complete all formalities.

#### **Ordinary resolutions**

##### **RESOLUTION FOURTEEN(Powers for formalities)**

The shareholders grant all powers to the bearer of an original copy, an extract or a copy of these minutes for all publications, filing and other formalities that may be required.

Your Board of Directors hereby invites you to vote on the items of business submitted for your consideration on the meeting agenda.

**Board of Directors**

### **3. Report to the Board of Directors to the General Meeting**

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#### **3.1 Advisory vote on compensation to executive officers serving in 2013: Resolutions No. 5, 6, 7, 8 and 9**

The Board of Directors presents to the General Meeting the items of compensation to executive officers, which in accordance with the provisions of article 24.3 of the Code AFEP/MEDEF corporate governance code, must be submitted to the shareholders of the Company for an advisory vote.

This executive compensation concerns the following officers:

- Marie-Claire Janailhac-Fritsch as Chair of the Board Of Directors (appointed 30 September 2013);
- Jean-Jacques Bertrand as Chair of the Board Of Directors (from 1 January 2013 to 30 September 2013);
- Yves l'Epine as Chief Executive Officer;
- Brigitte Gayet as Deputy Chief Executive Officer (appointed 30 September 2013);
- Bruno Bonnemain as Chair of the Board Of Directors (from 1 January 2013 to 30 September 2013).

Readers are invited to refer to items of compensation disclosed in the Chapter *Corporate Governance under Section 2 Compensation of Corporate Officers*).

For information, when the General Meeting issues a negative opinion, the Board of Directors, on the recommendation of the Nominating and Compensation Committee, must conduct proceedings on the subject and publish on the Internet site a press release mentioning their response to the position expressed by shareholders at the General Meeting.

**Board of Directors**

## ■ ORDINARY AND EXTRAORDINARY GENERAL MEETING OF 23 MAY 2014

### 3.2 Ratification of the appointments of Mark Fouquet and Didier Izabel to offices of director decided in accordance with article L.225-24 of the French commercial code: Resolutions No. 10 and 11

#### **Ratification of Mark Fouquet's appointment to the office of Director (Resolution 10):**

Le Conseil d'Administration, suite à la démission de MonThe Board of Directors, pursuant to Jacques Biot's resignation from the office of directors, in its meeting of 19 December 2013, decided to temporarily appoint in accordance with article L.225-24 of the French commercial code, Mark Fouquet as director of the company.

It is requested that the General Meeting, in accordance with article L.225-24 subsection. 4 of the French commercial code ratifies Mark Fouquet's appointment as director for a term of six years, or until the end of the general meeting of the shareholders to be held in 2022 to approve the financial statements for the fiscal year ending 31 December 2019.

The personal information document for Mark Fouquet was made available to the shareholders in accordance with the provisions provided for by law.

#### **Ratification of Didier Izabel's appointment to the office of Director (Resolution 11):**

The Board of Directors, pursuant to Vincent Dagommer's resignation from the office of directors, in its meeting of 12 March 2014, decided to temporarily appoint in accordance with article L.225-24 of the French commercial code, Didier Izabel as director of the company.

It is requested that the General Meeting, in accordance with article L.225-24 subsection. 4 of the French commercial code ratifies Didier Izabel's appointment as director for a term of six years, or until the end of the general meeting of the shareholders to be held in 2022 to approve the financial statements for the fiscal year ending 31 December 2019.

The personal information document for Didier Izabel was made available to the shareholders in accordance with the provisions provided for by law.

**Board of Directors**

### 3.3 Authorisation granted to the Board of Directors for trading in own shares of the Company (Resolution 12)

It is requested that the General Meeting authorises the Board of Directors to purchase and sell shares of the Company, in accordance with article L.225-209 of the French commercial code.

The authorisation will permit, if required:

- 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 maximum number of shares that may be acquired would be 5% of the share capital of the Company corresponding to 610,009 shares with a par value of €1 per share. It is moreover specified in connection with the use of this authorisation that the maximum number of treasury shares must at all times be limited to 10% of the share capital.

The maximum purchase price shall be €60 per share and the minimum purchase price €5. In consequence, the total amount that may be set aside for the purchase of the company's own shares may not exceed €36,600,540 on the basis of 610,009 shares.

This authorisation is granted for 18 months from the date of the General Meeting and supersedes and replaces the authorisation granted under resolution five of the General Meeting of 24 May 2013.

**Board of Directors**

#### **3.4 3.4 Capital increase reserved for employees in accordance with article L.225-129-6 of the French commercial code: Resolution 13**

To comply with the provisions of article 225-129-6 of the French commercial code, shareholders must vote on a proposal to increase the capital in favour of employees participating in a group employee savings plan.

For information, as employee shareholders represent less than 3% of the capital, article L.225-129-6 subsection 2 of the French commercial code imposes an obligation to propose a capital increase reserved for employees every three years. As an exception, this period is extended to five years if, under the conditions provided for by article L.225-129-6 subsection 1 of the French commercial code, an extraordinary general meeting has voted on a proposed capital increase within less than three years. For information, the Combined Ordinary and Extraordinary General Meeting of 15 May 2009 had voted on such a proposal.

In consequence, a resolution is submitted to your vote to grant the Board of Directors the authority to proceed with a capital increase not to exceed 5% of the share capital in favour of employees that are participants in a company savings plan (*Plan d'Epargne d'Entreprise*). This accordingly entails the waiver of the preferential subscription rights of shareholders that you are consequently asked to waive. This delegation of authority would be granted for 26 months.

We call your attention to the fact that this is proposed solely for the purpose of complying with legal formalities and that the Board of Directors has consistently issued an unfavourable opinion as to the merits of a capital increase of this nature.

**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, 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, 9 April 2014

*Yves L'Epine*  
Chief Executive Officer

### 2. Statutory Auditors

#### 2.1 Principal Statutory Auditors

	First appointment	Last reappointment	Expiration of appointment
<b>Deloitte &amp; Associés</b> Member of the Deloitte Touche Tohmatsu network represented by Jean-Marie Le Guiner 185, avenue Charles de Gaulle 92524 Neuilly-sur-Seine Cedex	AGM of 21 May 1987	AGM of 27 May 2011	AGM relating to fiscal 2016
<b>HAF Audit &amp; Conseil</b> Member of the Crowe Horwath International network represented by Marc De Prémare 15 rue de la Baume, 75008 Paris	AGM of 23 May 2008	AGM of 21 May 2010	AGM relating to fiscal 2015

#### 2.2.2 Alternate Statutory Auditors

	First appointment	Last reappointment	Expiration of appointment
<b>B.E.A.S</b> represented by Joël Assayah 7-9 Villa Houssay 92524 Neuilly-sur-Seine Cedex	AGM of 3 June 2005	AGM of 27 May 2011	AGM relating to fiscal 2016
<b>Cabinet BECOUZE</b> Independent member of Crowe Horwath International represented by Sébastien Bertrand 1, rue de Buffon - 49100 Angers	General Meeting of 24 May 2013 (replacement of Jean-Jacques Becouze)	N/A	General Meeting relating to fiscal 2015

### 3. Share capital

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#### 3.1 History of changes in share capital

Executive/Board of Directors meeting date recording the capital increase	Type of capital increase	Number of shares issued	Number of shares comprising the share capital	Aggregate share capital (in €)
4 January 2007	From the exercise of stock options	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
N/A		-	3,050,046 <sup>1</sup>	12,200,184

#### 3.2 Non-equity securities

None

### 4. Documents on display

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The registration documents for the last three fiscal years are available for consultation at the website [www.guerbet.com](http://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 company's registered office located at 15 rue des Vanesses – 93420 Villepinte, France.

### 5. General information about the company

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#### 5.1 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.

#### 5.2 Date of incorporation

Guerbet was created on 16 July 1926 from the transformation of a joint venture company (*société en participation*) originally created in 1901 into a limited partnership (*société en commandite simple*) and subsequently into a joint-stock company (*société anonyme*) on 1 January 1965. 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.

#### 5.3 Place of incorporation, registration number and French activity codes

Guerbet is registered in the Companies Register (*Registre du Commerce et des Sociétés*) of Bobigny under No. 308 491 521 with the APE activity code 2120 Z – Manufacture of Pharmaceutical Preparations.

#### 5.4 Financial year

The financial year runs for twelve months from 1 January to 31 December.

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1. As no stock options were exercised in 2011, 2012 and 2013, the amount of share capital has remained unchanged since 19 January 2011. In light of the 4-for-1 split of Guerbet's share on 23 January 2014, the number of shares increased in consequence to 12,200,184.

## ■ INFORMATIONS COMPLÉMENTAIRES

### 6. Articles of association (selected provisions)

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#### 6.1 Board practices

##### 6.1.1 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.

##### 6.1.2 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.

##### 6.1.3 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.

#### 6.2 Provisions of the articles of association governing the distribution of earnings

##### 6.2.1 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.

#### 6.3 Provisions of the articles of association 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'.

#### 6.4 Other provisions of the articles of association

##### 6.4.1 Corporate charter (article 2)

The company's business purpose in France and 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 specialities 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. 2014 shareholders calendar

Event	Date
Publication of 2013 annual sales	6 February 2014
Presentation of 2013 consolidated financial statements	13 March 2014
Publication of 2014 first-quarter sales	29 April 2014
Annual General Meeting for FY 2013	23 May 2014
Presentation of semi-annual consolidated financial statements of 30 June 2014	30 July 2014
Publication of 2014 third-quarter sales	23 October 2014
Publication of 2014 annual sales	10 February 2015

Announcements on sales are released after the close of trading on Euronext Paris.

Announcements on earnings are released prior to the opening trading on Euronext Paris.

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## ■ ADDITIONAL INFORMATION

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