



2014

REGISTRATION DOCUMENT

including the Annual Financial Report

INTERVIEW WITH YVES L'ÉPINE, CHIEF EXECUTIVE OFFICER	1
KEY FIGURES	2

1

THE GUERBET GROUP	5
1.1 History of the company	5
1.2 Mission and ambition	6
1.3 Main consolidated figures	6
1.4 Overview of activities	7
1.5 Industrial and logistics activity	12
1.6 Research and development	13
1.7 The Group's governance structure at 31 December 2014	16

2

CORPORATE GOVERNANCE	19
2.1 The Board of Directors	19
2.2 Compensation of company officers	24
2.3 Report by the Chairman of the Board of Directors on corporate governance, the internal control system and the principles governing compensation of the company officers	27
2.4 Statutory Auditors' report, produced in accordance with Article L. 225-235 of the French Commercial Code, on the report prepared by the Chairman of the Board of the Directors	32

3

GUERBET AND ITS SHAREHOLDERS	33
3.1 Guerbet shares	33
3.2 Dividend paid over three years	34
3.3 Shareholding	34
3.4 Transactions performed by executive officers and similar individuals	35
3.5 Threshold crossings	35
3.6 Shareholder Agreement and collective share retention agreements	36
3.7 Board of Directors' powers to issue and buy back shares	36
3.8 Summary of authorizations granted that may have an impact on the share capital	37
3.9 Provisions in the articles of association relating to share capital	37

4

MANAGEMENT REPORT	39
4.1 Analysis of the Group's activity and results	39
4.2 Major events since the start of 2015	41
4.3 Risk factors	41
4.4 Other legal information	45

5

CORPORATE SOCIAL RESPONSIBILITY	49
5.1 Employee information	49
5.2 Environmental information	53
5.3 Social information	57
5.4 Report by one of the Statutory Auditors, designated as an independent third-party organization, on the consolidated employee, environmental and social information contained in the management report	59

6

FINANCIAL STATEMENTS AND RELATED NOTES	61
6.1 Consolidated financial statements and notes	62
6.2 Statutory Auditors' report on consolidated financial statements	95
6.3 Annual financial statements and notes	96
6.4 Statutory Auditors' report on the annual financial statements	115
6.5 Special report of the Statutory Auditors on regulated commitments and agreements	116

7

ANNUAL GENERAL MEETING ON 29 MAY 2015	117
7.1 Agenda	117
7.2 Resolutions	118
7.3 Reports from the Board of Directors to the Annual General Meeting	120

8

ADDITIONAL INFORMATION	121
8.1 Statement by the person responsible for the Registration Document	121
8.2 Statutory Auditors	121
8.3 Share capital	122
8.4 Public access to this document	122
8.5 General information about the company	123
8.6 Articles of association (excerpts)	123
8.7 2015 Financial calendar	125
8.8 Concordance tables	126

“ 2014, a very good year for Guerbet ”

INTERVIEW

with Yves L'Épine, Chief Executive Officer



Did Guerbet meet the targets that it had set in 2014?

2014 was a very good year for Guerbet. Our revenues totalled €409 million, fully in line with our guidance. At the same time, our gross operating margin (EBITDA/revenue) rose from 13.4% to 16.5%, while our net debt fell to €60.8 million. We demonstrated our ability to reach, or slightly exceed, our stated targets. Our growth is well balanced based on four segments, MRI, X-ray, Interventional Radiology and Theranostics (IRT), and Medical Devices (MD), which all grew. We grew faster than the market, especially in our recent diversification platforms (IRT, MD and our subsidiary in the United States).

Is your US subsidiary growing as expected?

In the world's largest market, in less than one year we achieved such significant milestones as the registration of Dotarem by the FDA and their approval of a new indication for Lipiodol®. Dotarem® is gaining market shares, and sales of Lipiodol® are gathering pace. As of 2015, less than two years after these two launches, our subsidiary in the United States will be profitable, which is an impressive achievement for a French mid-sized company.

Are you satisfied with your expansion in the two new growth segments, interventional radiology and medical devices?

In interventional radiology, a segment that was created in 2012, our sales were more than €30 million in 2014, growing by nearly 50%. Our strategy of rolling out new indications is going ahead as planned: after receiving our first Marketing Authorizations for Lipiodol® in the IRT segment in Japan (2013) and the USA (2014), we have registered this product for interventional procedures for liver cancer in a first group of European countries. Interventional radiology is developing fast and Guerbet will therefore continue its growth in this segment. In medical devices, FlowSens®, which is the first dual-head softbag hydraulic injector for X-ray imaging contrast agents, has been very successful and we exceeded our sales targets in the first year of sales. FlowSens® is popular with our customers as this injector saves them time while affording a very high level of safety.

Will the forthcoming arrival of generic versions of Dotarem® in Europe alter your road map?

Their arrival date is still uncertain, as are the countries in which they will be launched. There is an ongoing discussion as to whether our intellectual property rights have been respected but, without prejudging the outcome of

these discussions, we are taking this event very seriously and will continue to offer a range of differentiated products by providing our customers with both contrast agents and medical imaging solutions. We will also continue with our strategy of launching and selling Dotarem® in new countries such as Canada this year.

What will be your growth drivers in Guerbet's various markets?

Population ageing is a positive factor ensuring steady volume growth of around 3% per year for our "contrast agents" business unit. This volume growth is often offset by price cuts. Guerbet has therefore decided to step up its organic growth, (i) by launching a subsidiary in the world's largest market, the United States, and (ii) by diversifying into new segments (IRT and MD).

What new challenges will you face in 2015?

The first significant challenge is to continue growing despite the arrival of Dotarem® generics in Europe, as already emphasised. We must also meet the industrial challenge of ramping up our new bag production line (ScanBag® by Xenetix®) in Aulnay-sous-Bois. In medical devices, we are also moving forward with the launch of FlowSens®, with a new version allowing our injector to be connected to scanners and information systems used by radiology labs and hospitals. In interventional radiology, we will focus on the potential of Lipiodol® in Asia, once the chemoembolization indication has been approved. We will also roll out a new ERP system (SAP) in 2015.

Will Guerbet continue to grow in 2015?

Given the uncertainties, particularly regarding the date when Dotarem® generics will be released for sale, we have less visibility this year when it comes to setting a precise target, but we plan to maintain our growth despite a possible slowdown in the second half of the year.

Why have you decided to pay a €0.50 dividend?

2014 was an excellent year for Guerbet and Shareholders have seen the share price outperform the benchmark index. The dividend paid can therefore be kept at the same level, while increasing the pace of the Group's deleveraging (net debt reduced by more than 25% in 2014, with a net debt/EBITDA ratio falling to less than 1). At the General Meeting on 29 May, the Board of Directors will ask the Shareholders to approve payment of a dividend of €0.50 per share, equal to a payout ratio of 23% of the Group's net income.

KEY FIGURES



Cliquez pour visualiser la vidéo

CONSOLIDATED NET
REVENUE
(in € million)

409.0

EBITDA⁽¹⁾
(in € million)

67.7

CURRENT OPERATING
INCOME
(in € million)

38.4

NET INCOME
PER SHARE
(in €)

2.14

INVESTMENTS
(in € million)

31.8

REVENUE
BY GEOGRAPHIC REGION



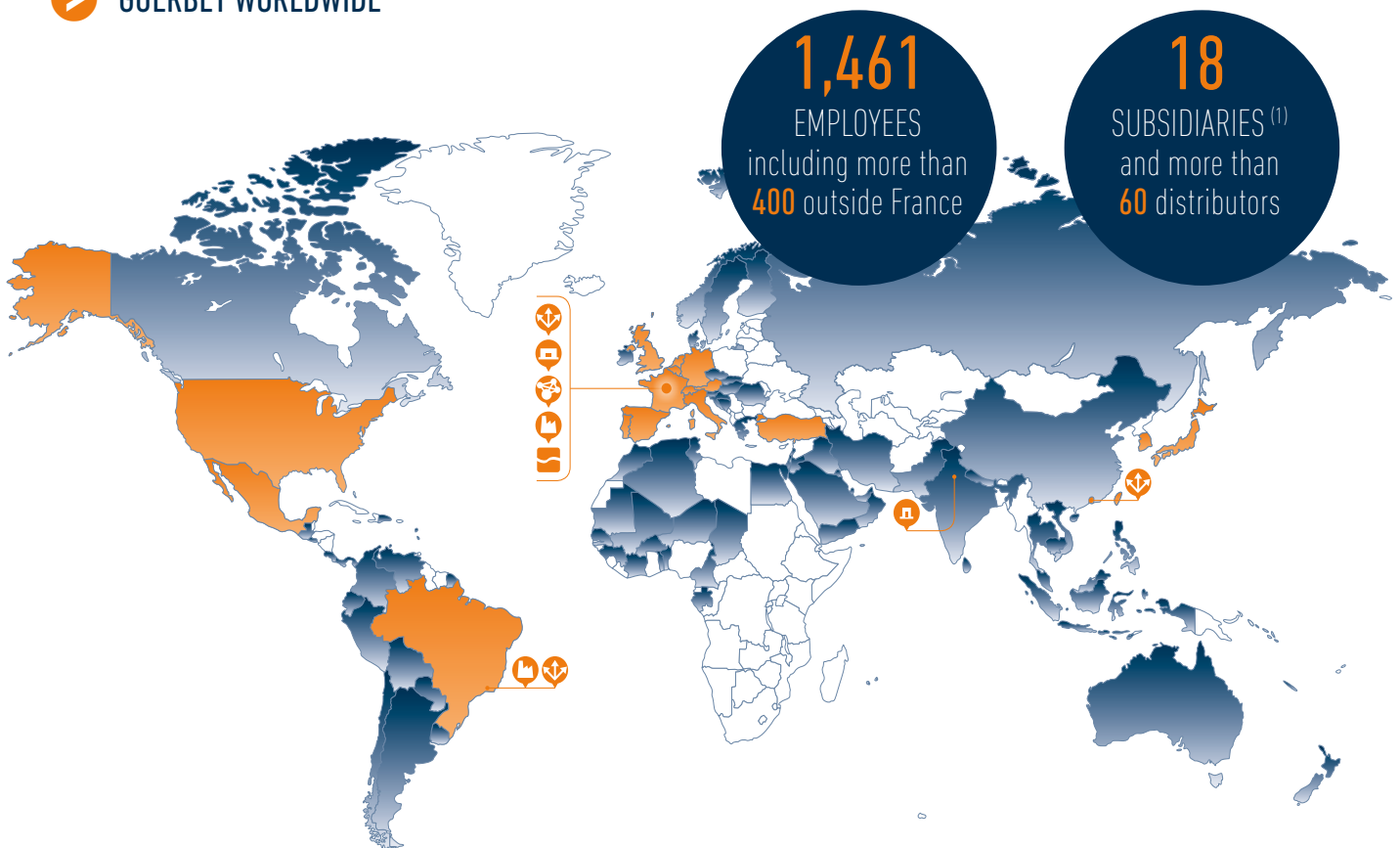
REVENUE
BY PRODUCT RANGE



⁽¹⁾ The EBITDA corresponds to current operating income plus depreciation, amortization and provisions.



> GUERBET WORLDWIDE



-  Headquarters
-  Medex
-  Country with subsidiary
-  Research & Development
-  Distribution centers
-  Country with distributor(s)
-  Plants
-  Liaison office

(1) Commercial subsidiaries.

THE GUERBET GROUP



1.1	History of the company	5
1.2	Mission and ambition	6
1.3	Main consolidated figures	6
1.4	Overview of activities	7
1.5	Industrial and logistics activity	12
1.6	Research and development	13
1.7	The Group's governance structure at 31 December 2014	16

> 1.1 History of the company

We are a French pharmaceutical group that has been supporting healthcare professionals specialized in diagnostic and interventional medical imaging since 1926. We provide them with contrast agents, injection systems, medical devices and related solutions adapted to their needs.

Guerbet is listed in Eurolist Segment B and the majority of its shares are owned by the Guerbet family. The company originated with Marcel Guerbet's discovery of the first iodinated organic contrast agent, in 1901.

Since being founded by André Guerbet, the company has expanded significantly, thanks to regular innovations that have left their mark on medical imaging technologies and the contrast agents associated with them. Guerbet now sells a comprehensive range of products suitable for X-ray and magnetic resonance imaging.

The Group's main products are Dotarem®, a macrocyclic ionic gadolinium chelate indicated for MRI examinations, Xenetix®, an iodinated contrast agent used in various types of X-ray examinations, and Lipiodol® in the interventional radiology field.

In addition to this range of X-ray, MRI and interventional radiology contrast agents, Guerbet has developed associated injection systems and medical devices for radiologists.

The Group's activity is currently built on four pillars:

- MRI products;
- X-ray products;
- Interventional Radiology and Theranostic (IRT) products;
- Medical Devices, solutions and services.

KEY DATES IN GUERBET GROUP'S HISTORY

- | | | | |
|------|--|------|---|
| 1901 | Discovery of Lipiodol® | 2004 | Acquisition of Medex (production of injectors for contrast agents) |
| 1926 | Creation of Laboratoires André Guerbet | 2006 | Launch of ScanBag® by Xenetix® |
| 1970 | Launch of Telebrix® | 2008 | Launch of the Iseult program financed by Bpifrance, a public investment bank formerly known as Oséo Innovation |
| 1979 | Launch of Hexabrix® | 2011 | Direct takeover of Lipiodol® sales in the United States |
| 1981 | Construction of a second chemical production plant in Lanester | 2012 | Launch of a comprehensive range of "Linkfill CT®" medical devices (range of extension lines suitable for medical imaging) |
| 1986 | Initial Public Offering (IPO) | 2013 | Marketing authorization and commercial launch of Dotarem® in the United States |
| 1987 | Acquisition of Simafex (fine chemicals) | 2014 | Launch of the Flowsens® injector and associated medical devices |
| 1989 | Launch of Dotarem® | | |
| 1995 | Launch of Xenetix® | | |

➤ 1.2 Mission and ambition

1.2.1 OUR MISSION

Guerbet's staff are committed to providing healthcare professionals with the contrast agents, medical devices and innovative solutions that are vital for diagnostic and interventional imaging, to improve patient prognosis and quality of life.

We are passionate about our work, and strive every day to combine performance and quality with sustainable development.

1.2.2 OUR AMBITION

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

The Group's growth strategy is based on four pillars:

- **MRI** (MRI contrast agents);
- **XR** (X-ray contrast agents);
- **IRT** (contrast agents used in Interventional Radiology and Theranostics);
- **MD** (Medical Devices, solutions and services).

➤ 1.3 Main consolidated figures

1.3.1 REVENUE

<i>(in €'000s - IFRS)</i>	2014	2013
Revenue	408,957	389,669
Breakdown of revenue by geographic region		
Europe	70.7%	70.5%
Other markets	29.3%	29.5%
Breakdown of revenue by product range		
MRI	41.1%	41.9%
X-ray	45.9%	47.7%
Interventional Radiology and Theranostics	7.8%	5.5%
Medical Devices	4.2%	4.0%
Other	1.0%	0.9%

1.3.2 MAIN CONSOLIDATED FIGURES

(in €'000s - IFRS)	2014	2013
EBITDA ⁽¹⁾	67,650	52,125
Current operating income	38,391	29,984
Net income	26,127	20,489
Net income per share (in €)	2.14	1.68
Dividend per share (in €)	0.50	0.50
Cash flow	55,193	42,041
Shareholders' equity	259,104	238,258
Net financial debt	60,808	82,484
Investments	31,759	35,345
Net financial debt/EBITDA ⁽²⁾	0.90	1.58
Net financial debt/Shareholders' equity ⁽²⁾	0.23	0.35

(1) The EBITDA corresponds to current operating income plus depreciation, amortization and provisions.

(2) These two ratios correspond to the covenants contractually agreed upon by Guerbet and its banks. The maximum limit of the Net financial debt/EBITDA ratio is set at 3.2. The maximum limit of the Net financial debt/Shareholders' equity ratio is set at 0.7.

> 1.4 Overview of activities

1.4.1 DEFINITIONS

1.4.1.1 Medical imaging

Medical imaging is a medical specialty which aims to orientate or confirm a diagnosis and/or guide treatment. It explores the inside of the human body using four techniques: X-ray, magnetic resonance imaging (MRI), ultrasound and nuclear medicine. X-ray radiography, discovered in 1885, is its oldest form, whose development was revolutionized by the invention of CT (computerised tomography) scanners. In interventional radiology, image capture guides a medical or surgical procedure.

X-RAY

An **irradiating** imaging technique to examine **the anatomy of the human body and the functioning of organs**.



MRI

A **non-irradiating** imaging technique to examine **the anatomy and functioning of organs**.



ULTRASOUND

(Echography)

A **non-irradiating** first-line technique to examine **the anatomy and functioning of organs**.



NUCLEAR MEDICINE

(Scintigraphy)

An **irradiating** imaging technique to examine **the functioning of organs**.



1.4.1.2 Contrast agents

Contrast agents are drugs. Their type and mechanism of action differ according to the imaging techniques used.

- The agent of choice for X-ray imaging is iodine, due to its ability to absorb this radiation.
- Gadolinium is used in magnetic resonance imaging (MRI) for its paramagnetic properties. The injection of a gadolinium complex in

response to a radiofrequency wave in a magnetic field speeds up the paramagnetic relaxation of the protons in water molecules, enhancing the contrast of the signal observed through MRI.

- The contrast agents used for ultrasound scans consist of microbubbles of gas that interact with the ultrasound waves and boost the ultrasound signal.
- In nuclear medicine, the radioactive agent or tracer is the radiation source.

The goal is to make the invisible visible. Contrast agents are therefore useful for medical purposes as they increase the contrast so that anatomical structures for which there is little or no naturally occurring contrast with the surrounding tissues can be told apart from these tissues. These agents are also used to assess the functioning of organs (such as kidneys) or tissues (as in the case of myocardial perfusions).

The diagnostic performance sought by radiologists and clinicians therefore depends directly on the suitability of the information received as a result of the contrast agent's enhancing properties, and its development over time after injection. This translates into high-quality static or dynamic images that provide data about the anatomy and functioning of organs, the structure of arterial and venous blood vessels and perfusion parameters. Diagnostic accuracy is a key factor in clinicians' decisions regarding treatment and surgery.

It has a direct impact on the patient's quality of life. It meets local authorities' economic imperative of reducing healthcare costs through earlier diagnosis and the choice of treatment options that are more suited to patients' profiles. With the development of interventional radiology, contrast agents can also guide medical procedures during treatment.

1.4.1.3 Interventional radiology and theranostics

Interventional radiology covers any invasive medical procedure whose purpose is to diagnose and/or treat a disease. The process is guided and controlled using imaging (X-ray, ultrasound or MRI). It is used in innovative ways for many indications.

1.4.2 GUERBET'S PRODUCTS

The range of contrast agents sold by Guerbet covers the Magnetic Resonance Imaging (MRI), X-ray (XR) and Interventional Radiology and Theranostic (IRT) techniques.

MRI	X-ray	IRT
Dotarem®	Xenetix®	Lipiodol®
Artirem®	Optiray® Optiject® Oxilan® Hexabrix® Telebrix® Micropaque®	Patent Blue V

Guerbet's growth is driven mainly by one flagship product in each of these ranges: Dotarem® (MRI), Xenetix® (XR) and Lipiodol® (IRT).

1.4.2.1 MRI

Dotarem®, a non-specific gadolinium-based contrast agent, has been Guerbet's leading product by revenue and the European market leader by volume since 2010. Thanks to its physicochemical properties and its safety profile, it is the benchmark MRI agent. Dotarem® is used to investigate many diseases, and particularly conditions affecting the central nervous system as well as abdominal, bone and joint and vascular disorders.

Dotarem® was released in 1989 and became the European market leader in 2008 when serious side effects were noted after the injection of a number of MRI contrast agents. Nephrogenic Systemic Fibrosis, or NSF, is a potentially fatal condition occurring in some patients suffering from acute kidney failure after the use of gadolinium-based contrast

agents. Theranostics is a combination of diagnosis and treatment in a single procedure. Radiology speeds up this new discipline by allowing the use of images to guide interventional procedures. These are minimally invasive and are often carried out instead of surgery, as they shorten hospitalization times and limit post-procedure complications. The best-known of these therapies are vascular dilation, embolization and tumor ablations using physical or chemical agents (such as thermal or radiofrequency agents or *in situ* chemoembolization or radioembolization respectively). Contrast agents are used to guide procedures or trace the active substances used in them.

1.4.1.4 Medical devices

Technological advances, especially in X-ray and MRI examinations, require control over contrast agent injection speeds, volumes and flow rates. Data collection, which is vital for diagnosis, depends on this control to adapt to the necessary acquisition times. To improve data accuracy and reproducibility, the injection protocols, which are defined by the needs for investigation of the disease, sometimes require automation by means of a programmable injector actuated remotely or in the patient's proximity. This injector is connected to the patient using appropriate consumable devices that meet safety and sterility requirements. These devices allow work to be done effectively while ensuring the patient's safety.

Guerbet develops, sells and ensures maintenance of medical equipment and devices for use in diagnostic and interventional imaging, mainly for X-ray procedures.

The European health authorities have divided Dotarem® and its competitors into three categories of risk of occurrence of this condition (high, medium or low risk). They have issued recommendations on the precautions to be taken when using the three categories of agents and contraindicated high-risk agents for some groups of patients suffering from kidney failure.

As it has not in itself produced any cases of NSF, Dotarem® has been identified as a low-risk agent. This recommendation has resulted in strong growth for Dotarem®, which has now been administered to over 50 million patients in more than seventy countries in Europe, Asia, Africa, the Americas and the Middle East. Dotarem® received marketing authorization for the United States early 2013 and was then released for sale on the American market the following July.

Guerbet has also been issued with a patent in Europe, China, Japan and South Korea for a pharmaceutical industrial process connected with Dotarem®. This process is designed to produce a formulation that eliminates the risk of presence of free chelate-forming entities or free gadolinium to prevent any risk of toxicity.

Artirem®, an MRI agent specifically used for bone and joint examinations, was first launched in 2002 in France and is now available in nine countries, mainly in Europe. It is the first agent indicated for such conditions that can be injected directly into the joints. Artirem® expands Guerbet's MRI offer and sets it apart from the competition.

1.4.2.2 X-ray

Xenetix® is a second-generation low osmolar iodinated agent or non-ionic LOCM (Low Osmolar Contrast Medium). It was released for sale in 1995.

Xenetix® was initially contained in vials, but a new presentation in polypropylene bags has been available since 2006 (ScanBag® by Xenetix®). This original and innovative packaging preserves Xenetix® properties while making it simpler to use, enhancing the safety of patients and medical staff and representing a large stride forward in waste management. This packaging is one of Guerbet's solutions for sustainable development challenges.

Xenetix® is available in three iodine concentrations: 250, 300 and 350 mg of iodine/ml. It is conventionally accepted that the 350 mg/ml concentration should preferably be used for cardiovascular disorders, and the 300 mg/ml concentration for the investigation of parenchymal conditions (e.g. diseases of the liver or kidneys).

Optiray®/Optiject®, which is a non-ionic LOCM agent, was sold by Guerbet in France, Belgium and Switzerland, under licence from Mallinckrodt, in 2014. Optiject® is the Optiray® format packaged in a pre-filled syringe. Guerbet also sells Mallinckrodt's range of injectors and medical devices within the same geographic area.

Oxilan®, which is a non-ionic LOCM agent, was added to the Group's range of XR contrast agents in February 2002, under an agreement signed with the US company Cook. Since then, Oxilan® has been sold directly in the United States. The product was sold in Japan under the brand name Imagenil® by Terumo, exclusive distributor of Guerbet products since October 2005, but its sale was discontinued in mid-2014.

Hexabrix® is an ionic LOCM agent whose physicochemical properties prevent the risk of arterial thrombosis during interventional radiology procedures. This molecule is therefore used by radiologists, interventional cardiologists and vascular surgeons for cardiovascular examinations.

Telebrix® belongs to the HOCMs class developed before the advent of LOCMs, which have gradually replaced them. It has also retained indications for which it is preferred, due to its drinkable format, Telebrix® Gastro®, especially useful for investigating digestive disorders, and particularly for colorectal cancer screening through virtual colonoscopies.

1.4.2.3 Interventional Radiology and Theranostics (IRT)

Lipiodol® is an iodinated oil for X-ray imaging. These days it is used mainly during interventional radiology procedures such as the embolization of both malign tumors (primary liver cancers and hepatic metastases) and benign masses (vascular abnormalities).

Lipiodol® is registered in Japan and Mexico for the transarterial chemoembolization of hepatocellular carcinomas. On 27 November 2013, Guerbet announced the reimbursement of Lipiodol® by the Japanese health insurance authorities for the treatment of hepatocellular carcinomas through transarterial chemoembolization, when used in combination with [Farmorubicin®; epirubicin 10 mg/50 mg solution for injection]. This reimbursement approval follows the approval issued by the Japanese ministry for healthcare, employment and social affairs on 13 September 2013 for the use of Lipiodol® for this new indication, in combination with other drugs and medical devices.

In 2014, Lipiodol® was authorised in the United States for use in the imaging of hepatocarcinomas through transarterial injection. It was also authorized for use in the treatment of hepatocarcinomas through chemoembolization, particularly in France and Turkey. Other applications for approval of this indication have been filed in various geographic regions.

The international clinical recommendations of American, European and Japanese scientific societies also define transarterial chemoembolization using Lipiodol® as the most effective technique for the treatment of some stages of hepatocellular carcinoma.

In endocrinology, Lipiodol®, in softgel capsule format, is used worldwide for the prevention and treatment of iodine deficiency in adults and children. This is why iodinated oil is included in the World Health Organization's list of essential drugs.

Patent Blue V is an injectable agent containing a dye. It is used for imaging of the lymphatic system, and particularly for intraoperative sentinel lymph node mapping in breast cancer surgery.

This indication, which was authorized in France several years ago, is important as it offers a response to the question of whether or not to perform aggressive surgery in the form of lymph node dissection. Marketing authorization applications for this indication are in progress in several countries.

1.4.2.4 Medical devices, solutions and services

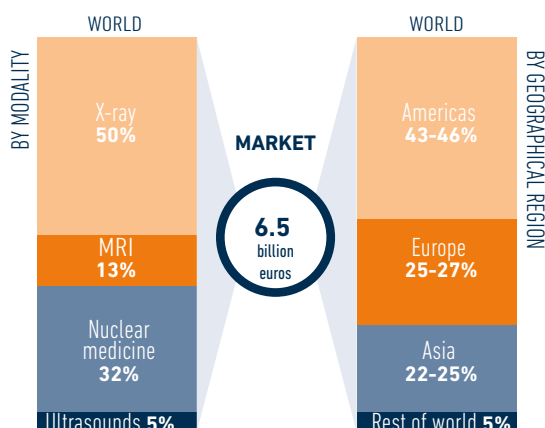
Medex medical devices (injectors and consumables) and solutions and services are the fourth growth driver. 2014 saw the launch of the FlowSens® injector. This is designed to fit seamlessly into the organizational setup of radiology departments. FlowSens® is easy to operate, and is a user-friendly solution to the practical needs of radiologists and radiology technicians.

The FlowSens® solution, which is composed of a softbag injector, consumables and a comprehensive range of associated services, is the only solution on the market to combine a syringe-free hydraulic injection technique with procedure safety at every stage of the injection process. FlowSens® is compatible with ScanBag® and all the X-ray contrast agents available on the market.

Medical Devices	Brand names	MRI	X-ray	IRT
Consumables for every type of injectors	Linkfill® Extension line available in six lengths (25, 50, 100, 150, 160, 180 cm)	✓	✓	
	Secufill® Patient-side connector with secure double check valve	✓	✓	
	Manyfill® Filling system for every type of syringe injector (use on multiple patients)	✓	✓	
Injectors	Addix Medium- and high-pressure single-syringe injector		✓	✓
	SBI Softbag CT injector, compatible with ScanBag® by Xenetix®		✓	
	FlowSens® CT injector compatible with ScanBag® by Xenetix® and other receptacles		✓	

1.4.3 MARKET

The contrast agent and radiopharmaceutical market is estimated at €6.5 billion, breaking down as follows, by type of imaging and geographic region:



Besides the volume growth, more than 36 million imaging examinations are conducted in Europe each year, of which 60% are carried out by CT scans and 16% through MRI. Cardiovascular diseases, cancers and central nervous system disorders alone account for 21.1 million X-ray and MRI examinations.

1.4.3.2 Interventional Radiology and Theranostics

This segment is growing strongly. It covers different types of procedures, such as invasive diagnostics (image-guided biopsies), treatment of malign or benign tumors through embolization, treatment of vascular stenoses or aneurysms, and imaging of the lymphatic system for intraoperative sentinel lymph node mapping in breast cancer surgery.

1.4.3.3 Medical devices for the injection of contrast agents

The medical device market is governed by three factors:

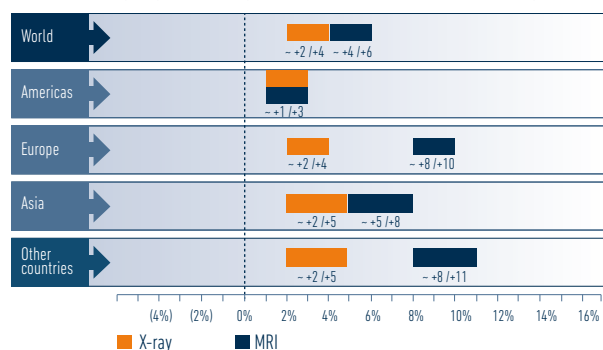
- the increase in the number of examinations involving injections;
- growth in XR and MRI equipment;
- the proportion of examinations involving injections.

The following trends have been identified:

- the volume of contrast agents injected is likely to stay the same or fall;
- the number of scanners is likely to increase;
- the amount of MRI equipment is likely to increase.

1.4.3.1 MRI and X-ray

The market's estimated volume growth worldwide is between +2% and +4% for X-ray, and +4% and +6% for MRI, varying depending on the continent or geographic region (internal data as a percentage CAGR).



1.4.4 COMPETITORS

Guerbet has a portfolio of solutions comprising MRI and X-ray contrast agents, dedicated Interventional Radiology and Theranostics products, and Medical Devices (injectors and associated devices).

Company	Contrast agents		IRT	Injectors and Medical Devices
	MRI	X-ray		
Guerbet	✓	✓	✓	✓
Bayer HealthCare	✓	✓		✓ Medrad
GE HealthCare	✓	✓		
Mallinckrodt	✓	✓		✓
Bracco	✓	✓	✓ ⁽¹⁾	✓ Acist SwissMedical Care Ezem
Nemoto				✓
Medtron				✓
Ulrich Medical				✓
BTG			✓	
Merit Medical			✓	
Sirtex			✓	

(1) Imaging method: ultrasounds.

The leading companies selling X-ray and MRI contrast agents worldwide are Guerbet, Bayer Healthcare, General Electric Healthcare, Mallinckrodt and Bracco.

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

➤ 1.5 Industrial and logistics activity

Guerbet has opted to produce its drugs and medical devices through its five production plants in France and Brazil and its network of subcontractors.

The Group operates the following production facilities:

■ In France:

- a fine chemical plant in **Marans** (Charente-Maritime), specialised in the synthesis and production of active ingredients and chemical intermediates. This unit has also developed a custom synthesis business for other pharmaceutical industry operators and acquired specific expertise in process industrialization (extrapolation);
- the **Lanester** plant (Morbihan) produces the active ingredients for the X-ray range;
- the **Aulnay-sous-Bois** plant (Seine-Saint-Denis) manufactures finished pharmaceutical products;
- the **Saint-Priest** plant (Rhône) dedicated to injector assembly.

■ In Brazil, the pharmaceutical plant (X-ray and MRI) in **Rio de Janeiro**.

Guerbet has another industrial facility for logistics activities, in Gonesse, and two other distribution centers in Asia and South America. The Gonesse platform, close to the Aulnay-sous-Bois site, handles our products destined for Europe, the United States, Africa and the Middle East. Our Hong Kong center manages most of the Asia-Pacific region, where it is vital to be close to local markets. Our Brazilian subsidiary has a logistics platform and supplies a large part of South America.

Measures have been taken to supplement this logistics structure in the United States for the launch and promotion of Dotarem®.

For several years now, Guerbet has been preparing for the future and investing in the development of a competitive industrial platform:

- in chemicals, for the production of intermediates and active ingredients;
- in pharmaceuticals, for the production of finished pharmaceutical products in the form of sterile solutions for injection (vials and softbags).

These investments are part of a program to modernize our industrial facilities in order to increase production capacity and boost our competitiveness. They ensure additional reliable supplies of active ingredients and finished pharmaceutical products by improving

productivity and cycle times. This program is also intended to make our industrial plants more environmentally friendly. Focus on quality, compliance with the most stringent standards of good manufacturing practice, strengthening of safety and reduction of our environmental footprint are an integral part of the Group's industrial policy.

In Marans, a workshop dedicated to the production of Lipiodol®'s active ingredient in accordance with cGMP⁽¹⁾ and BPF⁽²⁾ was completely renovated to meet the requirements of our various markets. The cGMP/BPF-compliant production capacities for MRI chemicals have been substantially increased, uniformly across the whole manufacturing chain, to cater for the projected growth of Dotarem®, particularly in the United States. Major investments made in recent years in improved environmental protection (treatment of effluents) and more effective fire protection and prevention systems are now operational.

In Lanester, investments in Xenetix® production capacity have been completed. Significant investments have been undertaken to improve the plant's environmental and economic management, in particular by the recovery of iodine through recycling, the quality of effluent treatment and industrial risk management and prevention. An industrial innovation program focused on manufacturing processes is also under way to increase our competitiveness.

In Aulnay-sous-Bois, the Group has invested in a new filling unit for the production of injectable solutions in softbag and vial formats. This investment meets the need to increase capacities, raise productivity and keep up with changes in international quality requirements for the manufacture of injectable pharmaceutical products. The new ScanBag® softbag filling line should reach its expected production rate in the second half of 2015. This delay will have a one-off impact on sales and margins in this business in the first half of 2015.

In Saint-Priest, investments have been made in the production of injectors and associated consumables.

At the **Rio de Janeiro plant**, investments are under way to renovate the filling line. A new washing machine is now operational. Replacement of the filling machine has been postponed.

Guerbet also works with subcontractors for its chemical and pharmaceutical activities.

Between 2005 and 2014, Guerbet prepared for the future by investing €239 million, including €208 million invested in its industrial facilities in France.

(1) Current Good Manufacturing Practices (the standards applied by the US Food and Drug Administration or FDA).

(2) Bonnes Pratiques de Fabrication (Good Manufacturing Practices) (decided on by the Agence française de sécurité sanitaire des produits de santé (French Agency for the Safety of Health Products), which has become the Agence nationale de sécurité du médicament et des produits de santé (French National Agency for the Safety of Drugs and Health Products) (ANSM, formerly the AFSSAPS)).

> 1.6 Research and development

1.6.1 RESEARCH AND INNOVATION

1.6.1.1 Contrast agents

Guerbet's research ambition is to offer radiology professionals and patients safe and innovative contrast agents that cater for their needs.

The research teams' work is focused on two main medical imaging segments:

- MRI – Magnetic Resonance Imaging;
- Interventional Radiology and Theranostics (IRT).

New contrast agents are developed in accordance with a strict procedure:

- Identification of a medical need;
- Defining the biological target for which imaging is required;
- Designing a contrast agent that can be used for imaging of this target;
- Validating the new agent through experimental imaging.

For this purpose, the Research and Innovation team comprises experts in various scientific fields. These experts are organized in clusters, which investigate and then validate lines of research:

- Chemical research;
- Physicochemical formulation;
- Mass spectrometry – bioanalysis;
- Biology and pharmacology laboratory;
- Imaging;
- Optimization at the interface between research and development.

If a prototype meets the defined specifications, it must then be industrialized and the active ingredient's stability must be verified for the manufacture of batches on a larger scale.

1.6.2 DEVELOPMENT

1.6.2.1 Organization

Guerbet's Development team is organized into three main areas:

- **Clinical development:** all of the activities involved in conducting clinical studies, from designing the protocol to writing the final research report, including publication of the results by scientific journals.
- **Regulatory affairs:** all of the activities involved in managing the portfolio of product registrations, for every country.
- **Drug safety monitoring:** all of the activities involved in collecting data on side effects and writing periodic summary reports on the risk/benefit analysis to be submitted to the regulatory authorities.

This setup at the head office is supplemented by a Quality Assurance Department and regional structures in Europe, North America, Latin America and the Asia-Pacific region to allow faster response times to meet local patients' demands as well as radiologists and the authorities.

Current projects are focused on oncology and neurological conditions.

Guerbet's Research and Innovation teams also conduct extensive research and optimization work on the contrast agents already on sale.

This work has produced significant advances in:

- Improving the arterial chemoembolization technique using Lipiodol®;
- Knowledge of the mechanism behind nephrogenic systemic fibrosis.

Research work on the physiopathological mechanisms of this serious side effect of certain categories of gadolinium complexes has prompted Guerbet to carry out extensive preclinical and clinical work to document Dotarem®'s differentiated safety profile and to allow for this concern when designing future molecules.

1.6.1.2 Perfecting and developing medical devices

Capitalizing on its expertise in the injection of contrast agents, Guerbet has developed a Medical Devices division to expand its services offer in the X-ray, MRI and Interventional Radiology fields.

The Medex subsidiary is the Group's entity specialized in the design, development and manufacturing of medical devices for medical imaging. Its teams are doing research and development work to devise new functionalities for the Flowsens® injector and new services and solutions.

The devices developed and sold by Medex must meet the essential requirements of Annex I of the 93/42/EC directive that are applicable to them. Demanding health and safety targets must be met to comply with these safety and performance requirements for devices. Medex is ISO 13485-certified.

Guerbet's Development team has focused its work on four key medical imaging segments: Magnetic Resonance Imaging (MRI), X-ray imaging and now mainly CT scans, Interventional Radiology and Theranostics (IRT) and Medical Devices (MD).

1.6.2.2 Disease areas

These four types of imaging are researched in the three main disease areas of oncology, cardiology and neurology.

- **In oncology,** the incidence of the most common forms of cancer (lung, breast, prostate, colorectal and liver) is constantly growing. Injections are used in more than 14 million examinations each year in the five largest European countries. This increase is due to a combination of longer life expectancy and recognized risk factors, such as smoking, unhealthy eating, stress and environmental risks. This is resulting in a greater number of diagnostic examinations at increasingly early stages aimed at improving patients' care, monitoring the patient's treatment and ultimately their prognosis and their survival with an

optimum quality of life. The trend in the treatment of breast cancer, of which there are 200,000 new cases each year, is a perfect example of the role played by the various types of medical imaging, as MRI plays a vital role in screening for, and/or monitoring, the disease. European data indicate that more than 40 million women aged over 50 should benefit from systematic radiographic screening. This procedure allows earlier diagnosis, radically changing the treatment strategy and allowing disease-free remission from the condition. When used for this same disease, Patent Blue V can also limit surgical intervention to what is strictly necessary. For some types of cancer, such as hepatocellular carcinoma, interventional radiology is of great benefit as it enables the precise imaging and mapping of hepatic lesions, and even the administering of anti-cancer drugs within these tumor lesions through transarterial chemoembolization, usually as an outpatient procedure.

- **In cardiology**, the assessment of cardiovascular disorders by injecting contrast agents is vital for investigating the consequences of serious diseases for patients who are symptomatic and/or present associated risk factors (such as obesity, diabetes, high cholesterol, stress, high blood pressure and smoking). More than 7 million examinations are carried out to analyze the condition of blood vessels (detecting significant narrowing of vessels due to arterial plaque) and the impact on the rate at which the blood is flowing in order to adequately supply essential tissues such as the heart (risk of a heart attack) or the brain (risk of stroke). Effective diagnosis allows patients to be categorized according to their risk profile and the presence or absence of clinical signs to determine the most appropriate treatment options (preventive monitoring, choice of one drug alone or several drugs in combination or a strategy of major or interventional surgery). In this specialty, for example, interventional radiology allows imaging of the narrowed part of blood vessels that needs medical attention, guiding of endovascular procedures and an immediate check on the effectiveness of the resulting dilation, by injecting a contrast agent. This type of treatment, which is less invasive for the patient and less costly for the local authorities in terms of hospitalization time and patient monitoring, has replaced surgery in many cases.
- **In neurology**, MRI has proved its worth through central nervous system (CNS) imaging, by making it possible, for the first time, to diagnose lesions that cannot be seen using an X-ray scanner. Injections of contrast agents during CNS imaging allow the investigation of tumor diseases (primary brain tumors or brain metastases linked to a primary cancer), inflammatory diseases (such as multiple sclerosis), degenerative conditions (such as Alzheimer's disease), vascular disorders (such as strokes) and infectious diseases (such as brain abscesses). These disorders, most of which are chronic and for which the available drugs intended to stop their development are still inadequate, are a major public health issue, because of population ageing, longer life expectancies and the heavy cost of caring for these dependent patients. Interventional radiology can also be used to successfully treat a large number of cerebral arteriovenous malformations without surgery.

1.6.2.3 New Chemical Entities (NCE)

New contrast agents or new chemical entities (NCE) are developed in several successive phases, like drugs:

- **Phase I** to study the clinical and biological tolerance in healthy volunteers and the pharmacokinetics (how the product is distributed, metabolized and eliminated within the organism) of increasing doses of the product, and thereby determine the maximum tolerated dose.
- **Phase II** to compare the diagnostic effectiveness on patients of several doses of the product with the effectiveness of an (inactive) placebo and usually with a leading product on the market.
- **Phase III** to confirm, for a large cohort of patients, the diagnostic effectiveness and tolerance profile of the product compared with a leading product or technique.

Guerbet is continuing to develop NCE P03277, a gadolinium chelate-based molecule for use in MRI.

As preclinical studies have shown, this particularly effective product is suitable for high magnetic fields. Phase I was completed in 2014 and phase IIa is in progress. The development plan for phases IIb and III was discussed with the regulatory authorities in 2014.

Guerbet is also working on interventional radiology program in the oncology field.

1.6.2.4 Life Cycle Management (LCM)

The main objective of the LCM activities is management of the life cycle of products that are already on sale. Typical LCM activities include obtaining approval for new indications, the development of new formulations or presentations, and securing new registrations in new geographic regions.

For instance, Guerbet was granted approval for the use of Lipiodol® for the intra-arterial imaging of hepatic lesions in the United States in April 2014 and for the transarterial chemoembolization indication in France in August 2014 for patients suffering from intermediate-stage inoperable hepatocellular carcinoma.

The **Clinical Development and Regulatory Affairs** Department is also continuing with major work on contrast agents already on sale in the three main medical imaging segments in which the Group operates, *i.e.* MRI, X-ray and IRT.

- In the **MRI** segment, the aim of the research on Dotarem® is to confirm its diagnostic effectiveness compared with other products, to confirm its excellent safety profile, and to document its pharmacokinetic profile for children under the age of 2 (at the FDA's request).
- In the **X-ray** segment, the research on Xenetix® is intended to document its diagnostic effectiveness when used for cardiac CT scans compared with other products.
- In the **IRT** segment, represented by Lipiodol®, the focus of activity is to continue developing the recognition by the regulatory authorities in Europe, Asia and Latin America, after the United States and France, of the product's properties as an interventional radiology contrast agent for the treatment of patients suffering from an intermediate-stage inoperable hepatocellular carcinoma.

In the area of **chemical and pharmaceutical development**, LCM has worked on developing new processes, particularly with a view to improving our environmental footprint and industrial production costs.

1.6.3 PARTNERSHIPS

To meet its research and development targets, Guerbet is building a strategy of partnership and collaboration agreements. This outward-looking operating method enables it to benefit from the most advanced global scientific expertise. Medical imaging is very much a multi-disciplinary field where expertise in chemistry, physics, computing, image processing, electronics, biology and medicine are required. Guerbet therefore sees teamwork as a key factor for the success of its research.

Several collaborative research programs are being conducted at the same time. The largest of these is the **Iseult** project, financed by Bpifrance (a public investment bank formerly known as Oséo Innovation). The goal of this project, conducted in collaboration with the Neurospin center of the Atomic Energy Commission (CEA), is to make progress in MRI by using very high magnetic fields. The expected benefit of these new technologies is improved sensitivity to the detection of small brain lesions that can not be detected using standard techniques.

IMOVA's objective is to meet the medical diagnosis needs not yet covered in the artherothrombosis imaging area. Together with its partners, Guerbet intends to develop and validate new artherothrombosis molecular imaging (MRI and nuclear medicine) products. A phase 0 clinical study may be launched at the end of the project. Imova has been set up by Guerbet and four other partners in the Paris region: DOSIsoft, a start-up specialized in medical image quantification and analysis software, the CEA's Simopro unit, the IMNC (Neurobiology and Oncology Imaging and Modelling) unit of the CNRS (National Center for Scientific Research) and the U698 unit of Inserm (National Institute for Health and Medical Research).

Guerbet has also invested in the **SpineInject** project financed by the *Fonds universel interministériel* or FUI (Interministerial Research Fund), in partnership with the company Graftys and academic teams developing calcium-phosphate cements that offer an alternative to biological bone grafts in the spine. This is Guerbet's first collaborative research partnership in the interventional field with a view to creating a cement containing a radio-opaque contrast agent to check the effective implanting and bioresorption of the cement.

Some collaborative research partnerships involve two types of financial clauses:

- repayment of advances if product sales are successful;
- payment of a share of profits based on the revenue and/or operating profit made from the products resulting from these projects.

In 2014, Guerbet and **Sirtex** announced that they would be collaborating in clinical studies on primary and secondary (metastatic) liver cancer.

Guerbet is also a member of the international competitiveness cluster **Medicen Paris Region**, which groups together the leading biomedical innovators in the Paris region. Collaborative projects have emerged from this stimulating environment, including the *Plateforme Structurante des Pôles de Compétitivité* or PSPC (Competitiveness Cluster Structuring Platform), a program focused on the diagnosis and locoregional treatment of hepatocarcinoma (HECAM project).

1.6.4 RESEARCH AND DEVELOPMENT COSTS

The table below presents the research and development costs incurred by the Guerbet Group over the last two years.

	2014	2013
Research and development costs (in € million)	35,300	36,730
Research and development costs (in % of revenue)	8.6%	9.4%

1.6.5 RESEARCH AND DEVELOPMENT PORTFOLIO

GROWTH DRIVERS	RESEARCH	PHASES 1/2A	PHASES 2B/3	REGISTRATION	LAUNCH
		EARLY DEVELOPMENT	LATE DEVELOPMENT		
MRI		P03277	Dotarem® other indications USA	Dotarem® Canada	Magnescape® 11-13 ml Japan Dotarem® Kit France
IRT	3 new Interventional Radiology programs			Lipiodol® Chemoembolization Canada, Europe, Asia BPV New markets	Lipiodol® Visualization of liver tumors USA Chemoembolization France Japan India
Medical Devices		FlowSens® Connected			FlowSens® Injectors and disposables
X-ray				NaCl ScanBag®	Xenetix® Kit France

1.6.6 INTELLECTUAL PROPERTY

Intellectual property is vital in the drug industry as it compensates for part of the time and cost involved in innovation, while allowing companies to reap the benefits of researchers' work. Patent terms are limited to twenty years from the date on which the application is filed. In practice, product development times are such that the exclusivity period is often considerably reduced. The expiry of a patent may lead to the emergence of very strong competition due to the arrival of generic products (see Generic Risks in the Risk Factors section). In some cases, patents may be extended through an additional protection certificate, known as a "Patent Term Extension" in the United States. Products may also be protected by other patents granted during the development process, such as formulation and manufacturing patents, and during product Life Cycle Management activities. Guerbet holds a portfolio of patents covering

active ingredients, new pharmaceutical formulations, formulation and manufacturing processes, injection systems and medical devices. Guerbet also has a portfolio of trademarks and industrial models.

CLINICAL DATA PROTECTION

Clinical data protection is a complement to protection by patent. This is a period of exclusivity during which a regulatory administrative authority will refuse either submissions of marketing authorization applications or the granting of marketing authorization for generics that have been developed based on the clinical data covered by this protection relating to an originator drug. In the United States, Dotarem® is covered by clinical data protection until 20 March 2018.

➤ 1.7 The Group's governance structure at 31 December 2014

1.7.1 EXECUTIVE COMMITTEE

Yves L'Épine	Chief Executive Officer
Virginie Beck	VP, Strategic Projects and Corporate Secretary
Bruno Bonnemain	SVP, Scientific Advisor and Chief operating Officer
Claire Corot	SVP, Research, Innovation and Business Development Licensing
Pierre Desche	SVP, Development, Medical and Regulatory Affairs
Brigitte Gayet	VP, Responsible Pharmacist, Industrial Quality Director and Deputy CEO
Henri-François Gregy	VP, Pharmaceutical Operations
Jean-François Le Martret	SVP, Chief Financial Officer
Pascal Mailliart	SVP, Human Resources - Facilities - Security and Environment
Dominique Meyer	VP, Chemical industrials
Marie-Claire Taine	VP, Commercial Operations
Olivier Vallet	VP, Supply Chain

1.7.2 BOARD OF DIRECTORS

Marie-Claire Janailhac-Fritsch	Chairman of the Board of Directors
Marion Barbier	
Jean-Jacques Bertrand	
Mark Fouquet	
Claire Jouault-Massiot	
Didier Izabel	
Céline Lamort	
Yves L'Épine	Chief Executive Officer
Christian Louvet	

1.7.3 A GLOBAL FOOTPRINT

GUERBET

AMERICAS	EUROPE			ASIA
Guerbet LLC (United States) 100%	Guerbet France (France) 100%	Guerbet GmbH (Germany) 100%	Guerbet Nederland BV (Netherlands) 100%	Guerbet Asia Pacific Ltd. (Hong Kong) 100%
Guerbet Mexicana S.A. de C.V. (Mexico) 99.98%	Simafex (France) 100%	Guerbet Austria (Austria) 100%	A Martins & Fernandes (Portugal) 100%	Guerbet Korea Ltd. (South Korea) 100%
Guerbet Produtos Radiologicos Ltda. (Brazil) 99.99%	Medex (France) 100%	Guerbet NV (Belgium) 99.78%	Guerbet Laboratories Ltd. (United-Kingdom) 100%	Guerbet Taiwan Co., Ltd. (Taiwan) 100%
	Abalux (France) 100%	Guerbet Laboratorios Farmaceuticos (Spain) 100%	Guerbet AG (Switzerland) 100%	Guerbet Japan KK (Japan) 100%
	Abarem (France) 100%	Guerbet S.p.A. (Italy) 99.90%	Guerbet Ilac Tibbi A.S. (Turkey) 100%	

1.7.4 PROPERTY OWNED

Establishment	Entity	Address
Villepinte	Guerbet	15, rue des Vanesses – 93420 Villepinte – France
Aulnay-sous-Bois	Guerbet	16/24, rue Jean-Chaptal – 93600 Aulnay-sous-Bois – France
Lanester	Guerbet	705, rue Denis-Papin – 56607 Lanester – France
Marans	Simafex	16, rue des Fours-à-Chaux – 17320 Marans – France
Rio de Janeiro	Guerbet Produtos Radiologicos Ltda.	Rua André Rocha – 3000 – Jacarepagua – CEP 22710 – 561 – Rio de Janeiro – Brazil
Germany	Guerbet GmbH	Otto Volger-Strasse 11-65843 – Sulzbach/Taunus – Germany
Belgium	Guerbet NV	31, avenue Henri-Dunant – 1140 Brussels – Belgium
Portugal	A Martins & Fernandes	Rua Raul Mesnier – Ponsard 4B 1750 Lisboa – Portugal

1.7.5 DISTRIBUTION

Guerbet distributes its products in almost eighty countries on the five continents.

The Group sells its products *via* several channels:

- directly through its sales structure;
- through distributors;
- through licence-holders.

Direct operations

The Group has direct operations in Europe, Asia, North America and Latin America, through eighteen subsidiaries.

Distribution agreements

For markets where Guerbet does not have direct operations or a licensing agreement, it has signed agreements with around sixty distributors. The main agreements cover Scandinavia, Eastern Europe, Greece, Africa and the Middle East and some countries in South America, Asia and Oceania.

Types of customers

Guerbet's local customer structure in each of its national markets, excluding distributors and licensees, differs from one country to another. There are two common factors in most countries, however:

- a large proportion of sales are made to hospitals, clinics, radiology centers and purchasing pools. In the vast majority of cases, such sales are based on negotiated contracts or calls for tenders;
- a second major category of customers consists of wholesale distributors that in turn supply pharmacies.

CORPORATE GOVERNANCE

2

2.1	The Board of Directors	19
2.2	Compensation of company officers	24
2.3	Report by the Chairman of the Board of Directors on corporate governance, the internal control system and the principles governing compensation of the company officers	27
2.4	Statutory Auditors' report produced in accordance with Article L. 225-235 of the French Commercial Code on the report by the Chairman of the Board of the Directors	32

> 2.1 The Board of Directors

2.1.1 BOARD MEMBERS



Date of birth:

3 July 1955

Professional address:

Guerbet
15, rue des Vanesses
93420 Villepinte

First appointment to the Board: 27 May 2011

Date of most recent reappointment:
not applicable

Expiry of term of office:
2017 General Meeting

MS MARIE-CLAIRE JANAILHAC-FRITSCH ■ Chairman of the Board of Directors

- Current terms of office and positions held within Guerbet: Chairman of the Board of Directors
- Independent
- Chairman of the Strategy and Innovation Committee
- Member of the Audit Committee
- Member of the Appointment Committee

Career history:

Consultant in the cosmetics sector at Hellébore since 2003
Professional activity in the cosmetics industry since 1987; participation in the creation, development and sale of start-ups in this field
Positions held in the pharmaceutical industry at Euroga and Smith Kline from 1978 to 1987
Member of the *Institut Français des Administrateurs* (French Institute of Directors) since 2007

Education:

HEC Paris business school

Current terms of office held in French and foreign companies:

Chairman of the company Hellébore SAS
CEO of the company FJ IMMO SARL

**Date of birth:**

14 October 1958

Professional address:Guerbet
15, rue des Vanesses
93420 Villepinte**First appointment to the Board:** 27 July 2011**Date of most recent reappointment:**
not applicable**Expiry of term of office:**
2017 General Meeting**MS MARION BARBIER ■ Non-Independent Director**

- Current terms of office and positions held within Guerbet: Director
- Non-independent because she is a member of the Guerbet family
- Chairman of the Ethics and Governance Committee
- Member of the Appointment and Compensation Committee
- Member of the Strategy and Innovation Committee

Career history:Partner in the law firm Bird & Bird in 2000
Lawyer at the law firm Jeantet & Associés from 1984 to 2000**Education:**

Graduate of Panthéon-Sorbonne University in international law and member of the Paris bar

Current terms of office held in French and foreign companies:

None

**Date of birth:**

20 May 1939

Professional address:Guerbet
15, rue des Vanesses
93420 Villepinte**First appointment to the Board:** 25 May 2002**Date of most recent reappointment:**
21 May 2010**Expiry of term of office:**
2016 General Meeting**MR JEAN-JACQUES BERTRAND ■ Independent Director**

- Current terms of office and positions held within Guerbet: Director
- Independent
- Member of the Appointment and Compensation Committee
- Member of the Ethics and Governance Committee
- Member of the Strategy and Innovation Committee

Career history:Chairman and CEO of Pasteur Mérieux Connaught (Aventis Pasteur in 2000) from 1994 until the end of 2002
Member of Rhône-Poulenc's Executive Committee in 1999 and Deputy CEO of Aventis Pharma
CEO of Rhône-Poulenc Rorer in 1990
Chief Pharmaceutical Operations Officer of Rhône-Poulenc Santé in France in 1985**Education:**

HEC Paris business school

Current terms of office held in French and foreign companies:Chairman of the Board of Pierre Fabre Laboratoire
Chairman of the Board of Neovacs (biotech company)
Director of the *Fondation pour la Recherche Médicale* (Foundation for Medical Research)
Director of Abivax SA
Honorary Chairman of the LEEM (French Association of Drug Companies)

**Date of birth:**

6 July 1959

Professional address:

Guerbet
15, rue des Vanesses
93420 Villepinte

First appointment to the Board: 23 May 2014**Date of most recent reappointment:**

not applicable

Expiry of term of office:

2020 General Meeting

MR MARK FOUQUET ■ Non-Independent Director

- **Current terms of office and positions held within Guerbet: Director**
- **Non-independent because he is a member of the Guerbet family**
- **Member of the Audit Committee**
- **Member of the Strategy and Innovation Committee**

Career history:

Corporate Secretary, assisting with and arranging industrial and financial partnerships at MGF Easybike since 2011

Financial engineering key account manager for Paris and Abidjan at Maréchal & Associés Finance, from 2010 to 2011

CEO and Partner, consultant in financial engineering and arranging financial deals at FG Partner SAS from 2007 to 2010

Consultant in financial engineering and arranging financial deals at Simpl-Fi from 2003 to 2007

Seller of French and European equities to institutional clients and IPO financing at KBC Securities France from 1999 to 2003

Education:

European Business School

Current terms of office and positions held in French and foreign companies:

Chairman of the Supervisory Board of Terranere – Ixow

Director of Lucibel SA

CEO of SIMPL-FI

Chairman of Calenzane

Chairman of SAS Xelos

**Date of birth:**

6 December 1955

Professional address:

Guerbet
15, rue des Vanesses
93420 Villepinte

First appointment to the Board: 23 May 2014**Date of most recent reappointment:**

not applicable

Expiry of term of office:

2020 General Meeting

MR DIDIER IZABEL ■ Independent Director

- **Current terms of office and positions held within Guerbet: Director**
- **Independent**
- **Chairman of the Audit Committee**
- **Member of the Appointment and Compensation Committee**
- **Member of the Strategy and Innovation Committee**

Career history:

Senior Partner at Axys Finance (since 2009)

Managing Director at Group Banca Leonardo (2006-2009)

Partner at Toulouse & Associés (2003-2006)

Head of Mergers and Acquisitions at Compagnie Financière Edmond de Rothschild (1994-2003)

Head of the Financial Engineering Department at Banexi (BNP Group) (1989-1994)

Ministry for Industry:

- General Directorate for Industry, responsible for the Pharmaceutical Industry (1985-1989)

- Provence-Alpes-Côte d'Azur Region DRIR (Regional Directorate for Industry and Research), in charge of Industrial Environment (1982-1985)

Education:

École Polytechnique (1976)

École Nationale des Mines de Paris (1981)

Member of the *Corps des Mines*

Current terms of office and positions held in French and foreign companies:

CEO of Axys Finance since March 2009

CEO of SARL Financière des pins

CEO of SARL LMP 07

**Date of birth:**

27 August 1961

Professional address:

Guerbet
15, rue des Vanesses
93420 Villepinte

First appointment to the Board: 24 May 2013**Date of most recent reappointment:**
not applicable**Expiry of term of office:**
2019 General Meeting**MS CLAIRE JOUAULT-MASSIOT ■ Non-Independent Director**

- Current terms of office and positions held within Guerbet: Director
- Non-independent because she is a member of the Guerbet family
- Member of the Ethics and Governance Committee
- Member of the Strategy and Innovation Committee

Career history:

Head of Clinical and Medical Quality at Sanofi R&D since 2010
Quality assurance/good clinical practices and drug safety monitoring at Sanofi R&D from 1992 to 2010
Biotech research at Advanced Magnetics, Cambridge, United States, in 1991
Clinical research at Glaxo Laboratories in 1990
Hospital pharmacy intern within the *Assistance publique des hôpitaux de Paris* (Paris Public Hospital Authority) from 1985 to 1989

Education:

Advanced diploma in hospital pharmacy – Paris V
Master degree in biological and medical sciences – Paris VI
State doctorate in pharmacy – University René-Descartes – Paris V

Current terms of office held in French and foreign companies:

Manager of non-commercial partnership RFDC

**Date of birth:**

30 March 1982

Professional address:

Guerbet
15, rue des Vanesses
93420 Villepinte

First appointment to the Board:
5 November 2014 (provisional appointment)**Date of most recent reappointment:**
not applicable**Expiry of term of office:**
2016 General Meeting**MS CÉLINE LAMORT ■ Non-Independent Director**

- Current terms of office and positions held within Guerbet: Director
- Non-independent because she is a member of the Guerbet family
- Member of the Strategy and Innovation Committee

Career history:

Head of Operations in the Food and Crop Protection division of Royal DSM N.V. since 2013
Head of Supply Chain in the Food and Crop Protection division of Royal DSM N.V. from 2011 to 2013
Head of Logistics at Royal DSM N.V. in 2011
Head of continuous improvement/operational excellence projects at Royal DSM N.V. from 2008 to 2011
Process Engineer at Royal DSM N.V. from 2006 to 2008

Education:

IFA/Science-Po Paris – Company Director Certificate
Unitech International Program
École Nationale Supérieure de Chimie de Paris (ENSCP)

Current terms of office held in French and foreign companies:

None

**Date of birth:**

24 October 1959

Professional address:Guerbet
15, rue des Vanesses
93420 Villepinte**First appointment to the Board:** 24 May 2013**Date of most recent reappointment:**

not applicable

Expiry of term of office:

2019 General Meeting

MR YVES L'ÉPINE ■ CEO and Non-Independent Director

- Current terms of office and positions held within Guerbet: Director and CEO
- Non-independent because of his capacity as CEO
- Mr Yves L'Épine was appointed CEO of Guerbet on 17 October 2011
- Member of the Strategy and Innovation Committee

Career history:

Vice-President Europe of the Abbott group's Established Products division from 2010 to 2011
 Chairman and CEO of the French subsidiary of the Takeda group from 1999 to 2010
 Marketing and sales positions within the Sandoz group (then Novartis) from 1990 to 1999
 Paris Hospitals intern from 1985 to 1989

Education:

MBA from the Insead business school in 1990
 Doctorate in medicine and cardiology, René-Descartes Medical School – Paris V

Current terms of office held in French and foreign companies:

Chairman of Abarem
 Chairman of Abalux

**Date of birth:**

20 September 1939

Professional address:Guerbet
15, rue des Vanesses
93420 Villepinte**First appointment to the Board:** 15 May 1993**Date of most recent reappointment:**

21 May 2010

Expiry of term of office:

2016 General Meeting

MR CHRISTIAN LOUVET ■ Non-Independent Director

- Current terms of office and positions held within Guerbet: Director
- Non-independent because he is a member of the Guerbet family
- Chairman of the Appointment and Compensation Committee
- Member of the Strategy and Innovation Committee

Career history:

Management positions held in the Essilor group from 1979 to 2002

Education:

Qualified optician/optometrist and hearing care professional
 Graduate of the IFG management school

Current terms of office held in French and foreign companies:

None

None of these Directors has been convicted of fraud, or is subject to government proceedings or involved in bankruptcy, receivership or liquidation proceedings.

2.1.2 CONFLICTS OF INTEREST

To the best of the Group's knowledge, there are no factors likely to create conflicts of interest between the duties of the Board members with regard to the company and their private interests.

No arrangements or agreements have been entered into with customers, suppliers or anyone else by virtue of which one of the persons referred to above has been selected.

2.2 Compensation of company officers

2.2.1 COMPENSATION OF EXECUTIVE COMPANY OFFICERS

Variable compensation is based on quantitative and qualitative criteria relating to the company's economic performance and strategy. For confidentiality reasons, these criteria cannot be disclosed in this document.

The tables below present the gross compensation of each of the executive company officers for the financial year 2014. The executive company officers are Ms Marie-Claire Janailhac-Fritsch, in her capacity as Chairman of the Board of Directors, Mr Yves L'Épine, in his capacity as CEO, and Ms Brigitte Gayet, in her capacity as Deputy CEO (Chief Pharmacist).

SUMMARY TABLE OF THE COMPENSATION AWARDED TO MS MARIE-CLAIRE JANAILHAC-FRITSCH

(in €)	2014	2013
Compensation due for the year	48,729	11,999
Value of share options awarded during the year		
Value of performance shares awarded during the year		
Attendance fees due for her position as Director	26,500 ⁽¹⁾	22,963
TOTAL	75,229	34,962

(1) Subject to a vote at the General Meeting of Shareholders of 29 May 2015.

DETAILED TABLE OF THE COMPENSATION AWARDED TO MS MARIE-CLAIRE JANAILHAC-FRITSCH

(in €)	Amounts due for the year		Amounts paid during the year	
	2014	2013	2014	2013
Fixed compensation, of which:				
as Chairman of the Board of Directors	48,729	11,999	48,729	11,999
Variable compensation				
Exceptional compensation				
Attendance fees	26,500 ⁽¹⁾	22,963	22,963	22,463
Benefits in kind				
TOTAL	75,229	34,962	71,692	34,462

(1) Subject to a vote at the General Meeting of Shareholders of 29 May 2015.

SUMMARY TABLE OF THE COMPENSATION AWARDED TO MR YVES L'ÉPINE

(in €)	2014	2013
Compensation due for the year	578,268	534,074
Value of share options awarded during the year		
Value of performance shares awarded during the year		
Attendance fees due for his position as Director	20,000 ⁽¹⁾	11,061
TOTAL	598,268	545,135

(1) Subject to a vote at the General Meeting of Shareholders of 29 May 2015.

DETAILED TABLE OF THE COMPENSATION AWARDED TO MR YVES L'ÉPINE

(in €)	Amounts due for the year		Amounts paid during the year	
	2014	2013	2014	2013
Fixed compensation	381,924	370,800	381,924	370,800
Variable compensation	190,962	157,870	157,870	223,422
Exceptional compensation				
Attendance fees	20,000 ⁽¹⁾	11,061	11,061	
Benefits in kind	5,382	5,404	5,382	5,404
TOTAL	598,268	545,135	556,237	599,626

(1) Subject to a vote at the General Meeting of Shareholders of 29 May 2015.

SUMMARY TABLE OF THE COMPENSATION AWARDED TO MS BRIGITTE GAYET

(in €)	2014	2013
Compensation due during the year	189,174	156,743
Value of share options awarded during the year		
Value of performance shares awarded during the year		
TOTAL	189,174	156,743

DETAILED TABLE OF THE COMPENSATION AWARDED TO MS BRIGITTE GAYET

(in €)	Amounts due for the year		Amounts paid during the year	
	2014	2013	2014	2013
Fixed compensation	130,000	105,499	130,000	105,499
Variable compensation	45,500	43,944	43,944	32,103
Exceptional compensation	11,500	5,136	11,500	5,136
Attendance fees				
Benefits in kind	2,174	2,164	2,174	2,164
TOTAL	189,174	156,743	187,618	144,902

The table below presents other information closely related to the future compensation of the executive company officers:

	Employment contract		Supplementary pension plan		Compensation or benefits due or liable to be due following a termination or change of duties		Compensation due under a non-compete clause	
	Yes	No	Yes	No	Yes	No	Yes	No
Ms Marie-Claire Janailhac-Fritsch		x		x		x		x
Mr Yves L'Épine		x	x			x		x
Ms Brigitte Gayet	x		x			x		x

In 2014, two executive company officers, like other Guerbet executives, benefited from an individual supplementary pension plan paid into by Guerbet. The total funded pension amount paid into the individual pension plans came to €21,380 in 2014, which breaks down as follows: €13,517 for Mr Yves L'Épine and €7,863 for Ms Brigitte Gayet. No performance shares, loans or guarantees were awarded to the three executive company officers in 2014.

2.2.2 ATTENDANCE FEES

(in €) Director	Subject to a vote at the General Meeting of Shareholders of 29 May 2015	Paid in 2014 as authorised at the General Meeting of 23 May 2014	Paid in 2013 as authorised at the General Meeting of 24 May 2013
Marie-Claire Janailhac-Fritsch	26,500	22,963	22,463
Marion Barbier	25,000	20,963	19,963
Jean-Jacques Bertrand	23,000	22,463	23,463
Vincent Dagommer ⁽¹⁾	4,333	21,463	22,463
Mark Fouquet	22,000	1,580	-
Olivier Guerbet ⁽¹⁾	18,000	21,463	22,463
Didier Izabel	21,667	-	-
Claire Jouault-Massiot	22,000	12,061	-
Céline Lamort ⁽²⁾	4,000	-	-
Yves L'Épine	20,000	11,061	-
Christian Louvet	22,000	19,963	19,963

(1) Vincent Dagommer and Olivier Guerbet resigned from their office as Directors on 12 March and 31 October 2014 respectively.

(2) Provisionally appointed at the Board of Directors' meeting of 5 November 2014 in accordance with Article L. 225-24 of the French Commercial Code. This appointment has to be confirmed at the General Meeting of 29 May 2015.

2.2.3 COMMITMENTS MADE TO COMPANY OFFICERS ON ASSUMING, CHANGING OR TERMINATION OF THEIR DUTIES

Not applicable.

2.2.4 STOCK OPTION OR SHARE OPTION PLANS**2.2.4.1 Options granted to executive company officers in 2014**

Not applicable.

2.2.4.2 Options exercised by executive company officers in 2014

Not applicable.

2.2.4.3 Options not exercised by executive company officers at 31 December 2014

Mr Yves L'Épine and Ms Brigitte Gayet held 48,000⁽¹⁾ and 1,480⁽¹⁾ share options respectively that had not been exercised at 31 December 2014.

2.2.4.4 Options granted to employees excluding company officers in 2014

Not applicable.

2.2.4.5 Share option plans outstanding at 31 December 2014

The share option plans are presented in detail in the notes to the consolidated and parent company financial statements (see section entitled "Financial statements and related notes").

2.2.4.6 Options exercised by employees excluding company officers in 2014

8,000 share options were exercised in 2014.

(1) This corresponds to the 12,000 and 370 options referred to in the 2013 Registration Document after adjustment for the share split of 23 January 2014.

➤ 2.3 Report by the Chairman of the Board of Directors on corporate governance, the internal control system and the principles governing compensation of the company officers

In accordance with Article L. 225-37, paragraph 6 of the French Commercial Code, we are pleased to report to you on the composition of the Board, the preparation and organization of its work, the principles and rules defined by it to determine the compensation and benefits of any kind granted to the company's officers, and the internal control and risk management procedures established by your company. This report was approved by the Directors on 8 April 2015.

Guerbet has adopted the Corporate Governance Code published by Afep/Medef (French Association of Private Sector Companies/French Business Confederation). Any deviations from this Code relating to the composition of the Board of Directors and the Committees are referred to in the summary table at the end of this report. This Code can be consulted on the website www.code-afep-medef.com.

2.3.1 INFORMATION REGARDING CORPORATE GOVERNANCE

Guerbet is a French public limited company (*société anonyme*) with a Board of Directors and separation of the positions of Chairman of the Board and CEO.

The Board of Directors had nine members at 31 December 2014:

- Ms Marie-Claire Janailhac-Fritsch, Chairman of the Board
- Ms Marion Barbier
- Mr Jean-Jacques Bertrand
- Mr Mark Fouquet
- Mr Didier Izabel
- Ms Claire Jouault-Massiot
- Ms Céline Lamort
- Mr Yves L'Épine, CEO
- Mr Christian Louvet

Ms Marie-Claire Janailhac-Fritsch has chaired the Board since 30 September 2013.

Note that Doctor Michel Guerbet is honorary company Chairman.

At 31 December 2014, the Board of Directors had three independent members, namely Ms Marie-Claire Janailhac-Fritsch, Mr Jean-Jacques Bertrand and Mr Didier Izabel, representing a third of the total, in accordance with the Afep-Medef Code's recommendations.

The Independent Directors meet the conditions set by the Afep-Medef Code:

- they are not members of the Guerbet family;
- they do not have any particular business ties or relations with the company or one of its subsidiaries;
- they do not hold a management position within the company;
- they do not own a significant number of company shares;
- they do not have an employment contract with the company or one of its subsidiaries;
- they have performed their duties on the Board of Directors for twelve years or less.

Also note that:

- Mr Yves L'Épine is Guerbet's Chief Executive Officer. The position of CEO is separate from the position of Chairman of the Board of Directors. Mr Yves L'Épine is not a member of any committee except the Strategy and Innovation Committee, of which all the Directors are members.

- Ms Brigitte Gayet is Deputy CEO given her position as Responsible Pharmacist.

The provisional appointments of Mr Mark Fouquet and Mr Didier Izabel, decided at the respective Board meetings of 19 December 2013 and 12 March 2014, were confirmed at the General Meeting of 23 May 2014, in accordance with Article L. 225-24 of the French Commercial Code. Their terms of office will last for six years and will end after the General Meeting to be held in 2020 to approve the financial statements for the financial year ended 31 December 2019.

Mr Vincent Dagommer resigned from his office of Director on 12 March 2014 following his appointment to the position of CEO of the Belgian subsidiary Guerbet NV.

Mr Olivier Guerbet resigned from his office of Director on 31 October 2014 for personal reasons and notably to devote himself to other activities within the René Briand Group.

Ms Céline Lamort was provisionally appointed as a member of the Board in accordance with Article L. 225-24 of the French Commercial Code on 5 November 2014. Her appointment has to be confirmed at the General Meeting of 29 May 2015.

The members of the Board have been appointed for a six-year term, in accordance with the law and the articles of association. Note that the Afep-Medef Code's recommendation that Directors' terms of office should last for four years has not been adopted. The company strives to meet the criteria of the Afep-Medef Code whenever this is compatible with its organizational structure and way of operating. However, due to the company's size, its capital-intensive nature, and the Board's desire to adopt a long-term perspective while drawing on past experience, it has decided not to follow this recommendation.

In 2014, the Board of Directors met six times with an average 90% attendance rate. Since the start of 2015, the Board of Directors has met once in order to examine the annual financial statements for the financial year 2014.

The Board of Directors has Rules of Procedure that clarify and supplement the procedures governing its operation and the operation of its Committees as provided for by the articles of association and the law.

2.3.1.1 Organization of the work of the Board of Directors and the Committees

ASSESSMENT

The Rules of Procedure provide that the Board of Directors must conduct a self-assessment of its operating procedures and verify that issues affecting the efficient operation of the company are suitably examined and discussed.

In accordance with these provisions, the Board of Directors, at its meeting on 19 December 2014, conducted its assessment through a written questionnaire sent to the members of the Board by the company's Secretary. This consisted of a detailed questionnaire with closed-ended and open-ended questions so that each of the Board's members could clarify their replies.

It emerged from this assessment and the Board's deliberations that the Board of Directors operates satisfactorily. The members of the Board noted progress in several areas:

- provision of:
 - an induction package for new Directors,
 - a management dashboard monitoring the Group's annual targets;
- organization of an information day dedicated to the members of the Board;
- formalization of Board Committees' reporting to the Board of Directors.

The way discussions are conducted and their high quality also allow each of the Board's members to express their opinion and foster collective decision-making.

The proportion of Independent Directors was considered to be satisfactory, bearing in mind that a new Independent Director, Mr Didier Izabel, was provisionally appointed by the Board of Directors on 12 March 2014 and his appointment was confirmed at the General Meeting of 23 May 2014. These Directors have retained their capacity as Independent Directors as they have no ties of any kind to the company, its subsidiaries or its Management that might compromise the independent exercising of their judgement.

The Board of Directors has four Committees: the Strategy and Innovation Committee, the Appointment and Compensation Committee, the Audit Committee and the Ethics and Governance Committee. The Committees are forums for analysis and reflection. They issue opinions and proposals but do not make decisions. They report on their work to the Board of Directors.

STRATEGY AND INNOVATION COMMITTEE

All of the Directors participate in this Committee, which meets once every quarter and more frequently if necessary. The Committee met six times in 2014. It is chaired by Ms Marie-Claire Janailhac-Fritsch, the Chairman of the Board of Directors.

The role of the Strategy and Innovation Committee is to prepare the work of the Board of Directors in areas of significant strategic interest.

The agendas covered analysis of the medium-term plan, major assumptions made with regard to the 2015 budget, the launch of the Flowsens® injector, qualification of the Aulnay primary packaging production line, the interventional radiology strategy and analysis of the portfolio of potential partnerships.

APPOINTMENT AND COMPENSATION COMMITTEE

The Committee is composed of Ms Marie-Claire Janailhac-Fritsch (except when compensation is being discussed), Ms Marion Barbier, Mr Christian Louvet (Chairman), Mr Jean-Jacques Bertrand and Mr Didier Izabel. More

than half of the members of this Committee are Independent Directors. Note that the Afep-Medef Code's recommendation providing for a majority of Independent Directors on this Board has been met.

The presence of Ms Marie-Claire Janailhac-Fritsch on the Appointment and Compensation Committee represents a deviation from the Afep-Medef Code's provisions according to which the Chairman of the Board should not be a member of this Committee. The Board of Directors notes, however, that the purpose of Ms Marie-Claire Janailhac-Fritsch's appointment is to maintain a satisfactory proportion of Independent Directors on the Appointment and Compensation Committee. Furthermore, the fact that the company has separated the positions of CEO and Chairman and that she abstained from voting on decisions regarding compensation means that Ms Marie-Claire Janailhac-Fritsch is able to be a member of the Appointment and Compensation Committee.

The Committee met twice in 2014.

The role of the Appointment and Compensation Committee is to put the Board of Directors in the best position to:

- select new Directors, appoint the CEO and, on the advice of the latter, appoint the Deputy CEOs;
- ensure the successful integration of new Directors;
- review the compensation policy applied within the Group;
- propose the executive company officers' compensation and benefits with a view to their adoption by the Board;
- look particularly at issues relating to succession planning for senior executives and people holding key positions within the Group.

AUDIT COMMITTEE

At 31 December 2014, the Committee was composed of Ms Marie-Claire Janailhac-Fritsch, Mr Didier Izabel (Chairman) and Mr Mark Fouquet. This Committee has three members, two of whom are Independent Directors. Note that the Afep-Medef Code's recommendation providing that at least two thirds of the Committee's members must be Independent Directors has been met.

Mr Mark Fouquet was elected as a member of the Audit Committee at the Board of Directors' meeting of 12 March 2014. Likewise, Mr Didier Izabel, a new Independent Director provisionally appointed by the Board on 12 March 2014, was also elected as a member and Chairman of the Audit Committee at this same Board meeting. Their appointment was confirmed at the General Meeting of 23 May 2014.

The presence of Ms Marie-Claire Janailhac-Fritsch on the Audit Committee represents a deviation from the Afep-Medef Code's provisions according to which the Chairman of the Board should not be a member of this Committee. The Board of Directors notes, however, that the purpose of Ms Marie-Claire Janailhac-Fritsch's appointment is to maintain a satisfactory proportion of Independent Directors on the Audit Committee and to benefit from her management and financial expertise. Ms Marie-Claire Janailhac-Fritsch also holds no other position within the company, which means that she is able to be a member of the Audit Committee.

The Committee met five times in 2014.

In accordance with Article L. 823-19 of the French Commercial Code, and under the sole and joint responsibility of the members of the company's Board of Directors, the Audit Committee oversees issues relating to (i) the preparation and examination of the parent company financial statements and, where applicable, the consolidated financial statements; (ii) the independence and objectiveness of the Statutory Auditors and (iii) the efficiency of the internal control and risk management systems.

This Committee hears from the CEO, the CFO and the Statutory Auditors, who participate in the Committee's work.

ETHICS AND GOVERNANCE COMMITTEE

The Committee is composed of Ms Marion Barbier (Chairman), Ms Claire Jouault-Massiot and Mr Jean-Jacques Bertrand.

The Committee met four times in 2014.

The Ethics and Governance Committee prepares the work of the Board of Directors with regard to ethics and governance within the Group. As such, the Committee handles and monitors all issues relating to:

- compliance of the company's values, actions and projects with social, legal and regulatory standards;
- management integrity;
- definition of and compliance with good governance rules;
- prevention of corruption and fraud;
- the company's Articles of Association and the Board of Directors' Rules of Procedure;
- qualification as Independent Director.

The Committee also ensures that the Board and the Board's Committees are operating effectively.

The agendas covered approval of the Ethics Charter, arrangements for the roll-out of this Charter, the role of the internal control function and approval of the Board of Directors' self-assessment questionnaire.

2.3.1.2 Principles and rules for determining the compensation and benefits granted to company officers

The Appointment and Compensation Committee is tasked by the Board of Directors with reviewing compensation and preparing the Board's decisions on related issues.

THE BOARD OF DIRECTORS

1) Board members

At the General Meeting planned for 29 May 2015, the Shareholders will be asked to approve the awarding of Directors' attendance fees for a maximum total amount of €230,000, composed of a fixed portion and a variable portion calculated according to the participation of each member in Audit Committee, Appointment and Compensation Committee and Ethics and Governance Committee meetings. The Chairmen of each of the Committees, including the Strategy and Innovation Committee, receive an additional variable portion.

To ensure fair treatment of all of the Directors and due to their almost continual participation in the Board's decision-making meetings, the Board does not wish to adopt the Afep-Medef Code's recommendation that the largest share of the attendance fees be allocated to the variable portion.

In addition, and independently of this recommendation, comparisons have shown that these amounts are in the lower range for companies of similar size.

2) The Chairman of the Board of Directors

The compensation awarded to the Chairman of the Board of Directors, Ms Marie-Claire Janailhac-Fritsch, for 2014, set at a net amount of €37,925, was unchanged compared with 2013.

THE MANAGEMENT

The Chief Executive Officer, Mr Yves L'Épine, receives compensation for his position as company officer. He does not have an employment contract but is awarded the same benefits as Guerbet's executives. The Chief Executive Officer's compensation consists of a fixed portion and a variable portion. The variable compensation is based on quantitative and qualitative criteria relating to the company's economic performance and strategy. For confidentiality reasons, these criteria cannot be disclosed in this document. He is also entitled to reimbursement of expenses incurred in the performance of his duties and in particular the reimbursement of representation and travel expenses.

Mr Yves L'Épine only receives the fixed portion of the attendance fees in his capacity as Director.

Ms Brigitte Gayet, who is Chief Pharmacist and therefore Deputy CEO of Guerbet, receives compensation for the performance of this office. She has an employment contract for which she receives compensation as Head of Industrial Quality.

2.3.1.3 Information about the changes to the Board of Directors

The Board of Directors underwent the following changes in 2014:

- Resignation of Mr Vincent Dagommer from his office as Director on 12 March 2014.
- Provisional appointment of Mr Didier Izabel as Director on 12 March 2014 and confirmation of this appointment at the General Meeting of 23 May 2014.
- Confirmation of the provisional appointment of Mr Mark Fouquet as Director at the General Meeting of 23 May 2014 (provisional appointment on 19 December 2013).
- Resignation of Mr Olivier Guerbet from his office as Director on 31 October 2014.
- Provisional appointment of Ms Céline Lamort as Director on 5 November 2014. This provisional appointment must be approved at the General Meeting of 29 May 2015.

2.3.1.4 Participation in General Meetings

The terms and conditions for the participation of Shareholders in General Meetings and, in particular, the conditions for awarding double voting rights to holders of registered shares, are defined in Articles 19 and 20 of the articles of association.

2.3.1.5 Information of potential relevance in the event of a takeover bid

The information of potential relevance in the event of a takeover bid referred to in Article L. 225-100-3 of the French Commercial Code is presented in the management report by the company's Board of Directors.

In accordance with Article L. 225-37, paragraph 7, of the French Commercial Code, the table below lists the Afep-Medef Code's provisions that have not been adopted and the reasons why.

DEVIATIONS FROM THE RECOMMENDATIONS FOR THE COMPOSITION OF THE BOARD OF DIRECTORS AND THE COMMITTEES

Theme	Afep-Medef Code	Comments
Directors' terms of office	Limiting of Directors' terms of office, as defined in the articles of association, to four years Art. 14 of the Afep-Medef Code	The members of the Board have been appointed for a six-year term, in accordance with the law and the articles of association. Note that the Afep-Medef Code's recommendation that Directors' terms of office should last for four years has not been adopted. The company strives to meet the criteria of the Afep-Medef Code whenever this is compatible with its organizational structure and way of operating. However, due to the company's size, its capital-intensive nature, and the Board's desire to adopt a long-term perspective while drawing on past experience, it has decided not to follow this recommendation.
Composition of the Appointment and Compensation Committee	A majority of the Board's members are independent Art. 17 and 18 of the Afep-Medef Code	Note that the Afep-Medef Code's recommendation that executive company officers should not sit on the Appointment and Compensation Committee has not been adopted. Regarding the deviation from the recommendation that there should be no executive company officers on the Committee, the Board of Directors notes that the purpose of Ms Marie-Claire Janailhac-Fritsch's appointment is to maintain a satisfactory proportion of Independent Directors on the Appointment and Compensation Committee. Furthermore, the fact that the company has separated the positions of CEO and Chairman and that she abstains from voting on decisions regarding compensation means that Ms Marie-Claire Janailhac-Fritsch is able to be a member of the Appointment and Compensation Committee.
Composition of the Audit Committee	At least two thirds of the Board's members are independent Art. 16 of the Afep-Medef Code	Note that the Afep-Medef Code's recommendation that executive company officers should not sit on the Audit Committee has not been adopted. Regarding the deviation from the recommendation that there should be no executive company officers on the Committee, the Board of Directors notes that the purpose of Ms Marie-Claire Janailhac-Fritsch's appointment is to maintain a satisfactory proportion of Independent Directors on the Audit Committee and benefit from her management and financial expertise. The fact that she holds no other position within the company also means that Ms Marie-Claire Janailhac-Fritsch is able to be a member of the Audit Committee.
Compensation of the Directors	Compensation of the Directors Art. 21 of the Afep-Medef Code	To ensure fair treatment of all of the Directors and due to their almost continual participation in the Board's decision-making meetings, the Board does not wish to adopt the Afep-Medef Code's recommendation that the largest share of the attendance fees be allocated to the variable portion.

2.3.2 INFORMATION REGARDING THE INTERNAL CONTROL AND RISK MANAGEMENT SYSTEMS

The Group views the internal control and risk management systems as a set of policies intended to provide reasonable assurance that its operational targets are being met, its financial information is reliable and it is not in breach of any law or regulation.

These functions rely on:

- the organization and operation of the company's management bodies, as described above;
- a quality system including control activities, indicators and risk assessments;
- procedures and an organizational structure for the preparation of financial and accounting information.

A Head of Internal Control was appointed in 2014. He is responsible for analyzing, enhancing and assessing the risk control measures taken within the Group. The Head of Internal Control reports to the CEO and has direct access to the Board of Directors. He coordinates his work with the line and staff divisions, covering all of the Group's activities. Since his appointment, he has also coordinated the roll-out of the Ethics Charter and reinforced the initiatives taken to prevent the risk of fraud.

2.3.2.1 Guerbet's quality system

The company continues to implement measures to align its quality on the professional standards relating to its activities, particularly

pharmaceutical standards, notably to meet the challenges posed by the regular tightening of the regulations applicable to the manufacture and sale of its products in Europe and on the African, American and Asian continents.

The Guerbet Group, through all of its subsidiaries, is committed to a continuous improvement program designed to promote each person's responsibility for:

- the health and safety of the people who contribute to its activities;
- ensuring the dependability of its industrial facilities and their impact on the environment, particularly in terms of emissions, effluents and waste, so as to preserve the natural environment;
- compliance with the quality, safety and environmental laws and regulations applicable to the Group wherever it operates;
- maintaining relationships based on transparency and communication with stakeholders.

Each head of a division, plant or subsidiary is responsible for establishing and monitoring quality, safety and environmental program in their field of activity, making sure that all employees are kept informed and actively contribute.

Guerbet's quality system guarantees:

- the formalization of activities within a documentation system defining methods and responsibilities;

2.3 Report by the Chairman of the Board of Directors on corporate governance, the internal control system and the principles governing compensation of the company officers

- regular staff training;
- upstream and downstream traceability of all product batches;
- the performance of internal audits;
- the introduction of corrective actions to rectify any non-compliances detected and meet any activity improvement needs.

This quality system is regularly inspected by the French Ministry for Health, foreign drug authorities and the Group's French and foreign customers and industrial and commercial partners.

2.3.2.2 Internal control procedures relating to the preparation and processing of financial and accounting information

The internal control system relating to the processing of financial and accounting information aims to ensure the compliance of the Guerbet Group's accounting and financial information with the laws and regulations. The internal control system is also intended to verify the application of the instructions and guidelines set by the General Management.

The Group's General Management and Financial and Management Control activities are centralized by the Guerbet parent company. Most of the Group's subsidiaries also have administrative and finance departments.

The Guerbet Group has introduced a procedure for monitoring off-balance sheet commitments, and particularly sureties and guarantees and market instruments, which are periodically reviewed by the Audit Committee and the Board of Directors.

The Group's Finance Department has established an accounting charter and procedures applicable by all of the Group's entities. These procedures concern accounting standards and information reporting.

The Group's subsidiaries have also undertaken to apply the main general procedures (particularly the Group's financial policy) through charters agreed upon by them and the parent company.

The Group's consolidated financial statements are prepared by the parent company's teams. Consolidated financial statements restated to meet the standards laid down by the Group are produced for each consolidated subsidiary using the accounting data from the local information systems.

Finally, the Group organizes internal audits to check the degree of compliance with current policies and procedures.

2.3.2.3 Risk management

The risks to which the company is exposed are identified, assessed and ranked.

Each process, project and business conducts a regular analysis of its risks, so that prevention and mitigation actions can be introduced.

The actions introduced are monitored in continuous improvement plans.

The Group's safety and environment policy focuses on two main goals:

- safeguarding everyone's health and safety in our plants;
- controlling the environmental footprint of our operations.

The Risk Manager, who is responsible for promoting and developing risk management skills, transmits his know-how and expertise while providing methodological support to operational management. He also optimizes the cost of risk by transferring it to insurance companies, where appropriate.

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

2.4 Statutory Auditors' report, produced in accordance with Article L. 225-235 of the French Commercial Code, on the report prepared by the Chairman of the Board of the Directors

This is a free translation into English of the Statutory Auditors' report on the report prepared by the Chairman of the Board of Directors issued in French and it 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,

In our capacity as Statutory Auditors of Guerbet and in accordance with the provisions of Article L. 225-235 of the French Commercial Code, we hereby present to you our report on the report produced by the Chairman of your company in accordance with the provisions of Article L. 225-37 of the French Commercial Code for the financial year ended 31 December 2014.

It is the Chairman's responsibility to prepare and submit to the Board of Directors for approval a report on the internal control and risk management procedures implemented by the company that also provides the other information required by Article L. 225-37 of the French Commercial Code relating to matters such as corporate governance.

Our role is to:

- report on any observations regarding the information contained in the Chairman's report in respect of the internal control and risk management procedures relating to the preparation and processing of accounting and financial information; and
- certify that the report also includes the other information required by Article L. 225-37 of the French Commercial Code. Note that our role is not to verify the accuracy of this other information.

We conducted our work in accordance with the professional standards applicable in France.

INFORMATION REGARDING THE INTERNAL CONTROL AND RISK MANAGEMENT PROCEDURES RELATING TO THE PREPARATION AND PROCESSING OF ACCOUNTING AND FINANCIAL INFORMATION

Professional standards require that we perform the due diligence necessary to assess the accuracy of the information regarding the internal control and risk management procedures relating to preparation and processing of the accounting and financial information provided in the Chairman's report. This due diligence consists mainly of:

- becoming acquainted with the internal control and risk management procedures relating to preparation and processing of the accounting and financial information on which the information presented in the Chairman's report is based and the existing documentation;
- becoming acquainted with the work involved in the preparation of this information and the existing documentation;
- determining whether any material weaknesses in the internal control procedures relating to the preparation and processing of accounting and financial information that we have noted in the course of our analyses are properly disclosed in the Chairman's report.

Based on our analyses, we have no observations to make on the information regarding the company's internal control and risk management procedures relating to preparation and processing of the accounting and financial information contained in the report prepared by the Chairman of the Board of Directors in accordance with Article L. 225-37 of the French Commercial Code.

OTHER INFORMATION

We hereby certify that the report prepared by the Chairman of the Board of Directors also contains the other information required by Article L. 225-37 of the French Commercial Code.

Paris and Neuilly-sur-Seine, 9 April 2015

The Statutory Auditors

HAF Audit & Conseil

Member of Crowe Horwath International

Olivier Grivillers

Deloitte & Associés

Jean-Marie Le Guiner

GUERBET AND ITS SHAREHOLDERS

3

3.1	Guerbet shares	33
3.2	Dividend paid over three years	34
3.3	Shareholding	34
3.4	Transactions performed by executive officers and similar individuals	35
3.5	Threshold crossings	35
3.6	Shareholder Agreement and collective share retention agreements	36
3.7	Board of Directors' powers to issue and buy back shares	36
3.8	Summary of authorizations granted that may have an impact on the share capital	37
3.9	Provisions in the articles of association relating to share capital	37

> 3.1 Guerbet shares

Guerbet shares are listed on Euronext Paris – Segment B under ISIN code FR0000032526.

Based on the closing price at 31 December 2014, Guerbet's market capitalization is €416 million.

SHARE PRICE PERFORMANCE IN 2014



	Highest price in a trading session (in €)	Lowest price in a trading session (in €)	Number of shares traded	Turnover (in € million)
January 2014	28.22	23.92	65,166 ⁽¹⁾	3.46
February 2014	31.75	22.95	235,909	6.59
March 2014	33.60	28.99	291,990	9.34
April 2014	35.00	31.60	223,897	7.55
May 2014	34.80	32.43	232,975	7.86
June 2014	34.00	30.04	111,748	3.63
July 2014	33.55	27.86	355,898	10.86
August 2014	34.95	32.50	278,659	9.46
September 2014	45.52	34.50	259,420	9.99
October 2014	42.39	33.50	308,578	11.63
November 2014	37.69	32.65	165,950	5.97
December 2014	36.06	33.85	164,771	5.70

(1) The share split on 23 January 2014 explains the small number of shares traded in January. On a like-for-like basis, if the share split had taken place at the start of January, the number of shares traded would have been 227,586.

3.2 Dividend paid over three years

Financial year (in €)	Amount distributed	Gross dividend per share
2011	5,490,082.80	1.80
2012	6,100,092.00	2.00
2013	6,100,092.00	0.50

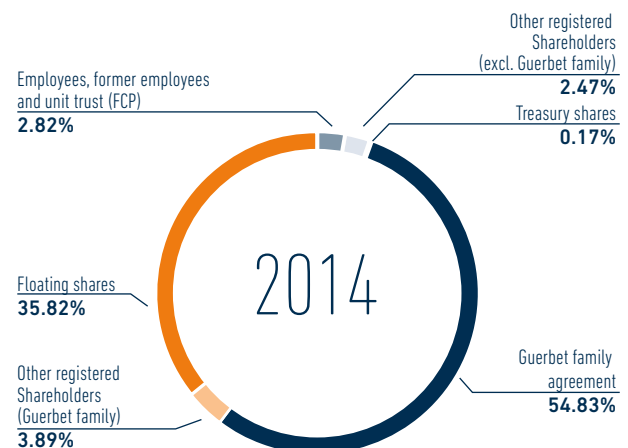
3.3 Shareholding

3.3.1 POSITION AT 31 DECEMBER 2014

On 23 January 2014, the company carried out a four-for-one share split. Thus, the 3,050,046 shares with a par value of €4 each became 12,200,184 shares with a par value of €1 each. 8,000 shares were also created following the exercise of 8,000 share options.

At 31 December 2014, the share capital amounted to €12,208,184 divided into 12,208,184 fully paid-up shares with a par value of €1 each. 3,744 of these 12,208,184 shares are pledged.

Taking into account registered shares, the share capital breaks down as follows:



3.3.2 CHANGE IN THE BREAKDOWN OF THE SHARE CAPITAL AND VOTING RIGHTS OVER THE LAST THREE YEARS

The breakdown of the share capital presented below corresponds to the shares and voting rights for Ordinary General Meetings. There is little difference compared with the breakdown of the share capital for Extraordinary General Meetings. This difference is due to divisions of ownership resulting from the gifting of shares within the Guerbet family whose beneficial owners and bare owner do not belong to the same category of Shareholders.

	31 December 2014			31 December 2013			31 December 2012		
	Number of shares ⁽¹⁾	% of the share capital	% of the voting rights ⁽²⁾	Number of shares	% of the share capital	% of the voting rights ⁽²⁾	Number of shares	% of the share capital	% of the voting rights ⁽²⁾
Guerbet family agreement	6,693,782	54.83	66.83	1,695,096	55.58	67.39	1,728,406	56.67	68.46
Other registered Shareholders (Guerbet family)	475,007	3.89	4.77	111,335	3.65	4.43	73,901	2.42	2.93
Employees, former employees and unit trust (FCP)	344,463	2.82	3.44	99,747	3.27	3.93	116,368	3.82	4.61
Other registered Shareholders (excl. Guerbet family)	301,309	2.47	3.02	80,068	2.63	3.18	84,627	2.77	3.34
Treasury shares ⁽³⁾	20,428	0.17	-	5,107	0.17	-	5,107	0.17	-
Floating shares	4,373,195	35.82	21.94	1,058,693	34.70	21.07	1,041,637	34.15	20.66
TOTAL	12,208,184	100.00	100.00	3,050,046	100.00	100.00	3,050,046	100.00	100.00

(1) A much larger number of shares is recorded at 31 December 2014 than for the two prior financial years due to the four-for-one share split on 23 January 2014.

(2) The breakdown of voting rights is presented in terms of effective voting rights. The number of theoretical voting rights was 19,948,067 at 31 December 2014, 5,029,354 at 31 December 2013 and 5,047,181 at 31 December 2012, assuming that each treasury share grants entitlement to one voting right.

(3) These treasury shares are shares bought on the market for the share option plan of 26 July 2005 that expired on 25 July 2012.

To the company's knowledge, four of the registered Shareholders have crossed the thresholds set by law for the number of shares and/or voting rights held. These threshold crossings are not linked to this financial year.

Shareholders	Ordinary General Meeting		Extraordinary General Meeting	
	Shares	Voting rights	Shares	Voting rights
Michel Guerbet	6.63%	8.10%	2.92%	3.55%
SC Guerbet Fron	5.80%	7.11%	5.80%	7.11%
Brigitte Lamort	5.43%	6.65%	2.87%	3.51%
Annie Guerbet	3.63%	4.45%	4.29%	5.25%

3.4 Transactions performed by executive officers and similar individuals

A transaction was carried out on the company's shares in 2014 by a person referred to in Article L. 621-18-2⁽¹⁾ of the French Monetary and Financial Code:

Type of transaction	Name – Position	Amount
Sale of shares	Individual with personal ties to Mark Fouquet – Director	€53,840.16

3.5 Threshold crossings

Not applicable.

(1) Within the Guerbet Group this means the CEO, the Deputy CEO, the members of the Board of Directors and people with personal ties to them, as defined by Article R. 621-43-1 of the French Monetary and Financial Code.

▶ 3.6 Shareholder Agreement and collective share retention agreements

3.6.1 SHAREHOLDER AGREEMENT

An agreement binding the family Shareholders was signed on 16 November 2002. This agreement was published by the *Conseil des marchés financiers* (CMF) or Financial Markets Council on 13 December 2002 under number 202C1653. It was updated in September 2013, particularly to take into account Guerbet's current form of governance (French public limited company with a Board of Directors). The updated version of the agreement was duly transmitted to the *Autorité des marchés financiers* (AMF) or Financial Markets Authority. Its purpose is principally to "guide the group of Shareholders, who are mainly of family

origin, organize the management of the Guerbet shares that each of the members owns and may own in the future and ensure the cohesiveness and representativeness of the group that they form within the framework of the current laws and regulations", and also to "give the signatories to the agreement a stake in the company's development plans, coordinate sales of shares, actively participate in the selection of any new Guerbet partners and suggest the appointment of new members of Guerbet's Board of Directors".

3.6.2 SHARE RETENTION COMMITMENTS THROUGH A "DUTREIL" AGREEMENT

Two collective share retention commitments were entered into on 31 January 2013 by a number of Guerbet Shareholders, and particularly Shareholders from the Guerbet family, in accordance with Article 787-B

of the French General Tax Code⁽¹⁾. They covered 5,235,556 shares, *i.e.* 42.9% of the share capital, at 31 December 2014.

3.6.3 LIMITING THE RISK OF WRONGFUL CONTROL BY THE MAJORITY SHAREHOLDER

The company has taken measures to limit the risk of undue control by the majority Shareholder by separating the positions of Chairman of

the Board of Directors and Chief Executive Officer, and by ensuring that these positions are held by people from outside the Guerbet family.

3.6.4 RULES APPLICABLE TO THE APPOINTMENT AND REPLACEMENT OF MEMBERS OF THE BOARD OF DIRECTORS

Board members, whether they are individuals or legal entities, are appointed by the Ordinary General Meeting of Shareholders for a term of six (6) years, expiring after the Ordinary General Meeting of Shareholders called to approve the financial statements for the previous financial year and held in the year in which the term of office expires.

Each Board member must own at least one (1) company share. If, on the day of his or her appointment, a Board member does not own the requisite number of shares, or if, during his or her term of office, he or she ceases to own them, he or she is automatically deemed to

have resigned if he or she has not rectified the situation within three (3) months.

The number of Board members who have reached the age of 70 may not exceed one third of the members of said Board. If this limit is exceeded, the oldest Board member is automatically deemed to have resigned after the Ordinary General Meeting called to approve the financial statements for the financial year in which the limit was exceeded.

Board members are reappointed, resign, are co-opted if a vacancy arises and are dismissed under the conditions provided for by law.

▶ 3.7 Board of Directors' powers to issue and buy back shares

At the General Meeting of 23 May 2014, the Board of Directors was authorized, for an eighteen-month period, to set up a share buyback program for up to 5% of the share capital, corresponding to 610,009 shares with a par value of €610,009.

⁽¹⁾ Article 787-B of the French General Tax Code provides that "the shares of companies having industrial operations benefit from a 75% inheritance tax exemption if the shares are covered by a collective retention commitment".

➤ 3.8 Summary of authorizations granted that may have an impact on the share capital

Current authorizations granted to the Board of Directors by decision of the General Meeting	Use in 2014
Authorization to conduct a share split granted on 24 May 2013 for twelve months as of 1 July 2013	On 23 January 2014, by a decision of the Board of Directors made on 5 November 2013
Authorization to buy back shares granted on 23 May 2014 for eighteen months	-

➤ 3.9 Provisions in the articles of association relating to share capital

3.9.1 DOUBLE VOTING RIGHTS (ARTICLE 19)

The voting rights attached to shares are proportional to the percentage of the share capital that they represent, except in cases of deprivation of voting rights as provided for by law. However, a double voting right shall be awarded to Shareholders for all fully paid-up shares that they have held, registered in their name for at least two years, on presentation of proof.

In the event of a capital increase through the capitalization of reserves, profits or issue premiums, this double voting right shall be granted upon issuance of the new free shares to Shareholders based on existing shares for which they already enjoy this right.

3.9.2 GENERAL MEETINGS (ARTICLE 18)

Shareholders' Meetings are called under the conditions set by law. They are held at the registered office or in any other location indicated in the Notice of Meeting. Any Shareholder who can prove his or her capacity as such is entitled, regardless of the number of shares that he or her owns, to attend Meetings and participate in the voting, in person or by proxy, or to vote by post, under the applicable legal and regulatory conditions. To exercise this right, however, either the Shareholders' shares must be held in a registered account, by the Shareholder or a registered intermediary, as referred to by Article L. 228-1 of the French Commercial Code, or a certificate of registration in the account of an authorized financial

intermediary attesting to the unavailability of shares held in bearer form must be deposited, at the locations indicated in the Notice of Meeting, at least three days before the General Meeting. Note that any Shareholder may also participate in General Meetings by conference call or using electronic telecommunication or remote transmission media, subject to the qualifications and conditions set by the current laws and regulations, if this is permitted by the Board of Directors when the General Meeting in question is called. Such a Shareholder shall be deemed to be present at this Meeting for the calculation of the quorum and the majority.

3.9.3 IDENTIFIABLE BEARER SHARES (ARTICLE 8)

The company is entitled, at any time, to request information about the identity of holders of securities that immediately or ultimately grant a right to vote at its Shareholder Meetings and the quantity of securities that each of them holds and, where appropriate, any restrictions to

which the securities may be subject, from the organization responsible for clearing the securities, under the conditions and according to the legal procedures in force.

3.9.4 DECLARATION OF THRESHOLD CROSSING

The company's articles of association do not provide for any additional disclosure obligations if the fraction of the share capital or the voting rights held by a Shareholder represents less than one twentieth of the total, as referred to by Article L. 233-7, paragraph 1 of the French Commercial Code.

3.9.5 ACTIONS NECESSARY TO CHANGE SHAREHOLDERS' RIGHTS

The Group has not laid down any provisions that are more stringent than those of the law.

MANAGEMENT REPORT

4

4.1	Analysis of the Group's activity and results	39
4.2	Major events since the start of 2015	41
4.3	Risk factors	41
4.4	Other legal information	45

➤ 4.1 Analysis of the Group's activity and results

4.1.1 PRESENTATION OF REVENUE

Breakdown of revenue by product range	2014	2013
MRI	41.1%	41.9%
X-ray	45.9%	47.7%
Interventional Radiology and Theranostics	7.8%	5.5%
Medical Devices	4.2%	4.0%
Other	1.0%	0.9%

Revenue breakdown by geographic region	2014	2013
Europe	70.7%	70.5%
Other markets	29.3%	29.5%

4.1.2 REVENUE ANALYSIS

Guerbet reported annual revenue for 2014 of €409.0 million, up by 4.9%. Excluding exchange rate effects, the annual revenue stands at €411.6 million, up by 5.6%, in line with the guidance. Fourth-quarter revenue totalled €106.4 million, rising by 5.1% (+4.3% at constant exchange rates). Sales in Europe (+6.3%) and in Other Markets (+2.3%) were driven notably by the MRI segment (+10.1%) and especially by Dotarem® in the United States.

Full-year sales in the MRI segment (€168.3 million in 2014) were strong. Despite an adverse inventory effect in Germany, the level of activity was 3.0% higher. Also, the Dotarem® roll-out in the US met expectations, with firm year-end sales growth and a broadening of the customer base.

In the X-ray segment (€187.9 million in 2014), revenue rose slightly compared to 2013 (+1.1%), thanks mainly to sales of Xenetix®.

The Group's other growth platforms (Interventional Radiology, Medical Devices, the USA and China) performed well, as expected, recording 25% growth in 2014. The IRT segment exceeded the target of €30 million in full-year revenue, while in the Medical Devices segment the FlowSens® injector confirmed the success of its sales launch.

4.1.3 RESULTS

IFRS (in € 000s)	2014		2013	
		% of revenue		% of revenue
+ Revenue	408,957	100.0	389,669	100.0
+ Other operating income ⁽¹⁾	711	0.2	2,404	0.6
+/- Change in inventories of finished products and work in progress	3,086	0.8	(2,791)	(0.7)
- Consumed purchases	(93,480)	(22.9)	(94,688)	(24.3)
- External expenses	(123,441)	(30.2)	(120,129)	(30.8)
- Staff related costs	(113,306)	(27.7)	(110,107)	(28.3)
+/- Other current operating income and expenses	(709)	(0.2)	2,130	0.5
- Taxes and duties	(14,168)	(3.5)	(14,363)	(3.7)
EBITDA⁽²⁾	67,650	16.5	52,125	13.4
- Depreciation, amortization and provisions	(29,259)	(7.2)	(22,141)	(5.7)
Current operating income	38,391	9.4	29,984	7.7
+/- Other operating income and expenses	365	0.1	(59)	(0.0)
- Net financial expenses	(1,688)	(0.4)	(1,086)	(0.3)
+/- Foreign exchange gains or losses and other financial income/ expenses	(816)	(0.2)	(1,128)	(0.3)
+/- Tax expense	(10,125)	(2.5)	(7,222)	(1.9)
NET INCOME	26,127	6.4	20,489	5.3

(1) Includes operating subsidies, capitalized production, sales of services and royalties.

(2) EBITDA: Earnings Before Interest, Tax, Depreciation and Amortization.

4.1.4 RESULTS ANALYSIS

Revenue growth generated a sharp increase in income with a higher gross margin, as we continued to optimize our industrial processes and the cost price of raw materials continued to fall. Moreover, through strict control of its operating expenses, Guerbet achieved an EBITDA margin of

16.5% with EBITDA of €67.7 million, up by 30% in 2014. Current operating income rose 28% to €38.4 million, giving a 9.4% operating margin, fully in line with the guidance, which was revised upward during the year.

Net income grew by 27.5% to €26.1 million.

4.1.5 FINANCIAL POSITION

IFRS (in € 000s)	2014	2013
Cash flow	55,193	42,041
Change in working capital requirements, of which:	1,721	14,924
Change in inventories	(2,653)	7,841
Change in trade receivables	(2,313)	11,890
Change in trade payables	919	(3,885)
Change in other assets and liabilities	5,768	(922)
Investments	(31,759)	(35,345)
Dividends	(6,100)	(6,090)
Other ⁽¹⁾	2,621	995
Free cash flow⁽²⁾	21,676	16,525
NET DEBT⁽³⁾	60,808	82,484

(1) Mainly consisting of tax, the impact of changes in exchange rates, sales of fixed assets and the capital increases presented in detail in the consolidated cash flow statement.

(2) The free cash flow is equal to the difference between the surplus operating cash flow and investment expenditure. It explains any increase or decrease in the net debt.

(3) The net debt is calculated by adding up current and non-current financial debts and subtracting cash and cash equivalents.

4.1.6 ANALYSIS OF THE FINANCIAL POSITION

In 2014, Guerbet reduced its debt by €21.7 million, bringing its net debt to €60.8 million. The Group has a solid financial position thanks to its €259 million of Shareholders' equity and cash flow of €55.2 million.

4.1.7 OUTLOOK

Guerbet intends to pursue the same strategy in 2015 in order to strengthen its positions in France and abroad.

In the X-ray business, the delay in bringing the new ScanBag® line up to its expected production rate is likely to slow down revenue growth. The normal production rate should be reached in the second half of the year.

In the MRI segment, the first marketing authorizations for generic versions of Dotarem® have been registered in Europe, as expected, and this will impact revenue. On the other hand, sales of Dotarem® should continue to gather pace in the USA.

The improvement in the product mix, especially due to the success of the Group's new growth platforms (IRT, MD, USA and China), will partially offset these negative impacts on operating income.

In Interventional Radiology (IRT), the sales outlook is still very positive, with the expected benefit of new indications and significant growth in Asian markets.

In the Medical Devices (MD) field, the successful launch of FlowSens® gives the Group a foothold in the contrast agent injectors market.

All in all, given the more limited visibility, Guerbet is expecting slower sales growth in 2015.

> 4.2 Major events since the start of 2015

Not applicable.

> 4.3 Risk factors

The company has conducted a review of risks that could have a significant negative impact on its business, its financial position or its earnings (or its ability to meet its targets) and believes that there are no significant risks other than those described.

4.3.1 RISKS RELATED TO GUERBET'S BUSINESS

4.3.1.1 Product quality and safety

Customer satisfaction and patients' health are our priorities. Pharmaceutical risks may result in the company being liable for harm caused by its products (drugs or medical devices), and may have financial consequences (loss of revenue), legal consequences (lawsuits brought by patients) or reputational consequences (damage to the company's image in the eyes of customers).

The Group develops and provides its customers with products and medical devices whose effectiveness and safety have been proven by rigorous tests in accordance with current laws and good practices.

The Group constantly checks, examines and assesses the entire production and distribution chain. It has a drug and medical device safety monitoring system that consists in monitoring and reporting to the health authorities any side effects arising when its products are used so that their effectiveness can be compared against any risk. Guerbet's production plants and distribution facility are regularly inspected by the health authorities.

The BPF/GMP accreditations of the chemical and pharmaceutical plants and the CE mark certification of the Medex plant were audited in 2014. The certificates were renewed.

The table below shows inspections carried out in 2014:

Plant location	Standards	Organization	Date	Result
Aulnay	BPF/GMP	ANVISA (Brazil)	October 2014	Renewal of accreditation
Gonesse	BPF/GMP	ANSM (France)	April 2014	Renewal of accreditation
Lanester	BPF/GMP	ANSM (France)	February 2014	Renewal of accreditation
Marans	BPF/GMP	ANSM (France)	July 2014	Renewal of accreditation
Jacarepagua	BPF/GMP	ANVISA (Brazil)	February and April 2014	Renewal of accreditation
Saint-Priest	CE mark, ISO 13485 standard	LNE	March 2014	Retaining of CE certificate

A drug safety monitoring inspection was carried out by the ANSM in the third quarter of 2013. The report received in 2014 showed no major nonconformity.

Guerbet provides its customers with reliable, balanced and objective information about its products and makes sure that customers' questions and complaints are handled as quickly as possible.

4.3.1.2 Generic risks

The Group has to face competition from generic products whose arrival on the market is creating a tougher competitive environment for Dotarem®. This may affect both the Group's market share (generic products sometimes sold as substitutes for Dotarem®) and selling prices.

Indeed, in countries where drug prices are regulated, price reduction measures may be applied to originator products when generic products are launched. In markets where the purchase of contrast agents is subject to calls for tenders, the arrival of new competitors may lead to downward pressure on prices. Since 2013 Guerbet has faced competition in South Korea from a generic version of Dotarem®, which had an immediate impact in the form of a regulatory reduction in the selling price. In Europe, a Dotarem® generic received marketing authorization from the UK and German authorities in 2014 and the French authority at the start of 2015. Applications for marketing authorization of other Dotarem® generics are currently being examined in Europe and China, and these products could therefore be released on some markets in 2015.

4.3.2 INDUSTRIAL AND ENVIRONMENTAL RISKS

4.3.2.1 Production and Supply Chain

The Group's sales of certain products may be affected by production and distribution problems. This situation may reduce its revenue and affect its profitability.

The Group has adopted an industrial partnership policy to ensure that, whenever possible, it has access to alternative subcontractors and can build up reserve inventories.

4.3.2.2 Environment and safety

The production of active chemical ingredients for contrast agents entails various safety and environmental risks. These risks, especially the risks of fire and environmental pollution, are due to the dangers inherent in the use of certain raw materials, solvents and reagents, the use of industrial processes to transform them into active ingredients, and the

The Intellectual Property Department is organized so as to actively monitor this issue and ensure that there are no infringements of its portfolio of patents in this field.

4.3.1.3 Risks related to product prices and reimbursements

Generally speaking, the Group is exposed to uncertainties regarding product price setting, since healthcare products prices have been under strong downward pressure in recent years, as governments, healthcare establishments and insurers aim at tighter control over healthcare expenditure. This trend can be seen in the introduction of control mechanisms designed to encourage the substitution of generic products for originator products, regulatory reductions in drug prices and the pooling of purchases, by healthcare establishments.

The Group is doing everything in its power to bring down its costs (and particularly its production costs through the development of new, more efficient processes) and enhance the value of its products through innovation (LCM).

4.3.1.4 Risk of dependence on patents and industrial licences

Guerbet has been able to develop technologies via licensing agreements (see current agreement in the table below).

Product	Company holding the licence in 2014
Dotarem®	Bayer ⁽¹⁾

(1) The Schering (now Bayer) pioneer patent has expired in Europe and the United States.

treatment of production waste. Guerbet's production activity is carried out in four different plants, two of which are classified as Seveso high threshold and are therefore subject to the European Union's Seveso directive. If these operating risks materialized, they could harm people and property, pollute the environment, lead to plant shutdowns and, in some cases, make the Group liable for civil and/or criminal penalties and the payment of damages.

To control these risks, the Group applies a Health, Safety and Environment policy and defines HSE objectives for all its industrial plants. Considerable human and material resources have been deployed to meet the commitments under this policy. A Health, Safety and Environment manager is appointed at each plant. The administrative authorities define the environmental performance targets to be met. The Group introduces measures to ensure that the targets are reached. If the production plants do not comply they may be served formal notice to take remedial action.

Risk analyses and audits are performed to define the resources required to ensure operating security. These resources are documented and Health, Safety and Environment training programs are provided for all of the relevant staff.

→ *This risk is managed thanks to the Group's Safety and Environment policy. This is described at greater length in the Environmental Information section of the CSR chapter and in the report by the Chairman of the Board of Directors on corporate governance, the internal control system and the principles for determining the compensation of company officers.*

4.3.2.3 Supply risks

The sale of the Group's products may be affected by a disruption of supplies due to quality, regulatory or technical problems, for instance. Also, the qualification of raw materials sourced from new suppliers is a particularly long process.

The Group's purchasing policy is designed to ensure that there are several sources of supply, that long-term supply contracts are signed and that reserve inventories of critical materials are built up whenever possible. All suppliers of items incorporated in the products sold by Guerbet undergo quality approval. Guerbet periodically conducts supplier audits.

Suppliers of raw materials declared in pharmaceutical records must meet strict production standards (cGMP and BPF for Active Pharmaceutical Ingredients, cGMP and BPF for excipients). They may be inspected by the health authorities.

4.3.2.4 Risks related to changes in the regulations

As a designer, manufacturer and distributor of drugs and medical devices, Guerbet is subject to numerous regulatory requirements

throughout its markets. In France, for example, the Group is obliged to apply the French Public Health Code and the good practices stipulated by the Ministry of Health for laboratory work, clinical trials, the manufacture and distribution of pharmaceutical products, customer information and drug safety monitoring.

In order to produce active chemical ingredients, the Group is subject to the following European regulations:

- Seveso (identification of industrial sites that use hazardous substances and therefore present risks of major accidents);
- REACH (Registration, Evaluation and Authorization of Chemical substances);
- IED (Industrial Emissions Directive) resulting in France in regular inspections by the DREALs (Regional Directorates for the Environment, Town Planning and Housing).

Guerbet manufactures and inspects its products in accordance with conditions defined and approved by the health authorities in their Marketing Authorizations (AMM), and their production is subject to good manufacturing practices for raw materials for pharmaceutical use. Any changes in these French or foreign regulations may significantly affect the Group's activity. It cannot guarantee that such changes, particularly in the main markets, where it operates, will not have a negative effect on its activity and its operating income.

Compliance with the regulations is a part of Guerbet's Quality, Safety and Environment policy, which is applicable to all of its entities. Its regulatory monitoring systems allow it to change its practices so that it remains in compliance with the regulations.

4.3.3 MARKET RISKS

The Group's Administrative and Finance Department provides centralized management of liquidity, foreign exchange and interest rate risks and the associated counterparty risks.

The Chief Financial Officer is regularly informed of changes in the markets and the Group's exposure to liquidity, foreign exchange and interest rate risks by reports, which also provide a detailed description of hedging operations with their valuation.

4.3.3.1 Liquidity risk

In order to make sure that the Group is able to meet its current and planned financial commitments, the Financing & Treasury Department ensures that the Group's confirmed bank credit lines always exceed its needs by far.

The Group's cash management is centralized. In other words, the subsidiaries' cash surpluses and borrowing requirements are centralized, where this is permitted by local laws, and are invested or financed by the parent company, Guerbet.

The company has performed a specific review of its liquidity risk and believes that it is able to meet its upcoming repayment commitments.

4.3.3.2 Foreign exchange risk

OPERATING FOREIGN EXCHANGE RISK

The Group's entities, *i.e.* its subsidiaries and the parent company, are exposed to a transaction risk whenever they make a purchase or sale in a currency other than their operating currency.

In order to reduce the exposure of its operating income to exchange rate fluctuations, Guerbet sets up hedges using traditional hedging

instruments (forward purchase and sale contracts and forex swaps), based on its exposure to foreign exchange risk, it assesses regularly.

FINANCIAL FOREIGN EXCHANGE RISK

The centralization of the cash surpluses and borrowing requirements of non-euro-zone foreign subsidiaries generates exposure to a financial risk (risk related to changes in the value of financial debts or receivables denominated in currencies other than the currency of the borrowing or lending entity).

The Group finances its non-euro-zone subsidiaries in their own currencies and covers itself against the resulting foreign exchange risk.

→ *The Group's sensitivity to foreign exchange risk and its hedges related to the financial year may be consulted in the notes to the consolidated financial statements.*

4.3.3.3 Interest-rate risk

The degree of interest-rate risk depends on the breakdown of the Group's debts and investments between fixed-rate and variable-rate.

The variable-rate portion of the Group's debt exposes it to interest-rate hikes.

The interest-rate risk management policy consists of minimizing the cost of borrowing while protecting the Group against adverse changes in interest rates. The risk is hedged by using traditional hedging instruments (interest-rate swaps and caps and floors).

→ *The Group's sensitivity to interest-rate risk and its hedges related to the financial year may be consulted in the notes to the consolidated financial statements.*

4.3.3.4 Bank counterparty risk

Bank counterparty risk concerns financing, investment and hedging transactions (foreign exchange and interest rates) carried out through banks.

All of the Group's transactions are conducted with high-quality bank counterparties.

4.3.3.5 Customer counterparty risk

Guerbet is exposed to the risk of default by its customers, who are mainly wholesalers, distributors, pharmacies, hospitals and clinics.

The Group closely monitors its trade receivables. A Credit Management policy has also been established within the Group to improve customer risk monitoring and management.

→ *The age of the Group's trade receivables and its provisions for doubtful debts are presented in the notes to the consolidated financial statements.*

4.3.4 OTHER RISKS

4.3.4.1 Legal risks

Guerbet is involved in various lawsuits and disputes in the normal course of its business. To the best of the Group's knowledge, there are no exceptional events or disputes that could substantially affect its business or earnings. The following disputes are worthy of note, however:

- The contract with Technip, to which Guerbet entrusted the general contracting for its new primary packaging unit, was terminated. Technip brought proceedings against Guerbet before the Commercial Court of Paris. Due to the damage sustained by it, Guerbet has filed a counterclaim.
- Through a decision dated 27 July 2013, the Commercial Court of Lyon rejected all of Mr J.-P. Lacroix's claims and ordered the immediate transfer of the 1,800 shares that were still in his possession. As this decision was binding, Guerbet thus became the sole Shareholder of Medex. Mr Lacroix has appealed against this ruling.

4.3.4.2 Counterfeiting risk

A procedure has been established describing the measures to be taken in the event of suspected counterfeiting so as to inform the relevant authorities as quickly as possible and initiate the appropriate measures (seizure, recall or search for the potential source).

4.3.4.3 Risks related to international operations

The globalisation of the Group's activity exposes it to safety, security and geopolitical risks.

4.3.4.4 Risks related to information systems

A malfunction in the information systems may significantly disrupt key activities such as production, sales and internal data interchange and access, interrupting activity and causing critical data to be lost or damaged. The Group may also be a victim of malicious acts (theft or corruption of data). Such incidents could result in financial losses for the Group.

The IT risks have been mapped and a Business Recovery Plan is implemented each year to check the company's ability to rebuild its infrastructure and restart all of the critical applications that support the Group's activities should an IT center experience a major crisis.

A new ERP system is currently being integrated and should become operational in 2015 for the first entities concerned. Like any ERP system roll-out, this project entails operating and organizational risks inherent in its introduction. To minimize such risks, the Group has followed a structured approach involving the services of an integrator and an assistant to the owner. An extensive change management and training plan will also be rolled out for all users.

4.3.5 INSURANCE AND RISK COVER

The aim of the insurance policy is to protect the Group's assets against any significant risks that may affect them. This policy is applied at two levels. Centrally, the Group negotiates international insurance programs to cover the main risks to which it is exposed according to the available offer. Locally, the subsidiaries take out insurance policies to comply with local regulatory obligations and purchase cover complementary to the international programs for their specific risk exposures.

The insurance policies are bought on the traditional insurance market from leading insurance companies and the Group does not have a captive insurer. The choice of program is reviewed once a year.

The main policies taken out by Guerbet cover:

- Property damage and operating losses. The Group's total cover is sufficient to insure it against the Maximum Foreseeable Loss (MFL) assessed in terms of property damage and operating losses following an interruption of activity, and taking into account the prevention and protection measures in place. This assessment is liable to change. The current program incorporates preventive provisions that include the introduction of yearly specialized inspections of the main plants.

These inspections serve to review maintenance systems, and to check fire detection and protection systems and the safeguard plans implemented to cope with major events, and the training of rapid response teams;

- Civil liability: liability for products, clinical trials, environmental damage and general corporate civil liability. This program takes into account the specific risks relating to our products and activities across the Group's scope, in accordance with local regulations and practices;
- Civil liability of company officers: protects all of the Group's legal entities and their executive officers;
- National and international transport of property and goods.

Other insurance policies are taken out as required, including building insurance and contractor's all-risk insurance for our biggest construction projects.

> 4.4 Other legal information

4.4.1 GUERBET'S RESULTS FOR THE LAST FIVE FINANCIAL YEARS

(in €)	2014	2013	2012	2011	2010
CAPITAL AT YEAR-END					
Share capital	12,208,184	12,200,184	12,200,184	12,200,184	12,200,184
Number of existing ordinary shares	12,208,184	3,050,046	3,050,046	3,050,046	3,050,046
Number of existing preferred (non-voting) shares	-	-	-	-	-
Maximum number of future shares to be created:					
■ By bond conversion	-	-	-	-	-
■ By exercising subscription rights	487,520	129,670	135,300	210,937	77,294
Revenue excluding taxes and including the supply of services and other products	299,838,564	299,807,469	308,289,068	294,780,554	264,309,452
Income before tax, employee profit-sharing, depreciation and amortization net of reversals, and provisions	38,245,184	39,281,322	28,355,887	27,566,026	6,501,502
Income tax	1,613,840	2,809,395	1,767,779	(1,778,280)	(5,938,312)
Employee profit-share due for the year	388,622	450,614	785,164	258,632	234,809
Income after tax, employee profit-sharing, depreciation and amortization and provisions	13,645,016	15,322,737	6,682,783	300,397	84,918
INCOME DISTRIBUTED	6,104,092	6,100,092	6,100,092	5,490,083	5,490,083
Income after tax and employee profit-sharing but before depreciation and amortization and provisions	2.97	11.81	8.46	9.54	4.00
Income after tax, employee profit-sharing, depreciation and amortization and provisions	1.12	5.02	2.19	0.10	0.03
Diluted net income	1.08	4.84	2.13	0.15	0.05
NET DIVIDEND PER SHARE	0.50	2.00⁽¹⁾	2.00	1.80	1.80
Workforce at 31 December (open-ended and fixed-term contracts)	817	827	877	891	842
Total wages	44,189,290	46,096,362	46,607,820	44,422,299	41,791,527
Total social security charges	21,350,698	20,603,779	21,064,783	20,156,661	18,210,348

(1) The dividend actually paid in 2014 in respect of 2013 was €0.50 per share given the share split on 23 January 2014.

4.4.2 INFORMATION REGARDING THE BREAKDOWN OF GUERBET'S TRADE PAYABLES AND TRADE RECEIVABLES BY DUE DATE

4.4.2.1 Breakdown of trade payables by due date

The French Law for the Modernization of the Economy introduced a limit on payment times of sixty days from the date of issue of the invoice (or forty-five days end of the month) effective on 1 January 2009.

At 31 December 2014, the trade payables on Guerbet's balance sheet as it appears in its financial statements broke down as follows:

(in € 000s)	Issued more than 120 days ago	Issued between 61 and 120 days ago	Issued between 0 and 60 days ago	Invoices not yet received	Total
Suppliers of Goods and Services in France	69	912	10,040	-	11,021
Suppliers of Goods and Services outside France	174	457	3,645	-	4,276
Suppliers of Goods and Services	243	1,369	13,685	12,360	27,657
Suppliers of Fixed Assets in France	337	391	4,376	-	5,104
Suppliers of Fixed Assets outside France	312	-	62	-	374
Payments outstanding on equity securities	72	-	-	-	72
Suppliers of Fixed Assets	721	391	4,438	-	5,550
TOTAL	964	1,760	18,123	12,360	33,207

At 31 December 2013, the trade payables on Guerbet's balance sheet as it appears in its financial statements broke down as follows:

(in € 000s)	Issued more than 120 days ago	Issued between 61 and 120 days ago	Issued between 0 and 60 days ago	Invoices not yet received	Total
Suppliers of Goods and Services in France	205	582	9,324	-	10,111
Suppliers of Goods and Services outside France	(12)	439	4,035	-	4,462
Suppliers of Goods and Services	193	1,021	13,359	11,408	25,981
Suppliers of Fixed Assets in France	515	719	3,697	-	4,931
Suppliers of Fixed Assets outside France	384	5	143	-	532
Payments outstanding on equity securities	72	-	-	-	72
Suppliers of Fixed Assets	971	724	3,840	-	5,535
TOTAL	1,164	1,745	17,199	11,408	31,516

4.4.2.2 Breakdown of trade receivables by due date

At 31 December 2014, the trade receivables on Guerbet's balance sheet as it appears in its financial statements broke down as follows:

(in € 000s)	Issued more than 120 days ago	Issued between 61 and 120 days ago	Issued between 0 and 60 days ago	Invoices to be issued	Total
Customers in France	314	1,112	20,522	-	21,948
Customers outside France	261	3,691	4,346	-	8,298
TOTAL	575	4,803	24,868	-	30,246

At 31 December 2013, the trade receivables on Guerbet's balance sheet as it appears in its financial statements broke down as follows:

(in € 000s)	Issued more than 120 days ago	Issued between 61 and 120 days ago	Issued between 0 and 60 days ago	Invoices to be issued	Total
Customers in France	251	920	19,151	-	20,322
Customers outside France	3,146	3,914	8,286	-	15,346
TOTAL	3,397	4,834	27,437	-	35,668

4.4.3 OTHER INFORMATION FROM THE MANAGEMENT REPORT CONTAINED IN OTHER SECTIONS OF THE REGISTRATION DOCUMENT

Apart from the information already presented in this chapter, the Guerbet Group discloses further information that must be included in the management report in accordance with the French Commercial Code. The table below indicates the section that readers should refer to, for each type of information.

Type of information	Relevant section of the Registration Document
List of offices and positions held in any company by each of the company officers during the year	Corporate governance – pages 19 to 23
Shareholdings acquired during the year	The Guerbet Group – page 17
Employee shareholding	Guerbet and its Shareholders – pages 34 and 35
Total dividends paid for the last three financial years	Guerbet and its Shareholders – page 34
Total non-deductible expenses as referred to by Art. 39-4 of the French General Tax Code	Financial statements and related notes – page 109
Employee, environmental and social information	Corporate social responsibility – pages 49 to 58

CORPORATE SOCIAL RESPONSIBILITY

5

5.1	Employee information	49
5.2	Environmental information	53
5.3	Social information	57
5.4	Report by one of the Statutory Auditors, designated as an independent third-party organization, on the consolidated employee, environmental and social information contained in the management report	59

This chapter is an integral part of the management report, in accordance with Articles L. 225-102-1 and R. 225-104 to R. 225-105-2 of the French Commercial Code relating to companies' employee, environmental and social transparency obligations. The information provided for by the decree of 24 April 2012 is published here as part of a continuous

improvement program based on internal reporting. Otherwise, justifications are given for any omissions. This chapter has been verified by an independent third-party organization whose report, comprising a certificate of the information's availability and an opinion as to its fairness, is presented on page 59.

5.1 Employee information

Guerbet applies a corporate social responsibility policy based on the fundamental principles of Balance, Fairness and Ethics, structured around the following five main themes: Diversity, Prevention, Recognition, Commitment and Responsibility. Guerbet asserts its rights while maintaining a constant, completely transparent concern for respect for people, organizations, laws and its environment in its operations. It strives to guarantee its employees' rights while daily

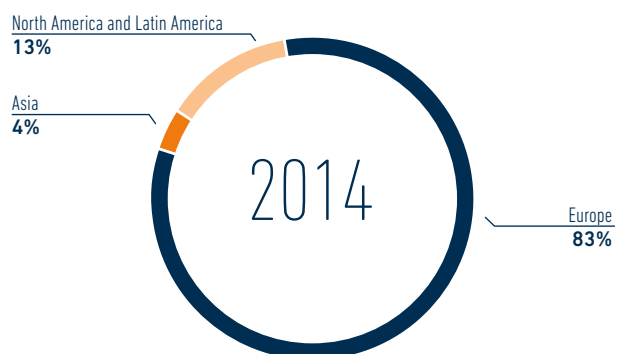
ensuring their commitment to their duties. Guerbet has adopted a sustainable development approach and tries to maintain a balance between the interests of all the stakeholders in its economic, ecological and operational development, both inside and outside the Group.

The employee information reporting scope covers the Group's six French companies and seventeen international subsidiaries.

EMPLOYMENT, FORWARD-LOOKING MANAGEMENT OF JOBS AND SKILLS, TRAINING AND HR DEVELOPMENT

At 31 December 2014, the Guerbet Group had 1,461 employees worldwide on open-ended and fixed-term contracts. This workforce breaks down as follows:

- 1,212 employees in Europe;
- 185 employees at North American and Latin American subsidiaries;
- 64 employees in Asia.



In France, Guerbet has a workforce of 829 employees, including 39 on fixed-term contracts. Its subsidiary Simafex has 91 employees, including one on a fixed-term contract, its subsidiary Medex has 46 employees, including six on fixed-term contracts, and its subsidiary Guerbet France has 72 employees, including two on fixed-term contracts.

In France, the Guerbet Group's employees break down as follows:

- 686 in the Paris region;
- 215 in Lanester (Morbihan);
- 91 in Marans (Charente-Maritime);
- 46 in Saint-Priest (Rhône).

AN AMBITIOUS, FORWARD-LOOKING JOB AND SKILLS MANAGEMENT POLICY TO KEEP PACE WITH THE COMPANY'S DEVELOPMENT

Guerbet prefers to hire employees on open-ended contracts, in line with its long-term vision of its needs. Its annual recruitment plans show a steady increase in its open-ended contract jobs.

The use of additional staff is strictly limited to temporary needs created by exceptional activity surge, employee absences or specific projects. Guerbet has formalised its good practices for the temporary staff use in a procedure sent to every manager.

The policy for the replacement of employees who leave the company is defined as part of a forward-looking job and skills management policy and aims to meet the priority objectives set for the company through medium-term plans and annual budgets.

At 31 December 2014, 42% of the Guerbet Group's employees were women, on both open-ended and fixed-term contracts. Note that 45% of the international subsidiaries' employees are women, compared with 41% for the French entities. These proportions are similar to 2013. At 31 December 2014, the average age of open-ended and fixed-term contract employees, for the French scope, was 42 years and 8 months. The average age of the international subsidiaries' employees is 44 years and 5 months.

TRAINING TO BOLSTER THE COMPANY'S DEVELOPMENT AND ITS EMPLOYEES' EXPERTISE

The Guerbet Group applies a training policy in France and abroad. It is continuing with its management training program for all managers. Regular training sessions are organized for the networks of pharmaceutical sales representatives to consolidate their knowledge of our products and their environment, particularly in the drug safety monitoring field. E-learning training courses are provided on the Group's products.

To ease the introduction of SAP, Guerbet has set up an extensive training program to provide 12,000 hours of training to 650 employees.

In 2014, three collective induction days were organized for new hires of all categories, notably to give them a better understanding of the company's environment, its operation and its products.

Guerbet is also continuing to offer training in foreign languages, office automation software and safety.

24,993 hours of training were given in 2014 within the Group's French entities. At the end of December, 92% of employees on open-ended contracts had completed at least one training course. This indicator is limited to operations in France. The reporting at international subsidiary level is not yet reliable.

A COMPENSATION POLICY THAT REWARDS EMPLOYEES FOR THEIR ACHIEVEMENTS

The Group's compensation policy supports the company's strategy and development. Guerbet's goal is to attract, motivate and retain employees, particularly by offering them a pay package that is competitive and in line with market practices.

Our compensation policy is designed to be motivating, transparent and fair. It is based on the principles of internal fairness, external competitiveness and recognition of individual and collective achievements. The policy is also intended to foster adoption of the company's values and of conduct that will help Guerbet to succeed.

The pay packages of Guerbet employees comprise the following components:

- Fixed compensation consisting of their base salary. This is determined based on the employee's job grade and the development of their skills. These skills are assessed each year during the annual assessment and development interview;

- Individual variable compensation (bonus) as a reward for achieving targets set in accordance with the company's strategy;
- Collective variable compensation to give employees a stake in the company's results through incentive and profit-sharing schemes.

The Group aims to give its employees a stake in the company's growth and development, particularly by granting share options. Several plans are currently outstanding, including the plan issued on 17 October 2011, which benefits a large percentage of the Group's employees.

At 31 December 2014, 2.82% of the share capital was held by employees.

Several schemes have also been introduced to allow employees to build up savings over the long and medium term through:

- Pension Saving Plans;
- a Group Saving Plan.

EQUAL TREATMENT AND DIVERSITY

Guerbet applies a diversity and non-discrimination policy through its human resources policy.

Guerbet has made major commitments to diversity by signing the following agreements in France:

- "Generation contract" agreements to promote the employment of young people and older workers;
- Agreement to promote disabled workers employment;
- Agreements on gender equality in the workplace.

Measures taken to promote gender equality in the workplace

The agreements and action plans signed in all the Group's companies in France are based on a goal shared by management and employees of zero discrimination within the company. They refer to results particularly in terms of recruitment, qualifications, training and compensation. They define provisions aimed at maintaining gender equality in the workplace with regard to recruitment, compensation, training and career development.

Measures taken to promote the employment and integration of disabled workers

The Group has committed itself to a policy for disabled workers' employment.

3.4% of Guerbet's employees in France are disabled workers. The company helps them to remain employed and cooperates with the sheltered employment sector.

This policy is reflected in practical initiatives:

- Organization of awareness-raising sessions on the topic "*Être actif et en situation de handicap*" (Being active and disabled). In 2014, during the disability week and in partnership with Handi-EM⁽¹⁾, Guerbet shared "*Le regard des athlètes*", a series of reports on athletes participating in the Paralympic Games in Sochi, on its websites and intranet. This initiative helped employees' awareness on the fact that "being different is not a disability" and changing disability perceptions;
- Retention in employment for the employees in question;
- Maintaining cooperation with an *Établissement de services d'aide par le travail* or ESAT (an organization to help disabled people through work) that performs packaging operations in the company. Other services (gardening, road maintenance, mail service, etc.) are subcontracted to similar organizations.

LABOR RELATIONS AND WORK ORGANIZATION

Organization of labour relations

The aim is to promote understanding between all of the company's constituent parts and to adopt a comprehensive approach to labor relations, in order to achieve an overall improvement in relations between employees and the Management, managers and their teams, and sectors. Labor relations are employee-focused, fostering direct and collective expression by employees, the goal being to deal with early signs of conflict and prevent them from escalating, to give consideration to working conditions and to gather proposals for improvements, through expression and listening.

Measures taken to promote the employment and integration of young people and older workers

The agreements signed within the Group's companies are based on giving young people access to long-term job opportunities, the retention of older workers by the company and the organization of skill transfers. Quantified targets have been set for the recruitment of young people and for keeping older workers in employment. Measures have also been introduced to facilitate improvements in working conditions and prevent physical strain.

Guerbet contributes to the training of young people by regularly receiving trainees of all levels and in all fields in all of the company's business areas (46 trainees in France in 2014) and by increasing the proportion of employees under work-study contracts to 2.6% of its workforce.

Guerbet helps young students from under-privileged areas of Seine-Saint-Denis looking for jobs, in partnership with the "*Nos Quartiers ont des Talents*" association. Guerbet participates in job forums designed to assist young people in their search for their first job.

At 31 December 2014, in France alone, the Group employed 159 workers over the age of 55. Age-related measures, such as specific leave and part-time work arrangements, have been introduced to help keep older workers in employment. In 2014, 22 workers over the age of 50 were hired by the Group's companies in France (15 on fixed-term contracts and 7 on open-ended contracts).

Finally, in 2014, six training sessions were organized for older workers to present the schemes available to them, and pension reforms.

Promotion of and compliance with the fundamental conventions of the International Labor Organization (ILO)

Guerbet undertakes to comply with all the provisions of these conventions in all its entities, namely:

- recognition of the right for free association and collective bargaining;
- the elimination of discrimination in respect of employment and occupation;
- the elimination of forced or compulsory labor;
- the effective abolition of child labor.

Review of collective agreements

The Group's corporate social responsibility policy is reflected in the signing of agreements to promote diversity, improve working-time arrangements and working conditions and foster job creation and employee savings. In 2014, twenty-two agreements were signed in France covering the Generation Contract, gender equality, working hours, annual negotiations, employee savings and social protection.

(1) Non-profit joint association created in May 2010 with the support of the LEEM (French Association of Drug Companies) and its corporate partners to implement the industry-wide agreement on promoting the recruitment of disabled workers and their retention in employment.

Organization of working hours

The Guerbet Group complies with the local laws on working hours. Employees of the international subsidiaries work an average of 39 hours a week. At the production workshop in Brazil, two shifts work 40 hours a week, either from 7a.m. to 4p.m., or from 2p.m. to 11p.m. The theoretical hours worked for the Group totalled 2,315,502⁽¹⁾ in 2014 (1,569,299

for France and 746,203 for the international subsidiaries). In France, Guerbet introduced collective working-time arrangements (shift work, continuous work, semi-continuous work and on-call duty) to meet its operating needs. The aim of these arrangements is to strike a balance between rewards and constraints, working life and personal life, with a view to overall fairness.

HEALTH, SAFETY AND WORKING CONDITIONS

Occupational health measures

Guerbet strives to safeguard its employees' health.

Guerbet takes preventive action relating to working conditions, safety and appropriate medical monitoring in order to safeguard the physical and mental integrity of its employees throughout their working life. Guerbet also gives its employees social protection guarantees.

Several company-wide agreements take this aspect into account (Guerbet and Simafex Continuous Work, Semi-Continuous Work and Generation Contract agreements and Simafex Physical Strain Prevention agreement).

Guerbet offers organizational solutions to ensure adequate physical recovery times so as to limit exposure to factors inducing physical strain. Guerbet's ambition is to give each of the employees in question, the knowledge that they need to assess the risks involved in their activity, mitigate the risks and suggest improvements, by providing training in occupational risk prevention.

Psychosocial risks are taken into account in the company's actions to implement its strategy. For instance, a change management plan is introduced for all major projects that have an impact on jobs and skills. Meetings are organized to give every employee the opportunity to express their opinions, particularly about working conditions.

For independent executives working a fixed number of days, their workload, the length of their working days, the organization of work within the company and the balance between work and personal and family life are dealt with in a specific section of their annual assessment and development interview, to ensure that their health and safety are safeguarded and to verify that their right to rest has been respected. Executives working a fixed number of days may also request a meeting with their manager or Human Resources at any time to discuss their workload.

The Management Charter and the management skill standards set out the expected management style, in accordance with the company's values. "Personal development" training courses are offered as part of the *Droit Individuel à la Formation* or DIF (individual training entitlement). Mediation may be used to discuss difficulties and find solutions where psychosocial risks are involved.

In 2014, Guerbet received a "Mieux Vivre en Entreprise" award for the introduction of its "Performance et Qualité de Vie au Travail" (Performance and Quality of Life at Work) program supporting its profitable and sustainable growth strategy. The "Mieux Vivre en Entreprise" awards,

created by RH&M⁽²⁾ in 2009, are given to companies and teams that have introduced innovative, exemplary initiatives contributing to sustainable well-being in the company.

GUERBET STRIVES TO IMPROVE WORK-STATION ERGONOMICS

Through appropriate medical monitoring, Guerbet is able to anticipate employees' unfitness for work and offer solutions in the form of adapted work stations or working-time arrangements. Where appropriate, Guerbet looks for personalized job reclassification solutions, with the help of its disability committees, to try to keep employees in place.

To protect employees' health, the Lanester plant has taken the initiative of organizing training sessions with a physiotherapy practice. These sessions are organized, based on a personal check-up, by a physiotherapist followed by theoretical and practical training sessions.

In terms of social protection, Guerbet offers a specific agreement in France, in addition to the industry-wide agreement, that covers most healthcare costs. Employees on long-term sick leave have their salaries paid by Guerbet for three months. After that, employees receive their full salary for as long as they are ill thanks to a welfare insurance policy. If an employee dies, their beneficiaries receive a lump sum to grant them some financial security.

Occupational injury prevention systems

HSE (Health, Safety and Environment) management systems support the Group's policies aimed at safeguarding the health and safety of all the people who contribute to its activities (see "Environmental information" section). The Group's Safety and Environment policy is available on Guerbet's website.

The occupational injury indicators below are limited to France and Brazil, which means that they cover all of the Group's industrial plants whose operations generate the most occupational injuries (this represents around 77% of the Group's total salaried workforce). The other international subsidiaries perform mainly sales and services; reliable figures are not yet available for them.

In 2014, the occupational injury frequency rate⁽³⁾ was 12.99⁽³⁾. Despite continuing its preventive actions over the year, the Group saw a rise in the number of lost-time occupational injuries in 2014 compared with 2013, particularly in the Lanester and Aulnay plants. This was still an improvement on 2012, however.

(1) Theoretical worked hours:

France = number of paid hours stated in the employee's employment contract that they must complete in the course of a month - paid holidays - public holidays.
International Subsidiaries = (full-time equivalent workforce x working days x locally applicable monthly working hours) - paid holidays - public holidays.

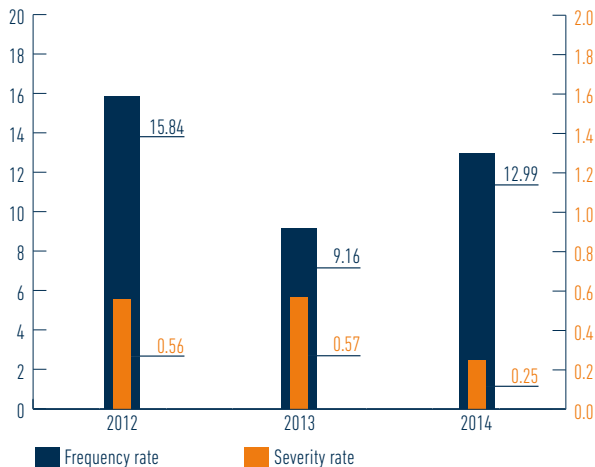
(2) A Group specialized in training for HR professionals and management executives.

(3) Scope: the Group's industrial operations (in France and Brazil) and its administrative and sales operations in France.

A working group has been set up in the Lanester plant aimed at reducing the number of injuries there. There were more injuries in the Aulnay plant in 2014 than in 2013, but the number of injuries in the plant has dropped compared to 2010, 2011 and 2012.

The occupational injury severity rate⁽¹⁾ decreased by over 50% between 2013 and 2014 to 0.25⁽²⁾, which means that, on average, half as much time was lost in 2014 as in 2012 and 2013.

CHANGE IN INJURY FREQUENCY AND SEVERITY RATES



A road safety and risk prevention day was organized in 2013 at the head office in Villepinte to tackle traffic-related risks (involving pedestrians and vehicles). This initiative was very successful and was repeated at the pharmaceutical plant in Aulnay, with the support of the plant's Management, to raise employees awareness in Aulnay and at the

Gonesse distribution center. The event, which was organised jointly with the local authorities in Seine-Saint-Denis, used simulators and demonstrations to give the participants a better understanding of the situations that they may face as drivers when travelling for work or commuting, but also for private travel.

In 2014, the head office in Villepinte also organised an awareness-raising day for the second year running. This second event included road safety demonstrations, training in how to handle fire extinguishers and use defibrillators, a stand on smoke detectors and a game about risks of falling, to raise awareness, in a playful way, of the risks to which employees are exposed at work and in their private lives.

Occupational diseases

In 2014, two employees were recognised as suffering from occupational diseases. This indicator only covers France. This figure for 2014 is based on the data currently available.

Absenteeism

Since 2013, regular reporting of internal absenteeism figures has reinforced the appropriation and sharing of issues regarding which preventive action may be taken.

In 2014, the rate of absenteeism⁽³⁾ for all of the Group's facilities in France was 4.35%.

	2014	2013	Change
Absenteeism	4.35%	3.85%	+13%

Steps are currently being taken to obtain reliable figures for this indicator from the international subsidiaries.

In 2014, the rate of absenteeism was 14% for the pharmaceutical production plant in Rio and 7.78% for the German sales subsidiary.

5.2 Environmental information

GENERAL POLICY

Guerbet has embarked on a continuous improvement program, encompassing all of its subsidiaries, aimed at combining efficiency with sustainable development while meeting high environmental protection standards, among other criteria.

The Group's Quality, Safety and Environment policy, is supported by the General Management, reflects this commitment to controlling our environmental footprint, particularly in terms of effluent emissions, waste and natural resources, in order to preserve the environment surrounding our industrial plants. The safety and environment policy established by the Group is applied to its industrial plants through a HSE (Health, Safety and Environment) management system.

This HSE management system is based on a risk assessment in order to prevent events that have an impact on people, property and the environment (including by identifying major accident scenarios). The safety and environmental management systems and organizations implemented in the plants are described in HSE manuals.

The safety and environmental management systems in place in the plants also define:

- performance indicators and associated objectives;
- training needs of operating personnel and their regular monitoring;

(1) Number of days lost following an occupational injury, over a twelve-month period, per 1,000 worked hours. Lost days may relate to injuries that occurred in the current year or in previous years.
 (2) Scope: the Group's industrial operations (in France and Brazil) and administrative and sales operations in France.
 (3) Number of hours' absence due to an occupational injury or disease as a percentage of the number of hours worked, over twelve months.
 For the international subsidiaries, hours worked = (full-time equivalent workforce x working days x locally applicable monthly working hours) - paid holidays - public holidays.

- management of feedback by analyzing incidents and near misses inside or outside the plants (e.g. use of the *Bureau d'analyse des risques et pollutions industrielles* or Barpi – Office for Industrial Risk and Pollution Analysis – database that collects data on industrial accidents) and by introducing the necessary corrective actions;
- inspections and audits;
- the monitoring required to ensure regulatory compliance;
- management reviews of the system and its effectiveness.

Safety and Environment audits have been conducted in the industrial plants since 2010. They are based on the procedures and requirements of standards and systems such as OHSAS 18001, ISO 14001 and SGS (Safety Management System for Seveso sites in France). The progress made in the industrial plants was able to be measured following audits performed in 2014. Priority areas for improvement are covered by the plants' annual action plans, as part of a continuous improvement program, contributing to a sustainable level of performance.

The production of active chemical ingredients for contrast agents entails various safety and environmental risks. These risks are inherent to the hazards involved in the manufacture, transport, use and disposal of certain chemical products.

The active chemical ingredients that are used to produce contrast agents for medical imaging are not very toxic and are well tolerated by humans,

although some ingredients may be harmful in their natural state. Some synthetic intermediates or products (such as raw materials, solvents, reagents or intermediates) used to produce these active ingredients may pose certain risks, however.

The Lanester and Marans plants (classified as Seveso high threshold) are subject to special requirements. They organize full-scale emergency management drills, in cooperation with the local authorities. The Internal Operation Plan ("POI") and Emergency Response Plan ("PPI") are tested through these drills and allow continuous improvement of the teams' ability to respond appropriately to crises, both internally and in their interaction with external emergency responders.

For the Marans and Lanester plants, the Technological Risk Prevention Plans ("PPRT"), which became a compulsory requirement at the end of 2012, control urban development within defined perimeters around these sites. Internal measures and investments to reduce the likelihood of accidents have been accompanied by regulatory requirements for greater protection of local inhabitants. For example, Guerbet has signed a funding agreement to support the containment facilities installation for individuals or companies located close to the Lanester site.

The environmental indicators presented in this report only cover the industrial plants. Figures are not reported for the administrative facilities as their impact is not significant.

POLLUTION AND WASTE MANAGEMENT

The Group's Safety and Environment policy outlines the commitment to controlling the environmental footprint, particularly in terms of effluent emissions or waste, so as to preserve the natural environment.

The chemical industrial plants are the largest contributors of waste, which is why significant investments have been made in the Lanester and Marans plants.

The same policy of controlling the Group's environmental impact can be seen in its other plants, in measures that include selective paper sorting.

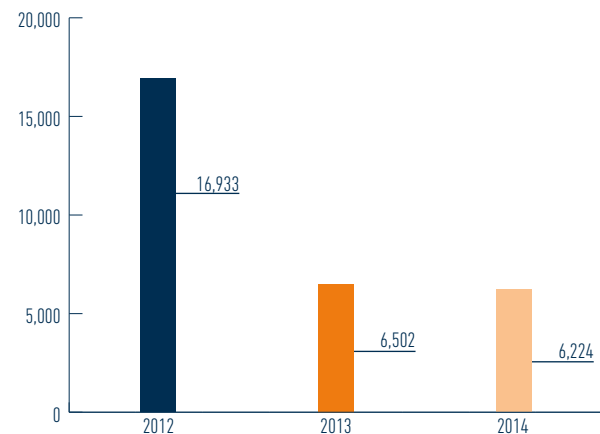
Waste monitoring covers specific aspects such as the treatment of waste resulting from research activities in Aulnay. The research facility also replied to the *Entreprises Témoin* (Model Company) call for projects of the *Agence de l'environnement et de la maîtrise de l'énergie*, ADEME (French Environment and Energy Management Agency), in order to receive assistance with initiatives to save energy and reduce waste.

In 2014, further steps were taken to raise awareness of environmentally responsible behavior, for example through communication and awareness-raising campaigns on selective paper sorting.

The investments made in 2013 in wastewater treatment processes in the Lanester and Marans plants had a significant impact on outsourced waste management quantities. These two plants account for more than 95% of the waste generated by the Group. In 2014, the quantities of hazardous waste treated externally continued to decrease.

Such waste can be recycled in various forms, including solvent regeneration and the recovery of energy from effluents with a high calorific value.

CHANGE IN THE QUANTITY OF HAZARDOUS WASTE TREATED OUTSIDE THE INDUSTRIAL PLANTS (in tonnes)



The active ingredient production plants at Lanester and Marans monitor the quantities of emitted COD⁽¹⁾. In 2014, these two plants emitted a total of 22.6 tonnes of COD. Thanks to the investments made in 2013 in the wastewater treatment processes at Marans, the plant has been able to treat effluents from previous years.

(1) COD: Chemical Oxygen Demand.

The discharge standards applicable to industrial plants, and particularly the Seveso plants in Lanester and Marans, require numerous measurements of parameters on atmospheric emissions (volatile organic compounds, NOx, dust, etc.), liquid discharges and soil monitoring. All these results are used for operational management of the plants, with alert thresholds that allow anomalies to be detected and resolved. The results of this monitoring are reported to the DREALS

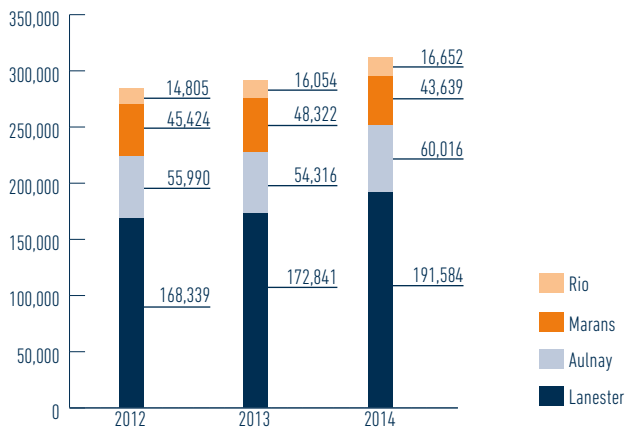
(Regional Directorates for the Environment, Town Planning and Housing) for the Seveso plants, in monthly reports or specific reports such as the solvent management plan or annual environmental review. Internal procedures and staff training also help to allow for regulatory changes and maintain skills for managing specific risks (transport of hazardous materials, handling of chemical products, etc.), and ensure that abnormal situations can be managed so as to mitigate their impact.

SUSTAINABLE USE OF RESOURCES

Limiting water consumption

In 2014, the industrial plants consumed 311,891 m³ of water, representing a 2.9% increase compared with 2013. The industrial plants' water consumption has been reduced by 6.4% since 2007.

WATER CONSUMPTION TREND FOR THE INDUSTRIAL PLANTS (in m³)



Total relative water consumption has risen, especially in the pharmaceutical plants. This is due to tests conducted on new equipment. Relative water consumption at Marans has dropped.

Limiting energy consumption

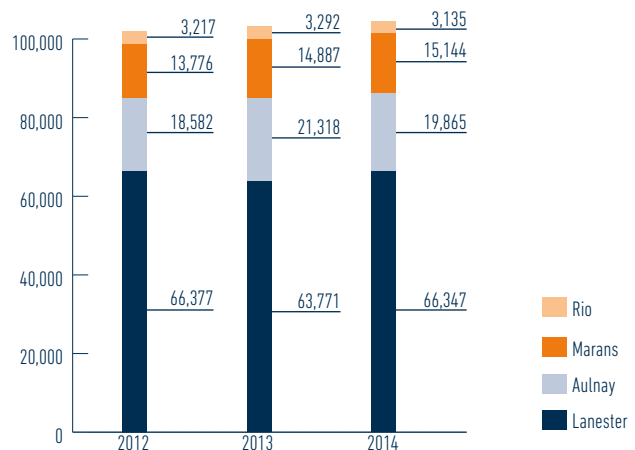
The total energy consumed by the industrial plants (electricity, gas and fuel oil) increased by 1.86% compared with 2013.

Overall production volumes in 2014 should be borne in mind when considering this increase at Group level. On this basis, relative consumption in 2014 was lower than in 2013. This fall in relative consumption is mainly due to the decrease in consumption in the Lanester plant, which accounts for 60% of the Group's energy consumption.

At Lanester, this decrease is mainly attributable to optimization of incinerator operation and more generally to the energy efficiency results achieved, following internal improvement works. Focal areas have been defined to be worked on over several years, consisting of technical, organizational and behavioral improvements that should ensure that the Lanester plant's relative consumption continues to fall in 2015. The initial results achieved by this pilot group boost the Group's economic and environmental performance, because the Group's commitment to reducing its greenhouse gas emissions depends directly on its management of energy use (see the section entitled "Contribution to combating global warming").

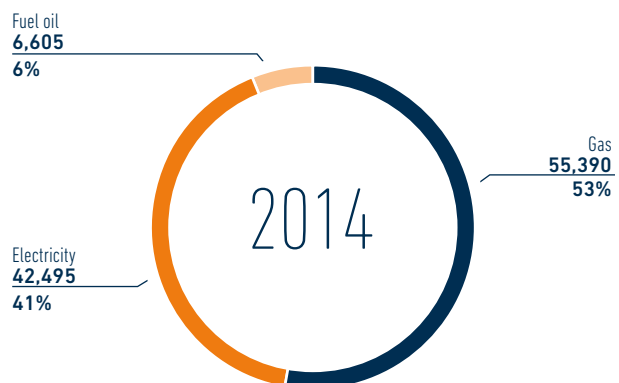
To step up its energy saving program, the Aulnay plant replied to the ADEME's call for projects in connection with its *Entreprises Témoin* scheme, in order to receive assistance with initiatives to save energy and reduce waste.

ENERGY CONSUMPTION TREND FOR THE INDUSTRIAL PLANTS (in MWh)



The consumption of the various sources of energy breaks down as follows:

BREAKDOWN OF THE VARIOUS SOURCES OF ENERGY FOR THE INDUSTRIAL PLANTS (in MWh)



Consumption of raw materials

Our process innovations continued in 2014. A new stage was reached in the ramp-up of iodine recovery for internal recycling in our products and larger quantities were recovered than in 2013. These results achieved by the Lanester plant are further proof of Guerbet's determination to expand its business through economical, environmentally-friendly manufacturing.

CONTRIBUTION TO COMBATING GLOBAL WARMING

The Group began to analyze its Greenhouse Gas (GHG) emissions in 2010, using a carbon footprint measurement tool (CarbonEM) provided by the LEEM. In 2014, Guerbet continued to participate in the CarbonEM working group.

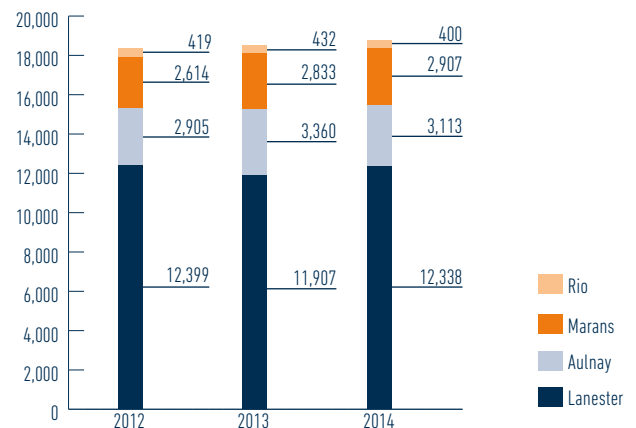
Analysis of the Group's greenhouse gas (GHG) emissions based on the data for 2011⁽¹⁾ revealed that they are mainly generated by the energy consumed by the industrial plants (around 70% of total GHG emissions). Guerbet has therefore set a target of reducing these GHG emissions by 20% (compared with 2011 emissions) per unit produced by its industrial plants in its energy plan for 2016. To meet this target, Guerbet is continuing with its measures to control energy consumption in its industrial plants (see section entitled "Sustainable use of resources"). In 2014, GHG emissions resulting from energy consumption by the Group's four industrial plants⁽²⁾ amounted to 18,758 tonnes of CO₂ equivalent, 1.2% more than in 2013.

Overall production volumes in 2014 should be borne in mind when considering this increase at Group level. Relative greenhouse gas emissions were lower in 2014 than in 2013. This change is a result of the energy saving measures introduced in the Lanester plant, which accounts for 60% of the Group's energy consumption.

INDUSTRIAL PLANTS' CONTRIBUTION TO GHG EMISSIONS BY TYPE OF ENERGY (in tCO₂eq)



ABSOLUTE GHG EMISSIONS TREND FOR THE INDUSTRIAL PLANTS (in tCO₂eq)



The emission factors used have been taken from the "CarbonEM" tool. These factors take into account the types of energy consumed and their geographic origins.

PROTECTION OF BIODIVERSITY

The program undertaken since the implementation of the REACH Regulation in the European Union resulted in registering of all substances concerned by the REACH deadline of 31 May 2013 with the ECHA (European Chemical Agency). This European Regulation applies to manufacturers importing and using chemical substances within the European Union and is intended to reinforce companies' intrinsic knowledge of the hazard that they represent for health and the environment. For the most dangerous substances, very demanding authorization applications may be required by the ECHA, encouraging the industry and the operators involved to invest in less hazardous

alternative substances, where they exist and are shown to be feasible by socio-economic (risk/benefit) analysis.

In 2013, the Lanester and Marans plants conducted receiving environment acceptability studies to gain better knowledge of the environments into which their effluents are discharged and their sensitivity, and to demonstrate that the environmental impact is being adequately controlled from the ecotoxicity and bioaccumulation viewpoints. The conclusions of these studies have been applied at both plants to make changes to effluent treatment processes and certain discharge thresholds.

(1) Scope: the Group's four industrial plants, the distribution center in Gonesse and the head office in Villepinte.

(2) Greenhouse gas emissions from the energy consumed by the Group's industrial plants, expressed in tonnes of CO₂ equivalent. The seventeen sales subsidiaries, the head office in Villepinte, the distribution center in Gonesse and the company Medex are not included.

NOISE POLLUTION

The industrial plants take the necessary measures to meet the regulatory requirements defining noise pollution limits. No material pollution of this type is generated by the Group's other activities.

> 5.3 Social information

TERRITORIAL, ECONOMIC AND SOCIAL IMPACT

As a responsible economic player in the regions where it operates, Guerbet is keen to modernize its industrial infrastructure and develop more environmentally-friendly solutions. €193 million were therefore invested between 2006 and 2014 in the Aulnay (Seine-Saint-Denis), Lanester (Morbihan), Marans (Charente-Maritime) and Gonesse (Val-d'Oise) plants. The great majority of jobs created are local or regional. For instance, Guerbet employs more than 600 people in the northern suburbs of Paris, in Seine-Saint-Denis and Val-d'Oise, where the Group's head office, the Aulnay-sous-Bois pharmaceutical plant and the logistics hub in Gonesse are located. In addition to creating jobs, Guerbet works with the national and regional authorities to promote the economic

development of the regions where it operates. This cooperation may take the form of one-off initiatives, but first and foremost it entails active participation in the local industrial and scientific ecosystems.

For example, Guerbet is a member of Medicen Paris Region, the Paris healthcare competitiveness cluster, alongside other industrial companies, start-ups, university hospitals and academic laboratories. Within this cluster, Guerbet has launched the HECAM (HEpatoCellular CArcinoma Multitechnological) project aimed at building an industrial network to meet hepatocellular carcinoma screening, diagnosis and treatment needs.

RELATIONS WITH STAKEHOLDERS

Guerbet supports various organizations and associations with a stake in the Group's expansion and activity. The fields covered include assistance with occupational integration, general education and organizations with a link to Guerbet's areas of activity.

The partnership with the association *Nos Quartiers ont des Talents* continued in 2014. Guerbet employees mentor young graduates from priority districts or under-privileged social backgrounds in the Paris region, in partnership with this association. Employees give up a few hours of their time to mentor these young graduates. The mentors' role is to help young people define their career plan and improve their job search tools, to help them adapt to the corporate culture, to boost their confidence, to help them prepare for job interviews and give them access to their professional network.

The Lanester site has opened its doors to high-school pupils and students. These visits allow the Group to teach participants about production tools,

create lasting relationships between schools and the company, explain the issues involved in managing operations in plants subject to very high quality, safety and environmental requirements, and showcase the Lanester plant as a source of innovation for the development of safer and more economical and environmentally-friendly processes for the manufacture of pharmaceutical products.

At Marans, the *Comités Locaux d'Information et de Concertation* or CLIC (Local Information and Consultation Committees) were replaced by the *Commissions de Suivi de Sites* or CSS (Site Monitoring Committees) in 2013. These committees, composed of five groups (government authorities, local authorities, the operator, local inhabitants or environmental associations and the operator's employees), provide a framework for discussions and information sharing with a view to preventing environmental risks, monitoring the activity of safety-classified plants and promoting public information.

SUBCONTRACTING, SUPPLIERS AND FAIR PRACTICES

Guerbet participates in the LEEM's Responsible Purchasing working group. In July 2013, Guerbet signed the Responsible Supplier Relations Charter, out of a wish to develop its responsible approach in the economic field. This Charter (which was initially named the Inter-company Relations Charter) was published by the *Médiation du crédit*: credit mediation agency and the CDAF⁽¹⁾ in 2010. It requires that signatories set up an improvement process with regard to their suppliers and particularly small- and medium-sized enterprises (SMEs). The Charter's commitments cover ethical, economic and environmental aspects of relations between signatory companies and their suppliers.

The Group therefore attaches particular importance to choosing the right suppliers and to the relations that it has with them. It selects suppliers through open and fair competition, which ensures the effectiveness of the process, based on the following rules:

- free access to calls for tenders;
- equal treatment of applicants;
- transparent, traceable procedures;
- consideration of the total cost.

(1) *Compagnie des Dirigeants et Acheteurs de France* (French Association of Purchasing Managers).

Guerbet also operates in accordance with the French Public Procurement Code and the regulations applicable to the promotion of pharmaceutical products and strives to present its products in an honest way. The Group is committed to not engaging in any acts of active or passive corruption and to preventing conflicts of interests. Its goal is to operate transparently and responsibly and abstain from funding any political activities.

Guerbet implemented a Responsible Purchasing action plan in 2014.

Guerbet's attitude as a supplier was acknowledged for the second year running by an A+ green rating awarded by the CAHPP⁽¹⁾ at the start of 2014, in the Pharmaceuticals purchasing segment. In 2014, Guerbet was also given an A+ green rating in the Medical Devices purchasing segment. This green rating is a "positive" label designed to incentivize rather than penalize the suppliers listed by this purchasing pool. The A+ rating (on

a scale of four possible ratings: no label, A, A+ and A++) is awarded for action taken in six areas: Management's commitment, purchasing policy, products/ecodesign, mitigation of impacts in customer plants, waste management, ordering and distribution.

Guerbet's rating rose considerably between 2013 and 2014 as a result of measures taken by the company, such as its Responsible Purchasing program and the signing of the Responsible Supplier Relations Charter, the energy saving program in the Lanester plant and the efficiency improvements made to increase the percentage of waste treated internally and improve discharge quality.

For Guerbet, this rating system is a valuable addition to the tools that it uses to assess its socially responsible practices and provides input for its action plans.

CORRUPTION RISK

Guerbet has set up an Ethics and Governance Committee to manage this risk. In 2014, an Internal Control Department was created at the head office that reports directly to the General Management. An ethics charter produced in 2014 will be rolled out at the start of 2015 for all of the Group's plants and employees.

RELATIONS WITH HEALTHCARE PROFESSIONALS AND PATIENT CARE

Guerbet contributes to the quality of care provided for patients and to the satisfaction of doctors and radiologists:

- by providing healthcare professionals with highly effective products and medical devices whose safety is guaranteed;
- by initiating "Master Class" type meetings and discussions between professionals that help to develop their radiology expertise;
- by following lines of research aimed at achieving advances in medical imaging and therapeutic intervention techniques.

In 2014, the FDA gave one of its first "Drug Shortage Assistance Awards" to Guerbet for supplying Lipiodol® to the United States when there was a shortage of this product.

⁽¹⁾ "Centrale d'achats de l'hospitalisation privée et publique" (Private and Public Hospital Purchasing Pool).

➤ 5.4 Report by one of the Statutory Auditors, designated as an independent third-party organization, on the consolidated employee, environmental and social information contained in the management report

This is a free translation into English of the original report issued in French and it 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,

In our capacity as one of Guerbet's Statutory Auditors, designated as an independent third-party organization and accredited by the COFRAC (French Accreditation Board) under number 3-1048⁽¹⁾, we hereby present our report on the consolidated employee, environmental and social information for the financial year ended 31 December 2014 (hereinafter the "CSR Information"), presented in the management report in accordance with Article L. 225-102-1 of the French Commercial Code.

CORPORATE RESPONSIBILITY

The Board of Directors is responsible for producing a management report containing the CSR information provided for by Article R. 225-105-1 of the French Commercial Code, in accordance with the standards adopted by the company (hereinafter the "Standards"), a summary of which can be found in the management report and is available at the company's head office on request.

INDEPENDENCE AND QUALITY CONTROL

Our independence is defined by the regulations, the profession's Code of Ethics and Article L. 822-11 of the French Commercial Code. We have also introduced a quality control system that consists of documented policies and procedures intended to ensure compliance with ethical rules, professional standards and the applicable laws and regulations.

RESPONSIBILITY OF THE STATUTORY AUDITOR

It is our responsibility, based on our analyses:

- to certify that the requisite CSR information is present in the management report or, if information is omitted, that an explanation has been given in accordance with the third paragraph of Article R. 225-105 of the French Commercial Code (Certification of presence of CSR Information);
- to express a conclusion of moderate assurance that the CSR information, taken as a whole, is presented, in all its significant aspects, fairly and in accordance with the Standards (Substantiated opinion on the fairness of the CSR Information).

Our analyses were performed by a team of six people over about a three-week period between January 2015 and March 2015. We were assisted in our audit by CSR experts.

We performed the procedures described below in accordance with the professional standards applicable in France, and with the order of 13 May 2013 determining the procedures for assurance engagements by independent third-party organizations and, for the substantiated opinion on fairness, in line with international standard ISAE 3000⁽²⁾.

1. Certification of presence of CSR Information

Through meetings with the relevant Department heads, we learned about the sustainable development guidelines established according to the social and environmental consequences of the company's activity and its social commitments and, where appropriate, the resulting initiatives or programs.

We compared the CSR Information presented in the management report against the list provided for by Article R. 225-105-1 of the French Commercial Code.

Where certain consolidated information was missing, we checked that explanations were given in accordance with Article R. 225-105, paragraph 3, of the French Commercial Code.

We checked that the CSR Information covered the consolidated scope, namely the company and its subsidiaries as defined by Article L. 233-1, and the companies that it controls as defined by Article L. 233-3 of the French Commercial Code.

⁽¹⁾ Whose scope is available on the website www.cofrac.fr.

⁽²⁾ ISAE 3000 – Assurance Engagements other than audits or reviews of historical financial information.

Based on these verifications, and given the limitations referred to above, we hereby certify that the requisite CSR Information is present in the management report. Note, however, that the reporting scope for the number of training hours is limited to France, as indicated in the management report.

2. Substantiated opinion on the fairness of the CSR Information

NATURE AND SCOPE OF THE ANALYSES

We conducted around fifteen interviews with the people responsible for preparing CSR information within the Departments in charge of the information gathering processes and, where appropriate, with internal control and risk management procedure managers, in order to:

- assess the appropriateness of the Standards in terms of their relevance, comprehensiveness, reliability, neutrality and understandability, taking into account good practices in the sector where appropriate;
- check for the existence of an information gathering, compilation, processing and monitoring process aimed at ensuring the comprehensiveness and consistency of the CSR information and learn about the internal control and risk management procedures relating to the preparation of CSR information.

We determined the nature and scope of our tests and checks according to the nature and importance of the CSR Information in view of the company's characteristics, the social and environmental issues at stake in its activities, its sustainable development policies and good practices within the sector.

We considered the most important CSR information to be⁽³⁾:

- We consulted the documentary sources available from the consolidating entity and conducted interviews to corroborate the qualitative information (organization, policies and initiatives). We performed analytical procedures on the quantitative information and used spot checks to check the calculations and consolidation of the data and we checked their consistency and correlation with the other information contained in the management report.
- Using a representative sample of entities that we selected⁽⁴⁾ according to their activity, their contribution to the consolidated indicators, the location of their operations and a risk analysis, we conducted interviews to verify the correct application of the procedures and performed detailed tests through sampling consisting of checking the calculations carried out and matching the data with the supporting documents. The sample thus selected represents an average of 81% of Guerbet's activity, 71% of its workforce and between 14% and 100% of its quantitative environmental information.

For the other consolidated CSR information, we assessed its consistency with our knowledge of the company.

Finally, we assessed the relevance of the explanations given, where appropriate, for the complete or partial absence of certain information.

We believe that the sampling methods and the sample sizes that we used in accordance with our professional judgement are sufficient for us to express a conclusion of moderate assurance; a higher level of assurance would have required a more extensive audit. Due to the use of sampling techniques and the other limitations inherent in any information and internal control system, the risk that a material misstatement in the CSR information has not been detected cannot be completely ruled out.

CONCLUSION

Based on our analyses and given our conclusion regarding the certification of presence, we did not identify any material misstatements liable to call into doubt the fact that the CSR information, taken as a whole, is presented fairly and in accordance with the Standards.

Neuilly-sur-Seine, 9 April 2015

One of the Statutory Auditors

Deloitte & Associés

Jean-Marie Le Guiner

Partner

Julien Rivals

Partner, Sustainability Services

(3) Quantitative information:

Employee information: workforce (employees on fixed-term and open-ended contracts) at 31 December; percentage of women in the workforce at 31 December; number of new employees hired on open-ended contracts and number of employees dismissed; number of theoretical hours worked; occupational injury frequency rate; occupational injury severity rate; number of hours' training given over the year.

Environmental information: energy consumption (MWh); electricity consumption (MWh); gas consumption (MWh); fuel oil consumption (MWh); absolute GHG emissions (in tCO₂eq) generated from electricity, gas and fuel oil consumption and total energy consumption; water consumption (m³); hazardous waste treated externally (tonnes);

Qualitative information:

Employee information: risks related to handling, agreements on gender equality signed in 2014;

Environmental information: prevention of environmental and pollution risks, biodiversity, impact study of discharges into water;

Social information: Responsible Purchasing action plan, roll-out of the Responsible Supplier Relations Charter;

"Pharmaceutical risks/Drug safety monitoring" section.

(4) Head office of Guerbet France in Villepinte; industrial plant in Marans (France); industrial plant in Lanester (France) remotely and for gas only.



FINANCIAL STATEMENTS AND RELATED NOTES

6

6.1	Consolidated financial statements and notes	62
6.2	Statutory Auditors' report on consolidated financial statements	95
6.3	Annual financial statements and notes	96
6.4	Statutory Auditors' report on the annual financial statements	115
6.5	Special report of the Statutory Auditors on regulated commitments and agreements	116

6.1 Consolidated financial statements and notes

6.1.1 CONSOLIDATED FINANCIAL STATEMENTS

6.1.1.1 Consolidated balance sheet

Assets (net)

<i>(in € 000s)</i>	Note	2014	2013
Intangible fixed assets	5	43,505	36,216
Tangible fixed assets	6	196,162	197,358
Non-current financial assets	7	2,381	2,783
Deferred taxes	8	9,851	8,326
Total non-current assets		251,899	244,683
Inventories	9	99,958	97,305
Trade receivables	10 and 1.1	78,984	75,372
Assets held for sale		-	-
Other current financial assets	1.1	24,394	23,759
Cash and cash equivalents	1.2	20,399	18,433
Total current assets		223,735	214,869
TOTAL ASSETS		475,634	459,552

Equity and Liabilities (net)

<i>(in €'000s)</i>	Note	2014	2013
Share capital		12,208	12,200
Other reserves		221,718	208,141
Consolidated income		26,127	20,489
Translation adjustment		(949)	(2,572)
Shareholders' equity	11	259,104	238,258
Of which Group share		259,104	238,258
Non-current financial debt	2.2	44,678	62,183
Other non-current financial liabilities	2.1	943	1,108
Deferred taxes	8	14,105	10,758
Provisions	12	23,467	20,358
Total non-current liabilities		83,193	94,407
Trade payables		35,964	35,057
Current financial debt	2.2	36,529	38,734
Other current financial liabilities	2.7	46,811	43,914
Current taxes payable		10,614	7,495
Provisions	12	3,419	1,687
Total current liabilities		133,337	126,887
TOTAL EQUITY AND LIABILITIES		475,634	459,552

6.1.1.2 Consolidated income statement

<i>(in € 000s)</i>	Note	2014	2013
Revenue	4	408,957	389,669
Royalties		28	33
Other operating revenue	13	683	2,371
Purchases consumed		(93,480)	(94,688)
Staff related costs	14.1	(113,306)	(110,107)
External charges	15	(123,441)	(120,129)
Taxes and duties	16	(14,168)	(14,363)
Depreciation and amortization	17	(24,782)	(22,347)
Net allocations to provisions		(4,477)	206
Change in inventories of finished goods and work in progress		3,086	(2,791)
Other current operating income and expenses	18	(709)	2,130
Current operating income		38,391	29,984
Other operating income and expenses	19	365	(59)
Operating income		38,756	29,925
Income from cash and cash equivalents		199	122
Gross finance costs	20	(1,887)	(1,208)
Net finance costs		(1,688)	(1,086)
Currency gains/(losses)		(59)	(1,054)
Other financial income and expenses		(757)	(74)
Income taxes	21	(10,125)	(7,222)
Consolidated net income		26,127	20,489
Of which Group share		26,127	20,489
Net earnings per share of par value €4 <i>(in €)</i>	27	8.56	6.72
Diluted net earnings per share of par value €4 <i>(in €)</i>	27	8.28	6.46
Net earnings per share of par value €1 <i>(in €)</i>	27	2.14	1.68
Diluted net earnings per share of par value €1 <i>(in €)</i>	27	2.07	1.62

6.1.1.3 Statement of net income and gains and losses recognized directly in equity

<i>(in € 000s)</i>	2014	2013
Net income for the year	26,127	20,489
Income and expenses recognized directly in equity		
Actuarial gains and losses for IAS 19 obligations	(1,440)	1,038
Translation adjustment	1,623	(3,775)
NET INCOME AND GAINS AND LOSSES RECOGNIZED DIRECTLY IN EQUITY	26,310	17,752

6.1.1.4 Consolidated statement of cash flows

<i>(in €'000s)</i>	Note	2014	2013
Net income		26,127	20,489
Allowances and reversals of depreciation and provisions for fixed assets		25,469	23,581
Allowances and reversals of provisions for liabilities and charges	12.1	2,891	(1,328)
Changes in fair value of hedging instruments		(129)	(1,186)
Stock option costs		404	384
Income from sale of fixed assets and other adjustments		431	101
Cash flow after net finance costs and taxes		55,193	42,041
Net finance costs		1,688	1,086
Tax expenses (including deferred taxes)	21	10,125	7,222
Cash flow before net finance cost and taxes		67,006	50,349
Taxes paid		(8,751)	(5,993)
<i>(Increase), decrease in inventory</i>	9	(2,653)	7,841
<i>(Increase), decrease in trade receivables</i>		(2,313)	11,890
<i>Increase, (decrease) in trade payables</i>		919	(3,885)
<i>(Increase), decrease in other assets</i>		3,158	(2,896)
<i>Increase, (decrease) in other liabilities</i>		2,610	1,974
Change in working capital		1,721	14,924
NET CASH FLOWS FROM OPERATING ACTIVITIES (A)		59,976	59,280
Investments		(31,759)	(35,345)
<i>Of which intangible fixed assets</i>	5	(9,460)	(5,246)
<i>Of which tangible fixed assets</i>	6	(21,482)	(30,099)
<i>Of which financial fixed assets</i>		(817)	-
Sales of fixed assets		351	1,246
Increase, (decrease) in amounts payable on fixed assets		(212)	(1,341)
NET CASH FLOWS FROM INVESTING ACTIVITIES (B)		(31,620)	(35,440)
Dividends paid		(6,100)	(6,090)
Increase in equity		225	-
New long-term borrowing		3,384	15,009
Loan repayments		(19,495)	(26,873)
Buyback and resale of treasury shares		-	-
Net financing interest paid (including finance lease agreements)		(1,740)	(1,068)
NET CASH FLOWS FROM FINANCING ACTIVITIES (C)		(23,726)	(19,022)
Effect of exchange rate changes (D)		883	(139)
NET CHANGE IN CASH AND CASH EQUIVALENTS (A) + (B) + (C) + (D)	2.6	5,513	4,679
NET CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		693	(3,986)
NET CASH AND CASH EQUIVALENTS AT END OF YEAR	1.2 AND 2.2	6,206	693

6.1.1.5 Statement of changes in Shareholders' equity

(in €'000s)	Share capital	Consolidated reserves	Result	Change in translation adjustment	Total
At 31 December 2012	12,200	192,407	20,399	1,203	226,209
Incorporation of 2012 income		20,399	(20,399)		-
Stock options		384			384
Dividend payments		(6,090)			(6,090)
Consolidated 2013 Income			20,489		20,489
Actuarial gains and losses		1,038			1,038
Translation adjustment				(3,775)	(3,775)
Other changes		3			3
At 31 December 2013	12,200	208,141	20,489	(2,572)	238,258
Incorporation of 2013 income		20,489	(20,489)		-
Stock options		404			404
Dividends paid		(6,100)			(6,100)
Consolidated 2014 income			26,127		26,127
Actuarial gains and losses		(1,440)			(1,440)
Translation adjustment				1,623	1,623
Share capital increase	8	216			224
Other changes		8			8
AT 31/12/2014	12,208	221,718	26,127	(949)	259,104

6.1.2 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The figures presented in this note are in €'000s.

I) Accounting methods and rules

A) BASIS OF PRESENTATION AND STATEMENT OF COMPLIANCE

The main accounting methods applied in preparing the consolidated financial statements are described below. Unless otherwise indicated, these methods were applied consistently to all of the periods presented.

In accordance with Regulation 1606/2002 enacted on 19 July 2002 by the European Parliament and the European Council, the consolidated financial statements of Guerbet have been established since 1 January 2005 in accordance with IFRS (International Financial Reporting Standards) as approved by the European Union on the date the financial statements were prepared. The IFRS as adopted by the European Union differ in some respects from the IFRS published by the IASB. Nevertheless, the Group has ensured that the financial information for the periods presented would not have been materially different if the IFRS published by the IASB had been applied.

International accounting standards include IFRS (International Financial Reporting Standards), IAS (International Accounting Standards) and the following interpretations: SIC (Standing Interpretations Committee) and IFRIC (International Financial Reporting Interpretations Committee).

All of the texts adopted by the European Union are available on the website of the European Commission: http://ec.europa.eu/finance/accounting/ias/index_en.htm.

The format of the financial statements complies with the March 2013 recommendation of the CNC (Commission for Accounting Standards).

Main options adopted for the transition to IFRS:

- 1) The office property at Villepinte was reassessed at its fair value at 1 January 2004, based on an estimate from an independent appraiser. The reassessment was made for €8 million, of which €6.5 million allocated to the buildings and €1.5 million allocated to the land.
- 2) Intangible assets with an indefinite useful life are not amortized, in accordance with the IAS 38 standard. The amortization previously applied in statements using French standards was maintained at its cumulative value at 1 January 2004.
- 3) The translation adjustments as of 1 January 2004 were carried over to "Other reserves".

For the other items related to 2005, we invite readers to refer to our Registration Document deposited at the *Autorité des marchés financiers* (French Financial Markets Authority) under number D.06-0221 and also viewable on the AMF website.

Changes in standards and interpretations applicable to 2014 consolidated financial statements**Standards, amendments, and interpretations that must be applied starting in 2014**

These do not need to be applied in the Group or do not have a significant impact on the year's consolidated financial statements. They are:

- Amendments to IAS 32: Presentation of offsetting financial assets and financial liabilities;
- Amendments to IAS 36: Recoverable amount disclosures for non-financial assets;
- Amendments to IAS 39 and IFRS 9: Novation of derivatives and continuation of hedge accounting;
- 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 27: Equity method in separate financial statements.

Standards, amendments and interpretations adopted by the European Union, permitting early adoption in the fiscal year and not early adopted by the Group

- IFRIC 21: Levies.

B) ESTIMATES AND JUDGEMENTS

To establish financial statements in accordance with IFRS standards, the Group must make estimates and assumptions that impact the book value of items in the assets and liabilities, income and expenses, and the information given in certain notes of the appendix.

Management evaluates these estimates and assessments continually based on past experience and on various other factors judged to be reasonable, which constitute the basis for these assessments.

The main significant estimates made by the Group Management concern the valuation of intangible fixed assets, impairment of inventory, provisions, legal disputes with third parties, and deferred taxes.

C) CONSOLIDATION METHOD

In applying the new IFRS standards 10, 11 and 12, the Group has updated its definition of control.

Guerbet consolidates as follows:

- through the full consolidation method, for companies in which the parent company exercises exclusive control, directly or indirectly.
- through the equity method, for companies in which the Group exercises significant influence directly or indirectly, without providing management.

All inter-company transactions are eliminated.

D) CONSOLIDATION OF SUBSIDIARIES

Business combinations are recognized in accordance with IFRS 3, by applying the acquisition method. Under this method, the assets acquired and the liabilities reversed and contingent liabilities assumed are recognized at their fair value on the acquisition date.

Assets and liabilities

During the initial consolidation of a business under exclusive control, identifiable liabilities and assets, and contingent liabilities of the business acquired are recognized at their fair value in accordance with IFRS rules. The resulting valuation adjustments are recognized under the assets and liabilities to which they relate, including the share attributable to minority Shareholders and not just the share of net assets acquired.

Goodwill

The residual difference between the fair values of the acquisition cost and the share of the purchaser in the net assets is accounted for as Goodwill.

If this difference is positive, it is recognized as an asset, in the Goodwill category. If it is negative, it is immediately recognized in income.

E) TRANSLATION METHODS

Accounting for currency transactions in statements of consolidated companies

As required by IAS 21, transactions denominated in foreign currencies are converted by subsidiaries into their working currencies at the rate applying on the day of the transaction.

Monetary balance sheet items are restated on the balance sheet at their closing exchange value at the end of the year. Gains or losses resulting from this valuation are recognized in the income statement in "Other financial income and expenses", taking into account forward exchange rate hedges and forward exchange options.

Income from currency option trading is recognized at the maturity of the option to the extent that the options hedge commercial operations after the end of the year. The premium paid is recognized as an asset on the balance sheet until the option expires.

Currency translation of statements of foreign subsidiaries outside the Euro zone

Shareholders' equity is converted at historic rates. Other items on the balance sheet are converted at the official year-end exchange rates, items from the income statement at the average exchange rates of the year. The gain or loss resulting from the use of these different rates is carried over into Shareholders' equity, under "Translation adjustments".

F) INTANGIBLE FIXED ASSETS

Intangible fixed assets are recorded at acquisition cost.

Trademarks recognized in the assets of the balance sheet relate only to acquired brands that are supported by promotional spending.

Intangible fixed assets are amortized over their useful lifespan expected by the Group. This period is determined on a case-by-case basis according to the nature and characteristics of the items included under this heading.

As a general rule:

- No amortization is applied to brands.
- Acquired patents are amortized on a straight-line basis for periods not exceeding their duration of protection.
- Amortization of computer software is applied over a 3- to 10-year duration using the straight-line method.

G) RESEARCH AND DEVELOPMENT COSTS

In accordance with IAS 38, research costs are recorded as expenses in the period in which they have incurred.

According to IAS 38, development costs are only recognized as intangible fixed assets if the Group can prove all of the following criteria:

- Technical and financial capacity and intent to take the development project through to completion.
- Probability that the future economic benefits attributable to the development expenses will go to the Group.
- Cost of the asset that can be reliably assessed.

Because of the risks and uncertainties linked to regulatory authorizations, the Group considers that costs incurred before obtaining Marketing Authorization (MA) do not meet the above criteria. Development costs are thus recorded as expenses in the year in which they have incurred. Furthermore, costs incurred after obtaining MA are sales costs that cannot be capitalized according to IAS 38 criteria.

H) TANGIBLE FIXED ASSETS

Tangible fixed assets are recorded at their historic purchase or production cost. Exceptionally, using the option available under IFRS 1 in the initial IFRS version adopted, the Villepinte plant was recognized at its fair value as of 1 January 2004.

Costs that are directly attributable and necessary to the start-up of investments, starting with engineering drafts (summary and detailed), through to costs for validation and qualification of facilities, are fixed costs.

In application of the revision of IAS 23, borrowing costs are included in the value of fixed assets for strategic investment projects that extend over several months of production and that began after 1 January 2009.

Equipment subsidies received are not deducted from the value of the fixed assets but are presented at their amortized value as deferred income.

Amortizations are calculated on a straight-line basis according to the useful lifespan of assets on the basis of their purchase or production cost, potentially reappraised, less any residual value, where applicable. Amortization periods are calculated according to the useful lives that are generally established within the following limits:

- Buildings: 20 to 50 years;
- Improvements and fittings: 10 to 20 years;
- Technical facilities, equipment and tooling: 5 to 10 years;
- Other tangible fixed assets: 5 to 10 years.

I) IMPAIRMENT OF FIXED ASSETS

Goodwill and intangible fixed assets with an indefinite useful life are subject to an impairment test in accordance with the provisions of IAS 36, "Impairment of Assets", at least once each year or more frequently if there is evidence of impairment. The annual tests are conducted in the fourth quarter.

Other fixed assets are also subject to an impairment test whenever events or changes in circumstances indicate that book value may not be recoverable.

The impairment test consists in comparing the net book value of the asset to its recoverable value, which is the higher of either its fair value minus the cost of sale, or its value in use.

The value in use is obtained by adding the discounted cash flow expected from using the asset (or group of assets) and its ultimate disposal. The discount rate is the pre-tax rate that reflects current assessments of the time value of money and the risks specific to the asset. It is the rate of return that investors would require if they had to choose an investment whose amount, maturity, and risks were equivalent to those of the asset in question.

Fair value minus disposal costs corresponds to the amount that could be obtained from the sale of the asset (or group of assets), in an arm's-length transaction, minus the costs directly linked to the sale.

When tests undertaken show an impairment loss, a provision is established so that the net book value of these assets does not exceed their recoverable value.

Tangible fixed assets are subject to an impairment test as soon as there is an indication of an impairment loss. For this test, fixed assets are grouped together in cash generating units (CGUs). CGUs are homogeneous groups of assets whose continuous use generates cash inflows that are largely independent of the cash inflows generated by other asset groups. The value in use of these units is determined using the discounted cash flow method. When the recoverable value is lower than the net book value of the asset (or group of assets), an impairment loss equal to the difference is recognized in income, and allocated first to Goodwill. Impairment losses that are recognized for Goodwill are non-reversible.

J) LEASE AGREEMENTS**Finance lease**

Goods acquired by finance lease are considered to be fixed assets when lease agreements have the effect of transferring to the Group the quasi-totality of the risks and benefits inherent to having ownership of those goods. The criteria for valuing these agreements is notably based on:

- the relationship between the lease duration of the assets and their lifespan;
- the total of future payments in relation to the fair value of the financed asset;
- whether or not there is a transfer of property at the end of the lease agreement;
- whether or not there is a favorable purchasing option;
- the specific nature of the asset leased.

Goods that are leased are therefore recognized as fixed assets, and a financial debt of an equivalent amount is recognized. Each payment made is broken down between an interest expense and the repayment of the financial debt.

Assets held using finance lease agreements are amortized over their useful lives, or, if shorter, the duration of the corresponding lease agreement.

Basic lease

Lease agreements that do not have the characteristics of a finance lease agreement are recognized as operating lease agreements, and only the payments are recognized in income.

K) FINANCIAL ASSETS

Financial assets are accounted for and evaluated by the Group in accordance with IAS 39, starting from the date of the transition to IFRS (IFRS option 1). Financial assets, except for cash and derivatives, are categorized according to one of the following four categories:

- Assets held for trading;
- Loans and receivables;
- Assets held until maturity;
- Assets available for sale.

The Group determines the classification of financial assets at the time of initial recognition, according to the reason for which they were purchased.

Assets held for trading

These are financial assets bought in order to be resold in the very near term, held in order to make a short-term profit, or voluntarily placed in this category. These assets are measured at fair value, and all changes are recognized in the income statement.

Loans and receivables

Loans and receivables are valued using the historical cost method (amortized cost - effective interest rate). Their value on the balance sheet comprises capital remaining due plus accrued interest. They are subject to impairment tests, conducted as soon as signs appear that their fair value is less than their value on the balance sheet. At a minimum, these tests shall take place at each accounting close. When the recoverable value is lower than the book value, an impairment loss is recognized on the income statement.

Assets held until maturity

Assets held until maturity are financial assets that the Group has the intention and capability of holding until maturity. These assets are recognized at amortized cost using the effective interest rate method.

They are subject to impairment tests if there is an indication of loss of value. An impairment is recognized if the book value is higher than the estimated recoverable value.

Assets available for sale

Assets available for sale are non-derivative financial assets that are not included in the categories mentioned above. Unrealized gains or losses recognized are booked in Shareholders' equity until their sale, with the exception of impairment losses, which are recognized in income as soon as they are determined. Exchange losses and gains for assets denominated in foreign currencies are recognized in income for monetary assets and in Shareholders' equity for non-monetary assets. Fair value, for listed securities, corresponds to market price, and for non-listed securities, to a reference to recent transactions, or a technical assessment based on reliable and objective indicators with estimates used by other market players. However, when it is impossible to reasonably estimate the fair value of a security, it is measured at its historical cost. These assets are then subject to impairment tests to assess their recoverability. This category primarily comprises non-consolidated equity securities and marketable securities that do not meet other definitions of financial assets. They are classified in other assets, current or non-current, and cash.

L) INVENTORIES

Inventories of raw materials and other supplies are measured using the weighted average cost method. When the inventory value is lower than this cost, a provision for impairment is recognized for the difference. Inventory can also be impaired according to turnover rates. Inventories of products in process and finished products are valued at production cost, including direct and indirect production costs and excluding administrative, financial and commercial costs. An impairment provision is created when there is a risk that the products will not be sold before the use-by date, or will be sold below cost price, taking into account distribution and marketing expenses still to be incurred.

M) TRADE RECEIVABLES

Trade receivables are assessed at nominal value. They are written down, where applicable, according to the risk of non-recovery, evaluated on a case-by-case basis, except in case of specific economic context.

Debt securitization consists in selling trade receivables to an entity funding the acquisition of these receivables by selling securities on capital markets. If guarantees granted to that entity mean that real risk cannot be considered as having been transferred to the transferee, the receivables are kept as assets and a loan is recognized in liabilities for the financing amount provided by the entity.

N) NON-CURRENT ASSETS HELD FOR SALE

A non-current asset, or group of assets and liabilities, is held for sale when its accounting value will be primarily recovered through sale and not through continuous use. For this to be the case, the sale must be highly probable. For the sale to be highly probable, a sales plan for the asset (or for the group to be sold) must have been initiated by an appropriate level of management, and an active program to find a buyer and finalize the plan must have been initiated.

O) CASH AND CASH EQUIVALENTS

Cash comprises liquid assets in bank current accounts. Cash equivalents include investment securities and term deposits, that can be liquidated or sold in the very short term (less than three months), and do not present a significant risk of losing value if interest rates change. These

investment securities are considered as securities revalued at fair value in the income statement.

P) PROVISIONS

Provisions correspond to liabilities meeting the following criteria:

- the amount or the maturity date is not set precisely;
- the economic impact is negative for the Group. This means that this liability is analyzed like an obligation of the Group to a third party, where chances are that it will lead to resources outflow to the benefit of this third party, with no compensation at least equivalent expected in return.

Q) COMMITMENT TO EMPLOYEES

The Group participates in defined contribution and defined benefit plans, according to the laws and customs of the countries where the Group operates. Measurement of defined benefit pension plan obligations is in compliance with the revised IAS 19 standard. The costs of benefits are estimated using the projected unit credit method. This consists of basing the calculation on the compensation that will be paid to employees, taking into account age structure, staff turnover rate, survival rate using official tables by age group. The amounts obtained are adjusted according to inflation and promotion scenarios, and are updated to take into account the date on which these benefits will actually be paid. When actuarial assumptions are reviewed, any resulting actuarial gains and losses are carried over into Shareholders' equity. These valuations are made once a year, for all pension plans.

R) DERIVATIVE FINANCIAL INSTRUMENTS

The Group trades in derivative financial instruments in order to manage and reduce its exposure to risks of fluctuation of interest rates and exchange rates. In order to manage its exposure to interest-rate risk, the Group uses hedging options that are measured at fair value in accordance with IAS 39. Changes in this fair value are recognized in the income statement in "Gross finance costs". These instruments are traded with leading institutions. The implementation of hedge accounting requires, according to IAS 39, showing and documenting the effectiveness of the hedging relationship during its implementation and throughout its life.

The effectiveness of the hedge in accounting terms is verified by the relationship between changes in the value of the derivative and of the underlying hedge. This ratio must remain in a range between 80% and 125%. Derivatives are recognized on the balance sheet at their market value on the closing date. Changes in the value of these derivatives are recognized according to the following principles:

- for documented future cash flow hedges, changes in fair value are recognized in Shareholders' equity for the effective portion. The ineffective portion is recognized in income;
- for documented fair value hedge instruments, and non-documented instruments, changes in fair value are recognized in the income statement.

Market value is determined by quotations from third-party financial institutions. It is checked by a consulting firm specialized in market activity. Changes in fair value of financial derivatives are recognized in the income statement in "Gross finance costs" for interest rate derivatives and in "Exchange gains and losses" for currency derivatives.

S) REVENUE

Revenue is recognized when there is a transfer to the purchaser of the benefits and risks related to ownership of the goods. It is presented net of payment discounts granted.

T) PUBLIC SUBSIDIES

Investment subsidies are not recorded as a reduction of the purchasing cost of fixed assets but instead under deferred income. Their amount is recognized in other operating income at the same rate as amortizations of subsidised fixed assets. Innovation and employment grants received are recorded under "Other operating income" in the period in which they become definitively earned.

U) SHARE-BASED PAYMENTS

Share-based payments relate to option plans granted to employees. The Group applies IFRS 2 for share options granted after 7 November 2002. The binomial model is used to measure the fair value of the options granted. The fair value of the options is recognized in staff costs extending over the time the options are unavailable, with a reverse entry under Shareholders' equity.

V) INCOME TAX, DEFERRED TAXES, AND "CET" TAX

Income tax expense corresponds to the tax due for each consolidated fiscal entity, adjusted for deferred taxes. The latter are calculated on all the temporary differences between the tax base and the consolidated base of assets and liabilities, in accordance with a balance-sheet-based approach, with variable deferrals applied and based on reliable repayment scheduling. The tax rate and fiscal rules used are those set out in the tax legislation in force and which will be applicable when the transactions in question are completed. Deferred taxes on tax losses will be recognized if they are recoverable in the near future. Deferred taxes, whether assets or liabilities, are offset against one another at the level of each fiscal entity and are carried over in their net amount to liabilities or assets. In France, Guerbet, Guerbet France, Medex and Simafex are consolidated for tax purposes in accordance with Article 223-A of the French General Tax Code. As such, they constitute a single fiscal entity. The Regional Economic Contribution ("CET" tax) that came into force in 2010, replacing the business tax, is made up in part of a contribution based on value added ("CVAE"). After analyzing and taking into account the calculation method for this contribution, the decision was made to present it in Taxes and Duties as the business tax (*taxe professionnelle*) had been, for which Group companies already benefited from a cap on value added. Consequently, no deferred taxes are recognized for the "CVAE".

W) EARNINGS PER SHARE

Earnings per share are calculated by dividing net income by the average number of shares in circulation during the year. Diluted net earnings per share are calculated based on all the shares that could potentially be created and any savings, net of taxes, that would result from converting these instruments giving deferred access to the share capital. At the end of the year, the potential shares were made up entirely of share options.

X) CASH FLOW

Cash flow after net finance costs and taxes is calculated by adding:

- Net income;
- Income and expenses recognized directly in Shareholders' equity;
- Calculated expenses (depreciation allowances, provisions, etc.), minus calculated expense reversals;
- Income from sale of fixed assets and non-current financial assets;
- Minus the portion of investment subsidies recognized on the income statement.

II) Scope of consolidation

The scope of consolidation has changed as follows:

- 2012: all SCI Kalb's assets and liabilities were transferred to its parent company, Guerbet (*Transfert Universel de Patrimoine*);
- 2013: Consolidation of Guerbet France, formed in November 2012 with a partial asset contribution granted by its parent company, Guerbet, on 30 June 2013.

All companies are fully consolidated with ownership interests of 100% (see list of companies in note 31). Parent company Guerbet acquired 60% of the shares of Medex in June 2004 for €3,000,000. The Goodwill on consolidation of €6,023,000 was assigned to amortizable patents for €5,623,000. In 2010, under a mutual agreement between Guerbet and the minority Shareholder, Guerbet exercised the purchase option on the remaining 40% of the share capital at a price set according to the sales performance of Medex. This price setting was the subject of a legal dispute, so the maximum price, foreseen in the contract, remained in "Debts on fixed assets" at €2,500,000 until 31 December 2012. In accordance with the judgement of the Lyon commercial court on 17 July 2013, the transfer of shares representing 40% of the share capital was made to Guerbet for the sum of €1. Medex has been fully consolidated since 2004 given this commitment.

All of the companies within this scope have the same length of their financial year, 12 months, and close their statements on 31 December.

III) Notes to the statements

Notes content

Note 1	Financial assets	72
Note 2	Financial liabilities	74
Note 3	Management of financial risk	76
Note 4	Sectoral data.....	77
Note 5	Intangible fixed assets	79
Note 6	Tangible fixed assets	81
Note 7	Non-current financial assets	82
Note 8	Assets and liabilities from deferred taxes.....	82
Note 9	Inventories.....	83
Note 10	Trade receivables	83
Note 11	Shareholders' equity	83
Note 12	Provisions	84
Note 13	Other operating revenue	87
Note 14	Staff costs.....	87
Note 15	External charges.....	89
Note 16	Taxes and duties	89
Note 17	depreciation and amortization	89
Note 18	Other operating income and expenses	89
Note 19	Other operating income and expenses	90
Note 20	Gross finance costs.....	90
Note 21	Income tax	90
Note 22	Research and development costs	90
Note 23	Public subsidies	91
Note 24	Information on stock option operations.....	91
Note 25	Related Party Disclosures.....	91
Note 26	Off-balance-sheet commitments.....	92
Note 27	Earnings per share and diluted earnings per share.....	93
Note 28	Post-closing events.....	93
Note 29	Appropriation of 2014 earnings.....	93
Note 30	Fees paid to Statutory Auditors	94
Note 31	List of consolidated companies.....	94

NOTE 1 FINANCIAL ASSETS

2014	Available-for-sale financial assets	Loans and receivables	Financial assets at fair value through profit or loss	Total Balance
Non-current tax obligations	-	805	-	805
Other non-current financial assets	118	1,458	-	1,576
Trade and other receivables	-	78,984	-	78,984
Other current financial assets	-	24,394	-	24,394
Cash and cash equivalents	-	-	20,399	20,399
TOTAL	118	105,641	20,399	126,158

2013	Available-for-sale financial assets	Loans and receivables	Financial assets at fair value through profit or loss	Total Balance
Non-current tax obligations	-	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
TOTAL	117	101,797	18,433	120,347

CHANGES IN IMPAIRMENT OF FINANCIAL ASSETS

	31/12/2013	Allowances	Reversals	Translation adjustment	31/12/2014
Non-current tax obligations	-	-	-	-	-
Other non-current financial assets	-	-	-	-	-
Trade and other receivables	1,419	263	(578)	43	1,147
Current derivatives	-	-	-	-	-
Other current financial assets	1,155	1,399	-	(29)	2,525
Cash and cash equivalents	-	-	-	-	-
TOTAL	2,574	1,662	(578)	14	3,672

	31/12/2012	Allowances	Reversals	Translation adjustment	31/12/2013
Non-current tax obligations	-	-	-	-	-
Other non-current financial assets	-	-	-	-	-
Trade and other receivables	1,769	196	(578)	32	1,419
Current derivatives	-	-	-	-	-
Other current financial assets	865	492	-	(202)	1,155
Cash and cash equivalents	-	-	-	-	-
TOTAL	2,634	688	(578)	(170)	2,574

1.1 Loans and receivables at amortized cost

	2014			2013		
	Gross	Impairment	Net	Gross	Impairment	Net
Non-current tax obligations	805		805	1,369		1,369
Other non-current financial assets	2,152	(694)	1,458	1,297		1,297
Trade and other receivables	80,131	(1,147)	78,984	76,791	(1,419)	75,372
Other current financial assets	26,919	(2,525)	24,394	24,914	(1,155)	23,759
TOTAL	110,007	(4,366)	105,641	104,371	(2,574)	101,797

Other current financial assets at amortized cost	2014	2013
Advance payments made to suppliers	1,405	991
State and local authorities	19,546	17,148
Trade payables	-	426
Staff and social security	361	494
Receivable royalties	8	7
Receivable subsidies	130	910
Other current assets	430	377
Prepaid expenses	2,514	3,406
TOTAL	24,394	23,759

Trade receivables by order of age at 31/12/2014	Gross value	Impairment	Net value
Non-mature debt	67,177	(218)	66,959
Receivables less than 3 months past due	9,451	(44)	9,407
Receivables less than 6 months past due	1,373	(2)	1,371
Receivables less than 1 year past due	1,099	(186)	913
Receivables less than 2 years past due	338	(254)	84
Receivables more than 2 years past due	693	(443)	250
TOTAL	80,131	(1,147)	78,984

Outstanding trade receivables at 31 December 2014 are reduced by sales of receivables without recourse in Italy in December 2014 for €1,975,000.

Trade receivables by order of age at 31/12/2013	Gross value	Impairment	Net value
Non-mature debt	66,467	(57)	66,410
Receivables less than 3 months past due	4,551	(79)	4,472
Receivables less than 6 months past due	1,251	(100)	1,151
Receivables less than 1 year past due	1,954	(144)	1,810
Receivables less than 2 years past due	1,932	(470)	1,462
Receivables more than 2 years past due	636	(569)	67
TOTAL	76,791	(1,419)	75,372

Outstanding trade receivables at 31 December 2013 are reduced by sales of receivables without recourse in Italy and Spain in December 2013 for €4,049,000.

1.2 Financial assets at fair value through profit or loss

	2014	2013
Financial assets at fair value through profit or loss except derivatives, of which	20,399	18,433
Investment securities	-	-
Cash and cash equivalents	20,399	18,433
TOTAL	20,399	18,433

1.3 Financial assets pledged as collateral

In 2013 the Group ended its program of securitization of trade receivables.

1.4 Fair value of financial assets

Market instruments contracted to hedge foreign exchange rates and interest rates are measured at fair value. These valuations are conducted both by the financial institutions with whom Guerbet has contracted the financial instruments and by an independent company. Changes in fair value, which depend on the changes in value recognized on market instruments from one year to the next, are booked.

NOTE 2 FINANCIAL LIABILITIES

2.1 Details of financial liabilities with distinction of the non-current portion of these liabilities

	2014			2013
	Current	Non-current	Total	Total
Financial debt (note 2.2)	36,529	44,678	81,207	100,917
Trade payables	35,964	-	35,964	35,057
Other financial liabilities (note 2.7)	46,811	943	47,754	45,022
Including derivatives (see notes 3.4, 3.5 and 26)	-	943	943	1,108
TOTAL	119,304	45,621	164,925	180,996

2.2 Details of financial debts with distinction of the non-current part of these debts

(in € 000s)	2014	2013
Non-current debts including	44,678	62,183
Securitization	-	-
Special investment reserve (blocked current accounts)	720	707
Finance leases	1,723	1,771
Medium-term loans	7,104	19,533
Other borrowing	35,131	40,172
Current debts of which	36,529	38,734
Securitization	-	-
Finance leases	898	891
Medium-term loans (maturing in less than 1 year)	6,961	7,720
Other borrowing and current investment reserve	6,380	5,886
Bank debt	22,290	24,237
TOTAL FINANCIAL DEBT	81,207	100,917

This debt mostly entails payment of variable-rate interest:

	2014	2013
Portion of debt at variable rate (before hedging)	90%	93%
Portion of debt at fixed rate	10%	7%

2.3 Detail of financial debts by currency

Currencies	2014			2013		
	Closing price	Amount	%	Closing price	Amount	%
Euro		59,761	74%		70,862	70%
Yen	145.23	10,429	13%	144.72	18,457	18%
USD	1.2141	1,897	2%	1.3791	4,264	4%
Won	1,324.80	6,680	8%	1,450.93	4,852	5%
Miscellaneous		2,440	3%		2,482	3%
TOTAL		81,207	100%		100,917	100%

2.4 Detail of financial debts by maturity

These financial debts have the following maturity dates:

	2014	2013
Maturity in less than 6 months	18,147	16,521
Maturity in more than 6 months and less than 1 year	18,382	22,213
Maturity in more than 1 year and less than 5 years	32,881	50,121
Maturity in more than 5 years	11,797	12,062
TOTAL	81,207	100,917

2.5 Finance leases

Of these financial debts, finance lease maturities are as follows:

	2014	2013
Maturity in less than 1 year	898	891
Maturity in more than 1 year and less than 5 years	1,723	1,771
Maturity in more than 5 years	-	-
TOTAL	2,621	2,662

2.6 Change in financial indebtedness

Net financial debt changed as follows during the year:

	2013	Change	2014
Cash on hand	18,433	1,966	20,399
Bank loans and bank credit balances	(17,740)	3,547	(14,193)
NET CASH	693	5,513	6,206
Gross financial debt other than bank credit	(83,177)	16,163	(67,014)
NET FINANCIAL DEBT	(82,484)	21,676	(60,808)

2.7 Other current financial liabilities

	2014	2013
Social liabilities	32,837	30,181
Debt on fixed assets	5,992	6,204
Subsidies ⁽¹⁾	3,861	3,805
Trade payables	2,232	933
Royalties	13	-
Commissions	970	841
Miscellaneous debt	906	1,950
TOTAL	46,811	43,914

(1) Of which €2,352,000 in advances received for the Iseult contract (see note 23).

NOTE 3 MANAGEMENT OF FINANCIAL RISK

In accordance with its risk hedging policy, Guerbet hedges the main accounting risks of the balance sheet, and centralizes management of foreign exchange risk.

3.1 Foreign exchange risk hedging positions taken by Guerbet in 2014

During the year, Guerbet implemented 74 forward foreign exchange contracts, notably in US Dollar, Japanese Yen and British Pound. At 31 December 2014, six contracts were in effect with an equivalent value of €18.1 million.

3.2 Analysis of exposure to exchange rate risk at 31 December 2014

The table below summarizes the Group's main risks, centralized with Guerbet:

(in € million)	USD	BRL	JPY	TRY	CHF	HKD	GBP	MXN	Total ⁽¹⁾
Accounting risk ⁽²⁾	6.29	2.80	(2.94)	0.45	1.63	3.34	(0.73)	(0.50)	18.68
Positions before hedging	6.29	2.80	(2.94)	0.45	1.63	3.34	(0.73)	(0.50)	18.68
Hedges outstanding	(5.12)		4.02				0.76		9.90
Net foreign exchange position	1.17	2.80	1.08	0.45	1.63	3.34	0.03	(0.50)	11.00

(1) Total in absolute terms.

(2) Accounting risk includes all asset and liability items in currencies outside the euro zone.

3.3 Analysis of sensitivity of the financial result to foreign exchange accounting risk at 31 December 2014

The sensitivity analysis is carried out on the net non-hedged balance (accounting risk after deducting hedges outstanding), for the main currencies.

The table below summarises the impact on the financial result of a 10% variation in these currencies against the euro.

(in € 000s)	2014	2013
HKD	334	85
JPY	108	216
BRL	280	214

3.4 Risk of variation in interest rates

At 31 December 2014, debt was primarily variable-rate. The debt breakdown between fixed and variable rates is determined by the Group's Management and periodically reviewed according to foreseeable changes in interest rates.

3.5 Interest rate hedging positions taken by Guerbet in 2014

No interest rate hedging contracts were taken out in 2014. At 31 December 2014, the Group's gross debt was €81.21 million. The hedge ratio for gross variable-rate debt was 59%. The average weighted hedge ratio shows a fixed rate of 1.44%.

3.6 Analysis of exposure to changes in interest rates at 31 December 2014

(in €'000s)	Less than 1 year ⁽¹⁾	More than 1 year	Total
Fixed-rate financial liabilities	(804)	(7,604)	(8,408)
Variable-rate financial liabilities	(35,725)	(37,074)	(72,799)
Fixed-rate financial assets	8,000	-	8,000
Variable-rate financial assets	12,399	-	12,399
Net position before management ⁽²⁾			
■ Fixed-rate	7,196	(7,604)	(408)
■ Variable-rate	(23,326)	(37,074)	(60,400)
Off-balance-sheet ⁽³⁾	19,525	28,202	47,727
Net position after management			
■ Fixed-rate	(12,329)	(35,806)	(48,135)
■ Variable-rate	(3,801)	(8,872)	(12,673)

(1) All maturities for variable-rate financial liabilities and assets, and maturities of less than one year for fixed-rate financial assets and liabilities.

(2) Sum of differences (assets – liabilities) at fixed rates and (assets – liabilities) at variable rates.

(3) Rate swaps (receive variable rates and pay fixed rates).

3.7 Analysis of the financial result sensitivity to interest-rate risk after hedging at 31 December 2014

At 31 December 2014, the Group's net debt was €60.8 million. The hedge ratio for net variable-rate debt was 79%.

Variation in interest rates of	1%
Sensitivity to interest-rate risk	€126,730

3.8 Liquidity risk

At 31 December 2014, there were unused confirmed medium and long-term bank lines of €42 million. They cover the Group's anticipated needs. The banking counterparties are first-class institutions.

NOTE 4 SECTORAL DATA

All of the Group's business is carried out in a single area of activity, namely research, development and the production and sale of contrast products for medical imaging.

Due to this, the Group presents sector-specific information by geographic region that corresponds to the internal reporting data used by the Group for management purposes. This was already the case before IFRS 8 came into force on 1 January 2009.

The geographical regions were identified according to risk and profitability analysis in two subsets, corresponding to the Group's internal organization and Guerbet's different growth models in these markets:

- The main European markets where the Guerbet Group has been able to build sustainable customer relationships, and has a strong position thanks to its own networks of pharmaceutical sales representatives.
- Other markets, where the Group is only directly present with sales subsidiaries in a few countries (Brazil, Korea, China, United States, etc.). The majority of revenue there is generated through licensing and distribution agreements.

4.1 Geographic information

Sector information is provided by geographic location of companies with additional information on the share of revenue by market. The "European Companies" are the European countries where the Group is present via its own networks of pharmaceutical sales representatives, namely: Germany, Austria, Belgium, Spain, France, United Kingdom, the Netherlands, Italy, Portugal, Switzerland and Turkey.

The non-allocated portion of operating income corresponds to head-office administrative costs, research and development costs, and indirect industrial costs not attributable to the products, components that can only be allocated on an arbitrary basis to the various sectors. The Group's support functions and research and development costs are centralized in France.

2014	European companies in their markets	Other	Not attributed	Total
Revenue				
European markets	278,601	10,680		289,280
Other markets		119,677		119,677
Total	278,601	130,356	0	408,957
Current operating income				
	114,692	20,844	(97,146)	38,391
Other operating income and expenses				365
Operating income				
				38,756
Net finance costs				(1,887)
Other financial income and expenses				(617)
Taxes				(10,125)
NET INCOME				
				26,127
■ Of which amortization and depreciation	(2,672)	(1,584)	(20,526)	(24,782)
■ Of which other expenses without cash equivalents	(1,110)	92	(3,459)	(4,477)
Sector assets	395,908	79,726		475,634
■ Of which fixed assets	218,669	22,574		241,243
Segment liabilities other than borrowing	137,186	12,365		149,551
Borrowing	59,895	7,084		66,979
Shareholders' equity				259,104
Sector investments				
■ Intangible	9,298	162		9,460
■ Tangible	19,662	1,819		21,481

2013	European companies in their markets	Other	Not attributed	Total
Revenue				
European markets	262,834	11,695		274,529
Other markets		115,140		115,140
Total	262,834	126,835		389,669
Current operating income				
	103,174	15,486	(88,676)	29,984
Other operating income and expenses				(59)
Operating income				
				29,925
Net finance costs				(1,086)
Other financial income and expenses				(1,128)
Taxes				(7,222)
NET INCOME				
				20,489
■ Of which amortization and depreciation	(2,866)	(1,111)	(18,370)	(22,347)
■ Of which other expenses without cash equivalents	103	(76)	179	206
Sector assets	380,774	78,778		459,552
■ Of which fixed assets	213,207	21,781		234,988
Segment liabilities other than borrowing	124,872	13,290		138,162
Borrowing	77,503	5,629		83,132
Shareholders' equity			238,258	238,258
Sector investments				
■ Intangible	4,150	1,096		5,246
■ Tangible	26,047	4,052		30,099

4.2 Breakdown of revenue by product range

(as % before rebates)	2014	2013
X-ray	45.9%	47.7%
MRI	41.1%	41.9%
IRT	7.8%	5.5%
MD	4.2%	4.0%
Other	1.0%	0.9%
TOTAL	100.0%	100.0%

NOTE 5 INTANGIBLE FIXED ASSETS

5.1 Gross values

	31/12/2013	Increase	Decrease	Other changes	Translation adjustment	31/12/2014
Brands	8,521				(5)	8,516
Patents	13,097				5	13,102
Marketing Authorizations (MA)	5,947				(21)	5,926
Sales relationships	153					153
Goodwill	10,024				442	10,466
Software	16,297	2,239		40	141	18,717
Intangibles in progress	4,377	7,221		1		11,599
GROSS VALUES	58,416	9,460	-	41	562	68,479

	31/12/2012	Increase	Decrease	Other changes	Translation adjustment	31/12/2013
Brands	8,807				(286)	8,521
Patents	13,097					13,097
Marketing Authorizations (MA)	7,575				(1,628)	5,947
Sales relationships	153					153
Goodwill	10,190				(166)	10,024
Software	13,198	3,413	(15)		(299)	16,297
Intangibles in progress	2,544	1,833				4,377
GROSS VALUES	55,564	5,246	(15)	-	(2,379)	58,416

5.2 Amortization and depreciation by category of fixed asset

	31/12/2013	Allowances	Reversals	Other changes	Translation adjustment	31/12/2014
Patents	10,937	418			2	11,357
Marketing Authorizations (MA)	1,150				(7)	1,143
Sales relationships	19					19
Software	10,094	2,281		42	38	12,455
TOTAL	22,200	2,699	-	42	33	24,974

	31/12/2012	Allowances	Reversals	Other changes	Translation adjustment	31/12/2013
Patents	9,275	1,663		(1)		10,937
Marketing Authorizations (MA)	1,473		(11)		(312)	1,150
Sales relationships	18				1	19
Software	8,544	1,725	(15)	3	(163)	10,094
TOTAL	19,310	3,388	(26)	2	(474)	22,200

5.3 Additional information on main intangible fixed assets

The brands acquired consist mainly of the Baryum range worldwide in 1992, for €7,476,000, and Magnescope for Japan in 2006, for 151 million yen in present value terms (€1,037,000 after currency translation at the 2014 closing rate).

Patents related to the Bayrum range were acquired by the Group in 1992 for €7,476,000. In June 2004, the patents filed by Medex were revalued at €5,623,000 at the time of the acquisition of that company. They were written down by €1,245,000 in 2013.

In 2005, the Group acquired market authorizations for Japan for Imagenil, Magnescope, and Hexabrix, for a total amount of 861 million yen (or €5,926,000 after currency translation at the 2014 closing rate). The book value of the MAs for Imagenil and Hexabrix was completely written off at 31 December 2010. The net book value of €4,783,000 represents the MA value of Magnescope in Japan.

In 2005, for 593 million yen in present value terms, the Group acquired various intangible items from the previous distributor of Imagenil (Oxilan) in Japan, making it possible to preserve existing sales relationships with Japanese customers upon transfer of distribution to Terumo. The net book value after amortization was completely written off at 31 December 2010. These intangibles were removed from assets in 2012.

Intangible business assets (classified as Goodwill) were acquired from former Group distributors upon the establishment of sales subsidiaries in various countries. These intangible business assets were amortized over 20 years until 31 December 2003, the date of the transition to IFRS. Since the useful lives of all these assets are currently considered indefinite, no amortization has been applied since 1 January 2004.

Software is amortized over its useful life, which is often approximately three years.

ESTIMATES OF RECOVERABLE VALUES OF CASH GENERATING UNITS INCLUDING GOODWILL OR INTANGIBLE FIXED ASSETS WITH INDEFINITE USEFUL LIVES, WITH SIGNIFICANT VALUE

The cash generating units (CGUs) are as follows:

Cash generating unit	Goodwill and intangible fixed assets	Net book value
Japan	Brands (Magnescope)	1,037
	Market authorizations	4,783
Germany	Patents	1,745
	Brands (Baryum)	7,476
	Goodwill	990
Korea	Goodwill	4,513
Italy	Goodwill	3,796

At 31 December 2014, the impairment tests were based on discounted cash flows determined on the basis of the best known estimates at 31 December 2014. A discount rate of 5.4% was applied to all assets except Japan (4.9%).

MAIN ASSUMPTIONS ADOPTED

Change in revenue	Japan	Germany	Korea	Italy
2015	16.7%	1%	16.1%	6.2%
2016	7.3%	1%	11%	1.0%
2017	4.9%	4.9%	6.9%	1.0%

Change in working capital requirements (in € 000s)	Japan	Germany	Korea	Italy
2015	(917)	594	1,431	486
2016	697	89	1,136	84
2017	355	90	794	85

For each of these CGUs, the value of discounted cash flows exceeds net book value. In terms of sensitivity, an interest-rate differential of one percentage point would not have caused any impairment to be recognized.

NOTE 6 TANGIBLE FIXED ASSETS

6.1 Analysis of items by category

	31/12/2013	Increase	Decrease	Other changes	Translation adjustment	31/12/2014
Land	6,191			(14)	2	6,179
■ Of which finance lease	2					2
Buildings	116,855	11,019		13	30	127,917
■ Of which finance lease	2,501					2,501
Technical facilities, equipment and tooling	171,532	36,231	(281)	(2)	50	207,530
■ Of which finance lease	7,996					7,996
Other tangible fixed assets	52,583	8,823	(1,182)	(119)	300	60,405
■ Of which finance lease	4,895	1,231	(670)			5,456
Intangibles in progress	50,016	(34,643)	(372)	(2)	31	15,030
Advance payments	321	51		(2)	3	373
Gross values	397,498	21,481	(1,835)	(126)	416	417,434
Allowances for depreciation	(200,140)	(22,070)	1,050	103	(215)	(221,272)
Impairments	-					-
NET VALUES	197,358	(589)	(785)	(23)	201	196,162

	31/12/2012	Increase	Decrease	Other changes	Translation adjustment	31/12/2013
Land	6,226				(36)	6,191
■ Of which finance lease	2					2
Buildings	101,294	17,322	(792)		(969)	116,855
■ Of which finance lease	2,501					2,501
Technical facilities, equipment and tooling	163,534	13,367	(4,136)	(288)	(945)	171,532
■ Of which finance lease	7,996					7,996
Other tangible fixed assets	48,465	6,534	(1,852)	809	(1,372)	52,583
■ Of which finance lease	4,652	728	(485)			4,895
Intangibles in progress	57,657	(6,886)		(515)	(240)	50,016
Advance payments	559	(238)				321
Gross values	377,735	30,099	(6,780)	6	(3,562)	397,498
Allowances for depreciation	(188,153)	(20,195)	6,313		1,895	(200,140)
Impairments	-					-
NET VALUES	189,582	9,904	(467)	6	(1,667)	197,358

In 2014 the Group completed its main construction projects intended to grow the industrial capacities of its production facilities in France. Investments made during the fiscal year had the following objectives:

- maintenance of production tools;
- compliance with HSE obligations;
- expansion of the injector fleet to support the success of the new FlowSens® procedure.

6.2 Breakdown of net tangible fixed assets by currency area

Currencies	2014		2013	
	Closing price	Amount	Closing price	Amount
Euro		186,125		187,403
Real	3.22	8,421	3.25	8,611
Other currencies		1,616		1,344
TOTAL		196,162		197,358

6.3 Reappraisals

The Villepinte office complex was reappraised to its fair value on 1 January 2004 using the option allowed by IFRS 1 upon initial adoption of the IFRS. This revaluation was based on the estimation of an independent appraiser. The value of the buildings was estimated at €11.3 million by applying the following two approaches:

- capitalization of potential revenue that could potentially be generated by rental;
- comparison with the market, referring to transactions recently conducted for premises of the same type situated nearby.

Given the net book value of these buildings on 1 January 2004, €3.3 million, they were reappraised at €8 million, of which €6.5 million was assigned to the buildings and €1.5 million to the land.

A second estimation by an independent appraiser was performed in 2008. The value of the buildings was estimated at €12.6 million, which confirmed there was no loss in value to be recognized.

NOTE 7 NON-CURRENT FINANCIAL ASSETS

	2014			2013
	Gross	Provisions	Net	Net
Guarantees and deposits	2,081	(694)	1,387	1,221
Research Tax Credit	805		805	1,369
Loans to staff	57		57	62
Other non-current financial assets	132		132	131
TOTAL	3,075	(694)	2,381	2,783

NOTE 8 ASSETS AND LIABILITIES FROM DEFERRED TAXES

	31/12/2013	Changes in income	Changes in Shareholders' equity	Translation adjustment and other	31/12/2014
Deferred tax assets	8,326				9,851
Deferred tax liabilities	(10,758)				(14,105)
TOTAL	(2,432)	(2,361)	537	2	(4,254)
Of which deferred taxes resulting from:					
Capitalization of tax losses	6,182	(378)		(4)	5,800
Temporary timing differences	9,630	3,331	535	(20)	13,476
Restatement of regulated provisions	(15,018)	(3,837)			(18,855)
Reassessment of tangible fixed assets	(2,584)	(216)		(1)	(2,802)
Differences in valuation of intangible fixed assets	(7,152)	113		(136)	(7,175)
Restatement of margins on inventories	5,507	(893)		138	4,751
Restatement of provisions on subsidiary risk	(1,464)	96			(1,368)
Finance leases	(106)	(27)		5	(128)
Restatement of Medex injectors	74	(11)	2	1	66
Other	2,499	(539)		25	1,985

	31/12/2012	Changes in income	Changes in Shareholders' equity	Translation adjustment and other	31/12/2013
Deferred tax assets	9,250				8,326
Deferred tax liabilities	(10,345)				(10,758)
TOTAL	(1,095)	274	(514)	(1,097)	(2,432)
Of which deferred taxes resulting from:					
Capitalization of tax losses	8,124	(705)		(1,237)	6,182
Temporary timing differences	9,994	410	(514)	(260)	9,630
Restatement of regulated provisions	(13,467)	(1,550)		(1)	(15,018)
Reassessment of tangible fixed assets	(2,637)	50		3	(2,584)
Differences in valuation of intangible fixed assets	(8,225)	480		593	(7,152)
Restatement of margins on inventories	3,619	2,090		(202)	5,507
Restatement of provisions on subsidiary risk	(1,124)	(340)			(1,464)
Finance leases	(136)	31		(1)	(106)
Restatement of Medex injectors	64	14		(4)	74
Other	2,693	(206)		12	2,499

NOTE 9 INVENTORIES

	2014	2013
Raw materials and packaging	14,307	13,435
Goods	10,922	12,422
Intermediate and finished products, work in progress	80,665	76,499
Spare parts	2,534	2,778
Gross value	108,427	105,134
Provisions	(8,471)	(7,829)
NET VALUE	99,956	97,305

The €3 million increase in inventory in 2014 relates to finished products, and mainly concerns active principles (Hexabrix® and Xenetix®). Conversely, goods inventories dropped in 2014 because of halting Oxilan® and supply difficulties for Optiray®/Optiject® products.

NOTE 10 TRADE RECEIVABLES

	2014	2013
Gross value	80,131	76,791
Provisions	(1,147)	(1,419)
NET VALUE	78,984	75,372

Receivables sold under securitization contracts are kept as assets on the balance sheet if the risks and benefits are not fully transferred. For more information about maturities and transfers of receivables, see note 1.1.

NOTE 11 SHAREHOLDERS' EQUITY**11.1 Change in number of shares of the parent company**

At 31 December 2013, the share capital of the parent company was made up of 3,050,046 shares of par value €4.

In January 2014, the par value of Guerbet shares was split by four, from €4 to €1. This quadrupled the number of shares in circulation to 12,200,184 shares.

The changes in Guerbet shares are as follows:

	2014
Number of shares at the beginning of the year	12,200,184
Creation of shares through exercise of stock options	8,000
NUMBER OF SHARES AT THE END OF THE YEAR	12,208,184

The Group held 20,428 treasury shares at 31 December 2014, unchanged from 2013.

11.2 Details of Shareholders' equity

	2014	2013
Guerbet Share Capital	12,208	12,200
Issue, merger and conversion premiums for Guerbet convertible bonds	5,679	5,462
Guerbet legal reserves	1,220	1,220
Consolidated reserves	149,883	145,77
Guerbet retained earnings	64,936	55,680
Consolidated income	26,127	20,489
Translation adjustment	(949)	(2,572)
TOTAL	259,104	238,258

NOTE 12 PROVISIONS

12.1 Changes

	2013	Allocation	Reversals (provision used)	Reversals (provision not used)	Translation adjustments and reclassifications	Changes in actuarial assumptions	2014
Non-current	20,358	1,800	(678)	(4)	56	1,935	23,467
Of which deferred staff benefits (see 12.2)	20,358	1,800	(678)	(4)	56	1,935	23,467
Current							
Obligation to conduct a paediatric study	-						-
Tax disputes ⁽¹⁾	629	279	(113)		7		80
Commercial disputes	144	835		(490)			489
Foreseeable losses on purchasing commitment	35		(34)				1
Miscellaneous risks	879	1,618	(290)	(59)	(21)		2,127
Total current provisions	1,687	2,732	(437)	(549)	(14)		3,418
TOTAL PROVISIONS	22,045	4,532	(1,116)	(553)	42	1,935	26,885

(1) Tax disputes relate notably to various fiscal and customs disputes in Brazil, for an amount of €0.5 million at 31 December 2013 and €0.55 million at 31 December 2014.

	2012	Allocation	Reversals (provision used)	Reversals (provision not used)	Translation adjustments and reclassifications	Changes in actuarial assumptions	2013
Non-current	20,927	1,288	(258)		(21)	(1,578)	20,358
Of which deferred staff benefits (see 12.2)	20,927	1,288	(258)		(21)	(1,578)	20,358
Current							
Obligation to conduct a paediatric study	350			(347)	(3)		-
Tax disputes ⁽¹⁾	1,578	656	(401)	(1,071)	(134)		629
Commercial disputes	761	-	(200)	(417)			144
Foreseeable losses on purchasing commitment	425	255	(645)				35
Miscellaneous risks	911	324	(293)	(12)	(50)		879
Total current provisions	4,025	1,235	(1,539)	(1,847)	(187)		1,687
TOTAL PROVISIONS	24,952	2,523	(1,797)	(1,847)	(208)	(1,578)	22,045

(1) Tax disputes relate notably to various fiscal and customs disputes in Brazil, for an amount of €1.1 million at 31 December 2012 and €0.5 million at 31 December 2013.

12.2 Deferred staff benefits

A) DESCRIPTION

Group employees have post-employment benefits in the form of:

- retirement benefits or career-end benefits (France, Italy, Austria, Korea, Japan, Turkey);
- supplementary defined-benefit retirement schemes (Germany) or early retirement benefits for persons aged 58-60 (Belgium).

Provisions have been made for these commitments.

The Group has no scheme to cover the medical expenses of its former employees.

Commitments for supplemental retirement benefits to be paid to German workers are covered by financial assets corresponding to funds

invested with third parties (scheme assets). All of these investments are made with insurance companies, judged to be risk-free. These assets are assessed each year, frequently enough so that the amounts recognized do not differ significantly from the assets and liabilities at close. They were valued at €4,793,000 at 31 December 2014.

Premiums paid for defined-contribution retirement schemes are spread over the year.

B) ASSESSMENT AND RECOGNITION

The Group's obligations are calculated using the assumptions in effect in the countries in question.

Actuarial gains and losses are recognized directly in Shareholders' equity as authorized by IAS 19.

C) ACTUARIAL ASSUMPTIONS APPLIED FOR FRANCE AND GERMANY REPRESENTING 94% OF PROVISIONS AND 100% OF SCHEME ASSETS.

	France		Germany	
	2014	2013	2014	2013
Discount rate	C	C	2.50%	3.55%
Average expected return on scheme assets	N/A	N/A	3.49%	3.56%
Wage growth (including inflation)	2.50%	2.50%	3.00%	3.00%
Average revision rate applied to annuities	N/A	N/A	2.00%	2.00%
Mortality assumptions	T	T	T	T
Staff turnover rate	S	S	S	S
Retirement age	E	E	65	65
Social security charge rate	51.33%	53.00%	V	V

C = Bloomberg rate curve (discount rate for first-tier companies) The impact of a 10% decrease in these rates is +€128,000. The impact of a 10% increase in these rates is (€126,000).

E = Estimated retirement age based on an average career start age by category of employee, and annuities required by regulations.

S = Rate tables established from statistics and according to analysis axes such as status, sex and age of employee, according to their relevance.

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

V = Variable according to remuneration.

The following information is not provided in detail (N/A):

- Average expected returns from scheme assets for French companies, since French schemes do not have assets.
- The average revision rate for annuities since French schemes correspond to retirement benefits and not to annuities.
- The average growth rate of medical expenses, because none of the schemes cover medical expenses.

Commitments on the balance sheet	2014	2013	2012	2011	2010
Present value of funded liabilities	8,156	7,182	6,895	4,988	4,536
Present value of unfunded liabilities	20,038	17,806	18,393	16,064	12,561
Subtotal: present value of liabilities	28,194	24,988	25,288	21,052	17,097
Fair value of scheme assets	(4,727)	(4,630)	(4,361)	(4,181)	(3,940)
Balance of liabilities	23,467	20,358	20,927	16,871	13,157
Amounts accounted for on balance sheet					
Provisions for deferred staff benefits	23,467	20,358	20,927	16,871	13,157
Non-current financial assets (accounting)	-	-	-	-	-
NET BALANCE OF BALANCE SHEET: NET LIABILITIES (ASSETS)	23,467	20,358	20,927	16,871	13,157

Expenses on the income statement	2014	2013
Cost of services for the year	1,860	1,782
Financing costs	602	562
Expected return on scheme assets	(46)	(46)
Employer contributions to funding assets	(189)	(296)
Benefits paid	(1,335)	(955)
Cost of past services recognized	-	-
Actuarial gains or losses recognized	-	-
Effect of liquidations/reductions in future services	-	-
Change in maximum amount of assets	-	-
Regularization over previous fiscal year	-	(13)
NET TOTAL OF SCHEME COSTS	892	1,034

Change in liabilities over the year	2014	2013
Liabilities at start of period	20,358	20,963
Cost of services for the year	1,860	1,782
Financing costs	602	562
Expected return on scheme assets	(46)	(46)
Employer payments to financing assets	(189)	(296)
Benefits paid	(1,336)	(963)
Actuarial gains and losses	2,161	(1,584)
Translation adjustments	55	(34)
Cost of past services	-	-
Changes in scope	-	-
Reductions in and liquidation of future services	-	-
Other	2	(26)
LIABILITIES AT END OF PERIOD	23,467	20,358

Change in coverage assets	2014	2013
Market value of funds invested as of 1 January	4,630	4,361
Expected return on funds	47	46
Actuarial gains and losses	129	25
Translation adjustment	-	-
Employer contributions	189	296
Employee contributions	-	-
Benefits paid	(268)	(98)
Changes in scope	-	-
Scheme reductions	-	-
Scheme liquidation	-	-
MARKET VALUE OF FUNDS INVESTED AT 31 DECEMBER	4,727	4,630

NOTE 13 OTHER OPERATING REVENUE

	2014	2013
Sales of services	523	894
Operating subsidy	160	1,477
TOTAL	683	2,371

NOTE 14 STAFF COSTS

14.1 Details of staff costs

	2014	2013
Salaries and wages	(79,805)	(78,463)
Social costs	(32,382)	(30,391)
Employee profit sharing	(488)	(633)
Amortization of share-based payment	(631)	(620)
TOTAL	113,306	(110,107)

14.2 Main characteristics and parameters for valuing the share-based payment benefit granted by the Group

The binomial options pricing model is used to assess the fair value of share options granted. It allows valuing of options that can be used at any point over their lifespan. The value of the option thus defined is reduced by the cost of carry, generated by the rule against selling the shares if

options are exercised less than four years after the beginning of the plan. This implied cost is estimated by the price of a risk-free strategy that would allow the employee to have the security at the time of exercising the option. This strategy consists in purchasing the security in the cash market by borrowing the necessary funds, offset by forward selling of the security. The cost of this strategy is a financial cost corresponding to the borrowing cost minus the dividends.

14.2.1 CHARACTERISTICS OF SHARE-BASED PAYMENTS FOR PLANS IN EFFECT ON 31 DECEMBER 2014

Grant date	Number granted	Share price on grant date	Volatility	Risk-free rate	Exercise price	Lock-in period
17 October 2011	530,840	€16.58	35%	2.77%	€15.40	4 years
23 November 2011	48,000	€16.80	35%	2.77%	€16.07	4 years
20 February 2012	6,800	€15.37	35%	2.77%	€15.37	4 years

14.2.2 BREAKDOWN OF BENEFIT BY FISCAL YEAR FOR PLANS IN PROGRESS IN 2014

Grant date	26 March 2009	17 October 2011	23 November 2011	20 February 2012	Total
2013		590	53	8	651
2014		590	53	8	651
2015		468	47	7	522
2016				1	1
TOTAL	0	1,648	153	24	1,825

14.2.3 IMPACT ON BALANCE SHEET

The benefit above is recognized for each fiscal year according to the number of options that remain to be exercised in exchange for Shareholders' equity.

14.3 Average number of staff during the year

The average number of staff of the Guerbet Group was 1,474 employees in 2014. The two tables below show how this workforce is distributed in relation to the category of position held, and to the operation to which they are linked, over the last three years.

Year	Executives	Technicians/ Workers Supervisors/ Pharmaceutical sales representatives		Workers	Total
2014	381	753	340		1,474
2013	371	728	296		1,395
2012	361	707	306		1,374

Year	Research and Development			Support roles	Total
	Supply Chain	Sales			
2014	652	341	168	312	1,474
2013	606	312	167	310	1,395
2012	575	306	208	285	1,374

14.4 Geographical breakdown of workforce, snapshot at 31 December

	2014	2013
Europe	1,241	1,178
America	185	192
Asia	64	62
TOTAL	1,490	1,432

NOTE 15 EXTERNAL CHARGES

	2014	2013
Studies and services provided	(17,812)	(17,266)
Non-stocked supplies and equipment	(12,977)	(13,265)
Rentals and rental expenses	(6,835)	(6,909)
Maintenance and repairs	(8,475)	(8,410)
Insurance	(1,545)	(1,610)
Studies and research	(6,636)	(8,482)
Outside staff	(2,952)	(2,437)
Commissions and fees	(19,015)	(16,204)
Advertising and public relations	(7,905)	(7,460)
Transport	(5,534)	(5,242)
Travel and entertainment	(7,589)	(7,072)
Postage and telecommunications fees	(1,985)	(1,904)
Miscellaneous	(24,181)	(23,868)
TOTAL	(123,441)	(120,129)

NOTE 16 TAXES AND DUTIES

	2014	2013
Payroll tax	(1,591)	(3,243)
Regional Economic Contribution (France: <i>contribution économique territoriale</i>)	(4,281)	(3,497)
Inami Tax (Belgium)	(1,511)	(1,653)
Other taxes and duties	(6,785)	(5,970)
TOTAL	(14,168)	(14,363)

NOTE 17 DEPRECIATION AND AMORTIZATION

	2014	2013
On intangible fixed assets	(2,700)	(2,146)
On tangible fixed assets	(22,082)	(20,201)
TOTAL	(24,782)	(22,347)

NOTE 18 OTHER OPERATING INCOME AND EXPENSES

	2014	2013
Royalties paid	(31)	(64)
Miscellaneous other income and expenses	(247)	2,295
Income from sale of fixed assets	(431)	(101)
TOTAL	(709)	2,130

In 2013, "Miscellaneous other income and expenses" included cancellation of €2,500,000 in debt related to the 2004 acquisition of Medex.

NOTE 19 OTHER OPERATING INCOME AND EXPENSES

	2014	2013
Investment subsidies	-	-
Miscellaneous other income and expenses	365	(59)
TOTAL	365	(59)

NOTE 20 GROSS FINANCE COSTS

	2014	2013
Finance lease	(76)	(115)
Securitization	-	(87)
Interest on borrowing and bank credit	(1,378)	(1,145)
Interest swaps	(433)	139
TOTAL	(1,887)	(1,208)

NOTE 21 INCOME TAX

21.1 Details of tax expenses

	2014	2013
Current taxes	(8,005)	(7,732)
Deferred taxes	(2,120)	510
TOTAL	(10,125)	(7,222)

21.2 Analysis of tax expenses

	2014	2013
Theoretical tax charge at the prevailing rate for the consolidated company ⁽¹⁾	(13,776)	(10,530)
Impact of differences in tax rates	1,965	898
Impact of expenses that are definitively non-deductible or non-taxable	(1,343)	(1,427)
Impact of tax credits	4,265	4,554
Impact of deferred taxes on unrecognized losses and miscellaneous	(1,236)	(717)
TOTAL	(10,125)	(7,222)

(1) The tax rate applied is 38% for 2013 and 2014.

NOTE 22 RESEARCH AND DEVELOPMENT COSTS

The amounts below are booked as expenses:

	2014	2013
Direct costs	33,439	34,711
Indirect costs	1,861	2,018
TOTAL	35,300	36,729

The definition of the research and development scope and the method for allocating direct costs were changed in 2013. Direct costs include costs of supplies and consumables, external costs, staff costs and depreciation.

NOTE 23 PUBLIC SUBSIDIES

The following subsidies were recognized in the income statement:

Accounting category	Type	2014	2013
Other operating income	Innovation aid	17	818
Other operating income	Water protection aids	(11)	546
Other operating income	Employment aids	63	94
Other operating income	Miscellaneous aids	29	19
Other operating income	Investment aids	62	16
TOTAL		160	1,493

In December 2008, the request for aid for the French-German "Iseult" research project, filed with Oséo, was approved by the European Commission. The aid agreement foresees financing of half of the expenses incurred, including 39% in the form of repayable advances and 61% in the form of a grant. An amendment signed with Bpifrance – Banque publique d'investissement (formerly Oséo Innovation) extends the duration of the project by two years and modifies the conditions of financial return if a product resulting from the project is marketed.

At 31 December 2014, this aid agreement included the following items on the balance sheet:

- €2.3 million in subsidies paid in advance upon signature of the contract in December 2008, and recognized in "Other current financial liabilities";
- €5.1 million in repayable advances received from 2008-2014 and recognized in "Non-current financial debts".

There was no impact recognized in the 2014 income statement.

In 2013, Guerbet had recognized income of €700,000 receivable as research expenses incurred by Guerbet from July 2012 to June 2013. A repayable advance of €1,185,000 apparently remains to be paid for research expenses incurred during the second half of 2014, but that had not yet been approved by Bpifrance – Banque publique d'investissement (formerly Oséo Innovation) at the date of accounting closing.

NOTE 24 INFORMATION ON STOCK OPTION OPERATIONS

The staff of the company and its subsidiaries benefit from stock options. Within the framework of this plan, at 31 December 2014 staff could subscribe to 487,520 shares at a weighted average price of €15.47. The portion for company officers represents 49,480 shares at a weighted average price of €16.06. If all of the stock options are exercised, the total number of shares would be 12,695,704 for a nominal amount of €12,695,704. These new shares would represent an increase in Shareholders' equity of €7,540,352. Potential dilution of Shareholder's equity is thus 3.99%. Diluted net earnings per share, calculated to take into account the dilutive effect of the stock option plan offered to staff, are €2.07 for the 2014 fiscal year.

SUMMARY STATEMENT OF STOCK OPTION PLANS ⁽¹⁾

Grant date	26/03/2009	17/10/2011	23/11/2011	20/02/2012
Date of tax availability	26/03/2011	17/10/2015	23/11/2015	20/02/2016
Number of options granted:	24,000	530,840	48,000	6,800
■ Of which Yves L'Épine	-	-	48,000	-
■ Of which Bruno Bonnemain	-	16,000	-	-
■ Of which Brigitte Gayet	-	1,480	-	-
Subscription or purchase price	€28.07	€15.40	€16.08	€15.38
Plan expiry date	25/03/2019	16/10/2021	22/11/2021	20/02/2022
Number of options exercised	8,000	-	-	-
Number of options cancelled	16,000	96,120	-	2,000
Number of options remaining	-	434,720	48,000	4,800

(1) To take into account the four-for-one stock split of the Guerbet share on 23 January 2014, the number of options was multiplied by four and the exercise price was divided by four.

NOTE 25 RELATED PARTY DISCLOSURES**25.1 Relationships with non-consolidated companies**

All significant Group subsidiaries are wholly-owned and fully consolidated. Transactions between these companies are eliminated.

25.2 Compensation and benefits granted by the Group to top executives

The top executives are people with the authority and responsibility for planning, managing, and controlling operations, directly or indirectly, including Directors (executives or not). Those who were present on 31 December 2014 received compensation and the following benefits in Euros:

Short-term benefits	2,817,611
Fixed share of total gross compensation (not including benefits in kind) ⁽¹⁾	2,238,727
Variable share of compensation ⁽²⁾	541,275
Benefits in kind	37,609
Post-employment benefit plans	385,534
Including funded supplemental pension contributions	103,334
Including provisions for retirement benefits	282,200
Other long-term benefits	N/A
Termination benefits	N/A
Payment in shares⁽³⁾	N/A

(1) The fixed portion includes compensation for the top executives as well as pharmacist company officers, in the amount of €17,228, attendance fees paid to Directors in the amount of €174,443 (net of social security contributions) and remuneration paid to the Chairman of the Board of Directors in the amount of €48,729.

(2) For each one, the variable portion depends on reaching a certain number of individual objectives over the course of the previous year. It is adjusted according to the performance of the company or the Group, during that same year, and is calculated on the basis of the salary in December 2014.

(3) This is the expense recognized for the year for stock options that were granted to them (see note 14.2).

NOTE 26 OFF-BALANCE-SHEET COMMITMENTS

Commitments given

	2014	2013
Sureties, deposits, and other commitments given to third parties on behalf of related companies	9,450	5,798
Sureties and deposits given to third parties and other commitments	3,969	4,919
Debts transferred <i>via</i> securitization	-	-
TOTAL	13,419	10,717

The fair value of cash flow instruments is -€0.9 million for interest rate hedging and -€0.066 million for currency hedging. Concerning interest rate risk management, there were six hedging contracts for €47.73 million at 31 December 2014.

All of the active contracts are shown in detail below:

Date of establishment	Date of expiry	Contract type	Guerbet position	Benchmark indices	Contract rate	Fair value (in €)	Notional amount (in €)
09/12/2009	12/12/2016	Cap	Buy	3-month Euribor	2.53%	(21,825.26)	2,857,142.86
29/03/2011	29/03/2018	Swap	Buy	3-month Euribor	2.7750%	(474,707.35)	9,982,142.86
30/06/2011	04/07/2016	Swap	Buy	3-month Euribor	2.2950%	(39,354.90)	1,750,000.00
04/11/2011	08/11/2016	Swap	Buy	3-month Euribor	1.435%	(62,050.10)	4,000,000.00
10/11/2011	14/11/2016	Swap	Buy	3-month Euribor	1.4525%	(63,235.03)	4,000,000.00
09/07/2014	30/06/2017	Swap	Buy	3-month Euribor	0.7250%	(215,714.48)	25,137,500.00

Concerning foreign exchange risk management, 74 forward hedging contracts were negotiated in 2014, of which six contracts were still active at 31 December, for €18.1 million. All of the active contracts are shown in detail below:

Date of establishment	Date of expiry	Type	Spot rate	Hedging rate	Amount (in €)	Amount (in foreign currency)	Fair value
01/12/2014	20/02/2015	USD Forward sell	1.2471	1.2482	1,602,307.32	2,000,000.00	(44,246.64)
17/12/2014	30/01/2015	USD Swap sell	1.24591	1.246644	3,516,641.48	4,384,000.00	(93,260.38)
17/12/2014	30/01/2015	JPY Swap sell	146.30	146.27	4,102,003.14	600,000,000	(29,134.57)
17/12/2014	30/01/2015	JPY Swap buy	146.134	146.034	2,002,958.22	292,500,000	10,971.58
17/12/2014	30/01/2015	GBP Swap buy	0.7929	0.79335	756,286.63	600,000.00	13,664.24
29/12/2014	05/02/2015	JPY Swap buy	147.045	147.05	6,120,367.22	900,000,000	76,334.45

NOTE 27 EARNINGS PER SHARE AND DILUTED EARNINGS PER SHARE

The tables below show the consolidated earnings per share after the four-for-one Guerbet share split in January 2014.

	2014	2013
Consolidated net income, Group share (in €)	26,127,000	20,489,000
Weighted average number of shares in the fiscal year	12,208,184	12,200,184
Net earnings per share	2.14	1.68

	2014	2013
Consolidated net income, Group share (in €)	26,127,000	20,489,000
Annual savings in financial costs net of taxes, valued at market rates and resulting from the exercise of stock options	117,690	57,306
Consolidated net income after dilution (in €)	26,244,690	20,546,306
Current and future number of shares	12,695,704	12,718,864
Diluted net earnings per share	2.07	1.62

Before the four-for-one Guerbet share split, earnings per share would have been:

	2014	2013
Net earnings per share	8.56	6.72
Diluted net earnings per share	8.27	6.46

NOTE 28 POST-CLOSING EVENTS

No significant events occurred after 31 December 2014.

NOTE 29 APPROPRIATION OF 2014 EARNINGS

The Board of Directors approved the consolidated financial statements at 31 December 2014 during its 11 March 2015 session. These accounts will not be considered final until approved by the Annual General Meeting. The Board of Directors will propose distribution of a net dividend of €0.50 per share, equivalent to that paid in 2014. The total amount of dividends to be paid will be €6,104,000.

NOTE 30 FEES PAID TO STATUTORY AUDITORS

(in € 000s)	Deloitte & Associés				HAF Audit & Conseil			
	Amount		%		Amount		%	
	2014	2013	2014	2013	2014	2013	2014	2013
Audit								
Statutory audit, certification and review of individual and consolidated financial statements:								
■ Issuer	97	96	37%	35%	97	96	42%	40%
■ Fully consolidated subsidiaries	162	175	62%	63%	108	112	47%	46%
Other work and services directly related to the statutory audit:								
■ Issuer					20	34	9%	14%
■ Fully consolidated subsidiaries	2	6	1%	2%	4	1	2%	0%
Subtotal	261	277	100%	100%	229	243	100%	100%
Other work and services	22	25						
TOTAL	283	302			229	243		

NOTE 31 LIST OF CONSOLIDATED COMPANIES

Business registration number (Siren)	Company	Head Office	% held % controlled
308 491 521	Guerbet SA	France	100%
308 412 434	Simafex	France	100%
340 598 978	Medex	France	100% ⁽¹⁾
789 526 555	Guerbet France	France	100%
	Guerbet GmbH	Germany	100%
	Guerbet Austria	Austria	100%
	Guerbet NV	Belgium	100%
	Guerbet Laboratorios Farmaceuticos	Spain	100%
	Guerbet Laboratories Ltd.	United Kingdom	100%
	Guerbet Nederland BV	Netherlands	100%
	Guerbet S.p.A.	Italy	100%
	A Martins & Fernandes	Portugal	100%
	Guerbet AG	Switzerland	100%
	Guerbet Ilac Tibbi A.S.	Turkey	100%
	Guerbet Produtos Radiologicos Ltda.	Brazil	100%
	Guerbet Mexicana S.A. de C.V.	Mexico	100%
	Guerbet LLC	United States	100%
	Guerbet Korea Ltd.	Korea	100%
	Guerbet Asia Pacific Ltd.	Hong Kong	100%
	Guerbet Japan KK	Japan	100%
	Guerbet Taiwan Co., Ltd.	Taiwan	100%

(1) Including 40% acquired in 2013.

> 6.2 Statutory Auditors' report on consolidated financial statements

This is a free translation into English of the Statutory Auditors' report on the consolidated financial statements issued in French and it is provided solely for the convenience of English-speaking readers. The Statutory Auditors' report includes information specifically required by French law in such reports, whether modified or not. This information is presented below the audit opinion on the consolidated financial statements and includes 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 consolidated financial statements taken as a whole and not to provide separate assurance on individual account balances, transactions or disclosures.

This report also includes information relating to the specific verification of information given in the Group's management report.

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,

Under the terms of the assignment entrusted to us by your Annual General Meeting, we hereby report to you for the year ended 31 December 2014, concerning:

- the audit of the consolidated financial statements of Guerbet, which are attached to this report;
- the justification of our assessments;
- the specific verification provided for by the law.

The consolidated financial statements were approved by the Board of Directors. It is our responsibility to express an opinion on these statements on the basis of our audit.

I. OPINION ON THE CONSOLIDATED FINANCIAL STATEMENTS

We have conducted our audit in accordance with professional standards applicable in France. These standards require that we carry out the necessary procedures in order to obtain reasonable assurance that the consolidated financial statements contain no significant anomalies. An audit involves examining, through spot checks or other selection methods, the evidence that supports the amounts and disclosures in the consolidated financial statements. It also consists of assessing the accounting principles used, the significant estimates adopted, and the overall presentation of the statements. We believe that our audit has provided us with sufficient relevant information on which to base our opinion.

We hereby certify that the consolidated financial statements, in accordance with the IFRS standards as adopted in the European Union, give a true and fair view of the assets, liabilities, financial position and the results of all persons and entities included in the consolidation.

II. JUSTIFICATION OF ASSESSMENTS

In accordance with the provisions of Article L. 823-9 of the French Commercial Code concerning the justification of our assessments, we hereby draw your attention to the following information:

- Upon each accounting close, the company performs an impairment test on its assets with an indefinite life, and also checks for any signs of impairment of long-term assets, according to the procedures explained in note I. i) to the financial statements. We have examined the procedures for implementing this impairment test as well as the cash flow projections and assumptions used for the tests, and we have verified that note 5 of the notes to the financial statements provides appropriate information.
- The company recognizes deferred taxes on losses according to the procedures presented in note I. v) to the financial statements. Our work has consisted in evaluating the data and assumptions on which these estimates are based, in reviewing the calculations made by the company, and in reviewing the procedure for Management approval of these estimates. On this basis, we proceeded to assess the reasonable nature of these estimates, and we have verified that note 8 of the notes to the financial statements provides appropriate information.

The assessments thus made are part of our audit approach for the consolidated financial statements taken as a whole, and have thus contributed to forming our opinion expressed in the first part of this report.

III. SPECIFIC VERIFICATION

We have also, in accordance with professional standards applicable in France, performed specific verification of the Group-related information given in the management report, as required by law. We have no remarks to make concerning its fairness and its consistency with the consolidated financial statements.

Paris and Neuilly-sur-Seine, 9 April 2015

The Statutory Auditors

HAF Audit & Conseil
Member of Crowe Horwath International

Olivier Grivillers

Deloitte & Associés

Jean-Marie Le Guiner

6.3 Annual financial statements and notes

6.3.1 ANNUAL STATEMENTS

6.3.1.1 Balance Sheet

Assets

(in €'000s)	Note	2014			2013
		Gross amounts	Depreciation & Provisions	Net amounts	Net amounts
Patents, trademarks, and similar rights		3	-	3	3
Other intangible fixed assets		24,718	10,009	14,709	8,484
Total Intangible Fixed Assets	1	24,721	10,009	14,712	8,487
Land		1,554	-	1,554	1,554
Buildings		90,484	42,719	47,765	41,784
Technical facilities		-	-	-	-
Industrial tooling and equipment		157,572	80,814	76,758	51,030
Other tangible fixed assets		20,508	13,352	7,156	4,607
Intangibles in progress		10,488	-	10,488	45,821
Advance payments		10	-	10	126
Total Tangible Fixed Assets	2	280,616	136,885	143,731	144,921
Controlled entities	3	56,520	10,570	45,950	45,042
Receivables from controlled entities	6	-	-	-	-
Loans	4/6	57	-	57	62
Other financial fixed assets	6	537	168	369	551
Total Financial Fixed Assets		57,114	10,738	46,376	45,655
TOTAL FIXED ASSETS		362,451	157,632	204,819	199,063
Inventories	5	73,349	3,107	70,242	64,422
Advance payments		566	-	566	767
Trade receivables	6	30,246	102	30,144	35,608
Other operating receivables	6	56,002	4,351	51,651	49,472
Total Operating Receivables		86,814	4,453	82,361	85,847
Cash and investment securities	7	17,340	-	17,340	14,321
TOTAL CURRENT ASSETS		177,503	7,560	169,943	164,590
Prepaid expenses	6	1,145	-	1,145	1,357
Expenses to be spread over several years		-	-	-	-
Translation adjustment		4,680	-	4,680	5,165
TOTAL ASSETS		545,781	165,193	380,588	370,176

Equity and Liabilities

<i>(in € 000s)</i>	Note	2014	2013
Share capital		12,208	12,200
Issue premiums		5,678	5,461
Legal reserve		1,220	1,220
Other reserves		52,015	52,015
Retained earnings		64,938	55,705
Fiscal year income		13,645	15,323
Net position		149,704	141,924
Regulated provisions	9	45,100	39,195
Total Shareholders' equity	8	194,804	181,119
Provisions for liabilities and charges	10	21,273	20,163
Contingent advances		5,362	4,600
Other equity		5,362	4,600
Loans and borrowing from credit institutions other than current banking facilities		48,818	67,597
Current banking facilities and credit balances		14,177	17,834
Miscellaneous other financial debt and borrowing		878	962
Total Financial Debt		63,873	86,393
Trade payables		27,900	26,111
Tax and employment-related liabilities		22,759	21,365
Debt on fixed assets and related accounts		5,551	5,535
Other debt		33,694	19,763
Total Operating Debt and Miscellaneous		89,904	72,774
TOTAL DEBT	11	153,777	159,168
Deferred income	11	4,175	3,014
Translation adjustment		1,197	2,112
TOTAL EQUITY AND LIABILITIES		380,588	370,176

6.3.1.2 Income statement

(in € 000s)	Note	2014	2013
Products sold in France		122,038	111,887
Products sold in countries other than France		165,167	180,158
Revenue from products	13	287,205	292,045
Various products and services		8,322	4,583
Rights and royalties		4,312	3,179
Capitalised production		2,233	2,717
Reversals of provisions and expense transfers		993	3,165
Expense transfers		-	-
Operating subsidies	14	95	1,469
Other income	15	-	-
TOTAL OPERATING INCOME		303,160	307,158
Purchases of merchandise, raw materials, and other supplies held in inventory		(96,799)	(96,004)
+ Initial inventories		(67,194)	(74,976)
- Final inventories		73,349	67,194
Consumed during the year		(90,644)	(103,787)
Purchases not held in inventory, other services and external expenses		(100,167)	(89,565)
Taxes and similar payments		(9,802)	(10,623)
Staff costs	16	(65,540)	(66,700)
Allowances for depreciation		(15,445)	(13,836)
Provisions		(3,717)	(527)
Total operating expenses		(194,671)	(285,037)
OPERATING INCOME		17,845	22,121
Reversals of provisions and expense transfers		6,869	2,719
Interest and similar income		3,695	2,504
Foreign exchange gains		3,333	7,007
Total financial income		13,897	12,231
Depreciation and provisions		(5,393)	(8,064)
Interest and similar expenses		(1,688)	(2,050)
Foreign exchange losses		(2,766)	(1,518)
Total finance costs		(9,847)	(11,632)
FINANCIAL INCOME	17	4,050	598
CURRENT RESULT BEFORE TAXES		21,895	22,719
Non-recurring income from non-capital transactions		99	10
Non-recurring income from capital transactions		1,134	1,591
Reversals of depreciation and provisions		3,801	2,640
Total non-recurring income		5,034	4,242
Expenses on non-capital transactions		(14)	(31)
Expenses on capital transactions		(1,563)	(1,550)
Depreciation, amortization and provisions		(9,705)	(6,796)
Total non-recurring expenses		(11,282)	(8,378)
NON-RECURRING INCOME	18	(6,248)	(4,136)
Employee profit sharing		(388)	(451)
Income tax	19	(1,614)	(2,809)
FISCAL YEAR INCOME		13,645	15,323

6.3.1.3 Statement of cash flows

<i>(in € million)</i>	2014	2013
Gross cash flow	36.13	35.22
(Increase), decrease in inventory	(6.16)	7.78
(Increase), decrease in trade receivables	5.58	(7.39)
Increase or (decrease) in trade payables	2.15	(1.87)
Increase or decrease in other short-term assets and liabilities	13.83	(4.81)
Net cash flow from operating activities (A)	51.53	28.93
Investments related to operations	(22.04)	(25.94)
Sales of fixed assets for operations	1.13	1.59
Decrease or (increase) in financial fixed assets	0.02	5.51
Net cash flow from investing activities (B)	(20.89)	(18.84)
Share capital increase	0.22	-
Merger losses	-	-
Decrease in retained earnings	-	-
Dividends paid	(6.09)	(6.09)
New long-term borrowing	1.71	12.08
Loan repayment	(19.81)	(13.14)
Net cash flow from financing activities (C)	(23.97)	(7.15)
NET CHANGE IN CASH SITUATION (A) + (B) + (C)	6.68	2.94
Initial cash position	(3.51)	(6.45)
Closing cash position	3.17	(3.51)

6.3.2 NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Notes content

Note 1	Intangible fixed assets	102
Note 2	Tangible fixed assets	103
Note 3	Investments.....	103
Note 4	Loans.....	103
Note 5	Inventories.....	104
Note 6	Receivables by maturity	104
Note 7	Cash and investment securities.....	104
Note 8	Shareholders' equity	105
Note 9	Regulated provisions.....	105
Note 10	Provisions for liabilities and charges.....	106
Note 11	Payables by due date.....	106
Note 12	Accrued income and expenses	107
Note 13	Revenue by geographic region	107
Note 14	Operating subsidiaries	107
Note 15	Other income	108
Note 16	Staff costs.....	108
Note 17	Financial income.....	108
Note 18	Non-recurring income.....	108
Note 19	Income tax	108
Note 20	Deferred tax position.....	109
Note 21	Impact of the application of tax statutes on income for the fiscal year.....	109
Note 22	Associated companies	110
Note 23	Stock purchase and subscription options.....	111
Note 24	Items that could generate market risk	111
Note 25	Compensation allocated to company officers.....	111
Note 26	Average workforce during the year	112
Note 27	Off-balance-sheet commitments.....	112
Note 28	Other information	113
Note 29	Post-closing events.....	113

The figures presented in these notes are in €'000s.

Introduction

The balance sheet is drawn up before appropriation of earnings. Therefore the dividends proposed at the Shareholders' Meeting do not appear as debts.

Accounting methods and rules

The statements have been prepared with the accounting principles set out by recommendation ANC 2014-03 of the Board of the French accounting standards authority (*Autorité des normes comptables*).

A) ESTIMATES AND JUDGEMENTS

When preparing its financial statements, the company must make estimates and assumptions that affect the book value of items in assets and liabilities, income and expenses, and the information provided in certain appended notes.

Management reviews these estimates and assessments on an ongoing basis in reference to past experience and various other factors deemed reasonable, which constitute the basis for these assessments.

Actual future results may differ significantly from these estimates according to different conditions or assumptions.

The main significant estimates made by company Management relate primarily to valuation of equity interests.

B) INTANGIBLE FIXED ASSETS

Patents and Marketing Authorizations (MA)

Patents are recognized at their acquisition cost. Expenses related to patents and MAs are recognized as expenses. Patents are amortized on a straight-line basis over their useful lives.

Trademarks

Trademarks acquired are recognized at their acquisition cost. In accordance with recommendation ANC 2014-03, expenses for depositing and renewing trademarks are recognized as expenses for the year in which they are incurred. No amortization is applied to trademarks.

Research and development costs

Research costs are recognized as expenses during the year in which they are incurred.

Development costs are only recognized as intangible fixed assets if all of the following criteria can be proven:

- there is the technical and financial capacity and intent to carry out the development project to completion;
- there is a probability that the future economic benefits attributable to the development expenses will revert to the company;
- the cost of the asset can be reliably assessed.

As these criteria are currently not all met, development costs are recognized in the expenses for the year in which they are incurred.

Other intangible fixed assets

Other intangible fixed assets mainly include software. This software is amortized over three years. With the possibility of amortization over 12 months offered by fiscal legislation for software, accelerated amortization was recognized. This represents the share of additional amortization compared to accounting amortization.

C) TANGIBLE FIXED ASSETS

They are recognized at their acquisition cost. Depreciation is calculated over useful lifespan using the straight-line method, which on average corresponds to the following durations:

- Buildings: 10 to 20 years.
- Improvements and fittings: 10 years.
- Technical facilities, equipment and tooling: 5 to 10 years.
- Other tangible fixed assets: 3 to 15 years.

For all acquisitions up to and until 31 December 1997, and starting again from 1 January 2002, all of the possibilities provided for by fiscal legislation in terms of declining balance and exceptional depreciation are used. The declining balance method is considered to be accelerated compared to straight-line depreciation. Tangible fixed assets may be subject to depreciation depending on how they are used by Guerbet.

D) FINANCIAL FIXED ASSETS

Equity securities are accounted for at their acquisition cost and may be written down according to the share of the net situation of subsidiaries after restatement of their intangible assets. Other financial fixed assets are listed on the balance sheet at their acquisition cost or at their inventory value if that is lower.

E) INVENTORIES AND WORK IN PROGRESS

Inventories of raw materials and other supplies are measured using the weighted average cost method. When the inventory value is lower than this cost, a provision for impairment is recognized for the difference. Provisions are also made for inventory that has a low turnover rate. Inventories of products in process and finished products are measured at cost including direct and indirect production costs, and excluding administrative, financial and sales costs. A provision for depreciation is created according to the turnover rate of inventory and when products are at risk of not selling before their use-by date, or of being sold at a loss.

F) TRADE RECEIVABLES

Trade receivables are assessed at nominal value. They are written down, where applicable, according to the risk of non-recovery.

G) INVESTMENT SECURITIES

Investment securities are valued at their acquisition cost. When the inventory value of these securities, determined on the basis of their likely sale value, which is to say their liquidation value at the end of the year, is lower than their acquisition cost, a provision for impairment is created in the amount of the difference.

H) FINANCIAL INSTRUMENTS

Premiums paid in relation to interest rate options are recognized in the assets section of the balance sheet upon acquisition of the option and carried over to the income statement *pro rata temporis* over the life of the contract. Provisions are made for any expenses for interest rate fluctuations. To manage its exposure to interest-rate and exchange-rate risk due to its industrial and commercial activity, Guerbet uses financial instruments that are listed on organized markets. Guerbet's policy is to never trade on markets for speculative purposes.

I) CONVERSION OF ITEMS IN FOREIGN CURRENCY

Guerbet centralizes management of foreign exchange risk for its French subsidiaries. Debts and receivables listed in currencies outside of the euro zone are converted at the rates prevailing at 31 December. Unrealized foreign exchange gains or losses arising from this are booked on the balance sheet as translation adjustments. Guerbet hedges its foreign exchange risks with forward exchange contracts or forex options. Any provisions for foreign exchange loss take these hedges into account. Income from forex options is recognized at the maturity of the option to the extent that the options hedge commercial operations after the end of the year. The premium paid is recognized as an asset on the balance sheet until the option expires.

J) REGULATED PROVISIONS

According to statutory requirements, regulated provisions include:

- provisions for investments (in conjunction with employee profit sharing);
- provisions for accelerated depreciation.

Accelerated depreciation and amortization are calculated according to the methods detailed in B) and in C) for intangible and tangible fixed assets.

K) PROVISIONS FOR LIABILITIES AND CHARGES

Provisions for liabilities and charges recognized correspond to liabilities meeting the following criteria:

- the amount or the maturity date is not set precisely;
- the economic impact is negative for the company. This means that this liability is analyzed like an obligation of the company to a third

party, where it is probable or certain that it will lead to an outflow of resources to the benefit of this third party, with no compensation at least equivalent expected in return.

L) PENSION BENEFIT OBLIGATIONS

Pension benefit obligations are recognized in provisions for liabilities. For defined benefit pension schemes, the cost of benefits is estimated using the projected unit credit method. This consists in basing the calculation on the benefits that will be paid to employees at the likely time of their retirement, taking into account the age structure, the staff turnover rate, and the survival rate determined using official tables by age group. The amounts obtained are revalued according to inflation and promotion scenarios, and are updated to take into account the date on which these benefits will be actually paid. When calculation assumptions are reviewed, any actuarial gains and losses that result are fully carried over into income. These valuations are made once per year, for all schemes.

M) REVENUE

Revenue is recognized when there is a transfer to the purchaser of the benefits and risks related to ownership of the goods.

N) INVESTMENT SUBSIDIES

According to the option made available by the French General Chart of Accounts (*Plan Comptable Général* – PCG), the reversal of an investment subsidy that finances a depreciable fixed asset is carried out over the same duration and at the same rate as depreciation of the value of the asset acquired or created with the subsidy.

NOTE 1 INTANGIBLE FIXED ASSETS**1.1 Gross values**

	2014	2013
Intangible fixed assets at 1 January	16,647	13,275
Increases	9,208	4,916
Decreases	(1,134)	(1,544)
Intangible fixed assets at 31 December	24,721	16,647

2014 increases in gross values correspond essentially to software.

1.2 Amortization and provisions

	2014	2013
Amortization and provisions for intangible fixed assets at 1 January	8,160	6,760
Provisions	1,849	1,413
Reversals	-	(13)
AMORTIZATION AND PROVISIONS FOR INTANGIBLE FIXED ASSETS AT 31 DECEMBER	10,009	8,160

NOTE 2 TANGIBLE FIXED ASSETS

	31/12/2013	2014 Increases	2014 Decreases	31/12/2014
Land	1,554	-	-	1,554
Buildings	80,601	9,883	-	90,484
Technical facilities, industrial equipment and tooling	123,920	33,935	(283)	157,572
Other tangible fixed assets	16,415	4,093	-	20,508
Fixed assets under construction	45,821	(34,960)	(372)	10,489
Advance payments	126	(116)	-	10
Gross values	268,437	12,835	(655)	280,617
Allowances for depreciation	(123,515)	(13,596)	226	(136,885)
Impairments	-	-	-	-
NET VALUES	144,921	(761)	(429)	143,731

	31/12/2012	2013 Increases	2013 Decreases	31/12/2013
Land	1,554	-	-	1,554
Buildings	64,368	16,341	(108)	80,601
Technical facilities, industrial equipment and tooling	115,757	8,557	(394)	123,920
Other tangible fixed assets	23,990	1,670	(9,245)	16,415
Fixed assets under construction	50,938	(5,113)	(4)	45,821
Advance payments	559	(433)	-	126
Gross values	257,166	21,022	(9,751)	268,437
Allowances for depreciation	(118,523)	(12,422)	7,430	(123,515)
Impairments	-	-	-	-
NET VALUES	138,643	8,600	(2,321)	144,921

Gross investments of €13 million in 2014 and €21 million in 2013 correspond mainly to projects to increase capacity in our Aulnay and Lanester plants.

NOTE 3 INVESTMENTS

	2014	2013
Gross value of equity investments	56,520	56,520
Provisions for amortization of equity investments	(10,570)	(11,478)
NET VALUE OF EQUITY INVESTMENTS	45,950	45,042

These amounts correspond to investments held as of 31 December. Financial information for each subsidiary and other controlled entities is listed in detail in the table "List of subsidiaries and controlled entities".

NOTE 4 LOANS

	2014	2013
Loans to staff	57	62

NOTE 5 INVENTORIES

	2014	2013
RAW MATERIALS AND SUPPLIES		
Gross amount	17,715	16,864
Provisions	(310)	(339)
Net Amount	17,405	16,525
INTERMEDIATE AND FINISHED PRODUCTS		
Gross amount	49,792	42,589
Provisions	(985)	(1,071)
Net Amount	48,807	41,518
GOODS		
Gross amount	5,843	7,741
Provisions	(1,813)	(1,362)
Net Amount	4,030	6,379
TOTAL NET AMOUNT	70,242	64,422

NOTE 6 RECEIVABLES BY MATURITY

	2014			2013
	Gross amounts	1 year maximum	More than 1 year	Gross amounts
Receivables from controlled entities	-			-
Loans	57		57	62
Other financial fixed assets	537		537	551
Bad or doubtful debts	116	116		73
Other trade receivables	21,696	21,696		27,840
Bills in course of collection	8,434	8,434		7,754
Staff costs and related payables	46	46		190
Social security and related liabilities	17	17		59
State income tax ⁽¹⁾	6,409	6,409		5,196
State value added tax	4,372	4,372		4,595
Other state taxes and duties	-			85
Miscellaneous state receivables	638	638		700
Group and associates	40,874	40,874		39,447
Various debtors	3,645	3,645		3,052
Prepaid expenses	1,145	905	240	1,357
TOTAL	87,986	87,152	834	90,962

(1) This mainly consists of a Research Tax Credit (Crédit d'Impôt Recherche) receivable in the amount of €4,975,000 and an Employment Competitiveness Tax Credit (Crédit d'Impôt Compétitivité Emploi) receivable in the amount of €1,364,000. The Employment Competitiveness Tax Credit is booked as an item offsetting staff expenses.

NOTE 7 CASH AND INVESTMENT SECURITIES

Cash and investment securities include, in part, 20,428 treasury shares for a gross value of €170,000. No changes in treasury shares were recognized in 2014. Guerbet shares had a market value of €34.10 at 31 December 2014, equivalent to an overall market valuation of €697,000.

NOTE 8 SHAREHOLDERS' EQUITY

	2014	2013
Shareholders' equity at the beginning of the fiscal year	181,119	167,731
Dividends paid	(6,100)	(6,100)
Dividends carried over to retained earnings	10	10
Increase in share capital and issue and merger premiums	225	-
Decrease in retained earnings	-	-
Fiscal year result	13,645	15,322
Regulated provisions	5,905	4,156
SHAREHOLDERS' EQUITY AT THE END OF THE FISCAL YEAR	194,804	181,119

The following changes have occurred for Guerbet shares:

	2014
Number of shares at the beginning of the year	12,200,184
Creation of shares through exercise of stock options ⁽¹⁾	8,000
NUMBER OF SHARES AT THE END OF THE YEAR	12,208,184

(1) Refer to note 23 for more details.

There was a fourfold split in the par value of Guerbet shares on 23 January 2014. This quadrupled the number of shares, from 3,050,046 to 12,200,184.

NOTE 9 REGULATED PROVISIONS

	31/12/2012	2013 Provisions	2013 Reversals	31/12/2013	2014 Provisions	2014 Reversals	31/12/2014
Investment provisions	159	-	99	60	-	-	60
Provisions for accelerated depreciation	34,880	6,796	2,541	39,135	9,705	3,801	45,039
TOTAL	35,039	6,796	2,640	39,195	9,705	3,801	45,099

NOTE 10 PROVISIONS FOR LIABILITIES AND CHARGES

	31/12/2012	2013 provisions	2013 reversals (provision used/ reclassified)	2013 reversals (provision not used)	31/12/2013	2014 provisions	2014 reversals (provision used/ reclassified)	2014 reversals (provision not used)	31/12/2014
Pension benefits ⁽¹⁾	15,761	42	1,422	-	14,381	1,863	-	-	16,244
Rate hedges	-	-	-	-	-	-	-	-	-
Foreign exchange risk	761	5,166	761	-	5,166	4,680	5,165	-	4,681
Customers	-	-	-	-	-	-	-	-	-
Commitment to purchase active ingredients	-	-	-	-	-	-	-	-	-
Other	1,364	165	913	-	616	562	312	518	348
TOTAL	17,886	5,373	3,096	-	20,163	7,105	5,477	518	21,273

(1) Pension benefits:

The company has no obligations in terms of pensions, supplementary pensions or similar benefits, with the exception of a commitment in terms of supplementary pensions for its officers. The calculation of the provision for pension benefits assumes that all retirements will be voluntary. The pension benefit provision did not cover company officers at 31 December 2014.

The main actuarial assumptions applied to assess the provision for pension benefits are as follows:

Discount rate:

Starting in 2010, the Bloomberg rate curve is applied, using the discount rate for "first-tier" companies.

Turnover rate:

Rate tables applied are established from internal statistical data from recent years, using the following analysis axes: status and age of employee.

Wage growth rate:

The wage growth rate used to calculate the liability at 31 December 2014 is 2.5%.

Mortality rate:

The most recent mortality table published by INSEE is applied.

NOTE 11 PAYABLES BY DUE DATE

	2014				2013
	Gross amount	1 year maximum	Between 1-5 years	More than 5 years	Gross amount
Borrowing and debts for 1 year maximum at outset	14,177	14,177			17,834
Borrowing and debts for more than 1 year at outset	48,819	12,740	29,379	6,700	67,597
Miscellaneous financial debt and borrowing	878	172	706		962
Trade accounts payable	27,900	27,900			26,111
Staff costs and related payables	15,384	14,994		390	14,422
Social security and related liabilities	7,300	7,300			6,933
State: Income tax	53	53			-
State: VAT	-	-			-
State: other taxes and similar payments	22	22			10
Debt on fixed assets and related accounts	5,551	5,551			5,535
Group and associates	31,852	31,852			17,322
Other debt	1,841	1,609	232		2,442
Deferred income	4,175	1,823	2,352		3,014
TOTAL	157,952	118,193	32,669	7,090	162,182

NOTE 12 ACCRUED INCOME AND EXPENSES

	2014	2013
ACCRUED INCOME		
Receivables from controlled entities	-	-
Trade receivables	-	-
Other receivables	4,281	3,593
Banks and financial institutions	51	15
TOTAL	4,332	3,608
EXPENSES PAYABLE		
Financial debt and borrowing	31	74
Trade accounts payable	12,605	11,408
Debt on fixed assets	-	-
Tax and employment-related liabilities	17,593	16,476
Other debt	1,565	1,845
Accrued overdraft interest	60	105
TOTAL	31,854	29,908

NOTE 13 REVENUE BY GEOGRAPHIC REGION

	2014	2013
France and overseas departments and territories	126,066	115,570
Europe (except France)	96,416	109,694
Europe including France	222,482	225,264
Asia	29,821	30,661
Latin America	15,827	17,268
North America	6,989	6,147
Other countries	12,086	12,704
TOTAL	287,205	292,045

NOTE 14 OPERATING SUBSIDIES

In December 2008, the aid request for the French-German "Iseult" research project, filed with Oséo, was approved by the European Commission. The aid agreement foresees financing of half of the expenses incurred, including 39% in the form of repayable advances, and 61% in the form of a grant. An amendment signed with Bpifrance – Banque publique d'investissement (formerly Oséo Innovation) extends the duration of the project by two years and modifies the conditions of financial return if a product resulting from the project is marketed.

At 31 December 2014, this aid agreement included the following items on the balance sheet:

- €2.3 million in subsidies paid in advance upon signature of the contract in December 2008, and recognized in "Other current financial liabilities";
- €5.1 million in repayable advances received from 2008-2014 and recognized in "Non-current financial debts".

There was no impact recognized in the 2014 income statement.

In 2013, Guerbet recognized €700,000 of income receivable as research expenses incurred by Guerbet from July 2012 to June 2013. A repayable advance of €1,185,000 apparently remains to be paid for research expenses incurred during the second half of 2014, but that had not yet been approved by Bpifrance – Banque publique d'investissement (formerly Oséo Innovation) at the date of accounting close.

NOTE 15 OTHER INCOME

N/A.

NOTE 16 STAFF COSTS

	2014	2013
Salaries and wages	(44,189)	(46,096)
Social security charges	(21,351)	(20,604)
TOTAL	(65,540)	(66,700)

NOTE 17 FINANCIAL INCOME

	2014	2013
Dividends	3,232	2,003
Interest	(1,225)	(548)
Net currency gains/losses	567	55
Net provision for equity investments	908	(941)
Other	568	29
TOTAL	4,050	598

NOTE 18 NON-RECURRING INCOME

	2014	2013
Net charge for regulated provisions	(5,905)	(4,156)
Net income on disposal of fixed assets	(429)	41
Compensation received for breach of contract	-	-
Other	86	(21)
TOTAL	(6,248)	(4,136)

NOTE 19 INCOME TAX

The Group has opted for tax consolidation since 1988. The following companies have historically been included in the scope of tax consolidation: Guerbet SA (parent company and head of the tax consolidation group) and Simafex. Starting in the 2014 fiscal year, Medex and Guerbet France have entered the scope of tax consolidation. In accounting terms, tax expenses are borne by the consolidated companies (subsidiaries and parent company) as they would be without tax consolidation. Loss-related income from taxes is kept by the parent company. Savings made by the tax consolidation group that are not linked to losses (corrections related to certain intra-group transactions) are kept by the parent company, and recognized as income. Tax credits for

research, apprenticeships, family and employment competitiveness are reallocated to the companies that generated them. Tax savings resulting from tax losses of subsidiaries will be reallocated to them and applied against future taxable income. Overall taxable income at the normal rate for the tax consolidation group comes to €15.72 million in 2014. The tax expense for the tax consolidation group comes to €1.96 million after allocation of tax credits, including the research tax credit of €3.93 million. As this tax credit due by the tax consolidation group is below the amount of tax prepayments and tax credits, the receivable from the state is recognized in "other operating receivables" for €6.4 million.

The tax expense or income appearing on the income statement breaks down as follows:

	2014	2013
Group tax income or (expense)	(1,957)	(3,275)
Tax expense from consolidated subsidiaries	1,034	149
Tax savings reallocated to consolidated subsidiaries	(438)	(299)
Other tax expenses	(253)	616
TAX INCOME OR (EXPENSE) FOR THE GROUP PARENT COMPANY	(1,614)	(2,809)

Tax income or expense from the Group parent company breaks down as follows:

	2014	2013
Corporate tax on current income ⁽¹⁾	(4,180)	(4,654)
Corporate tax on non-recurring income	2,374	1,568
Other tax expenses	192	277
TAX INCOME OR (EXPENSE) FOR THE GROUP PARENT COMPANY	(1,614)	(2,809)

(1) Including Research Tax Credit of €3.45 million.

Non-deductible charges referred to in Article 39-4 of the French General Tax Code

Charges of this type incurred by Guerbet in 2014 correspond to depreciation of passenger cars in the amount of €132,000.

NOTE 20 DEFERRED TAX POSITION

Guerbet's deferred tax position was calculated on the basis of tax consolidation starting in the 1988 fiscal year. Due to this, prepaid taxes were determined for all of the fiscally consolidated companies. These resulted from the difference between recognition of certain income and expenses and their incorporation into taxable income, and taxes due on Shareholders' equity items (regulated provisions).

	2014	2013
Net deferred taxes from temporary differences (prepaid taxes)	8,275	7,198
Deferred taxes on Shareholders' equity (taxes due)	18,882	15,002

These deferred taxes were calculated at a rate of 33 1/3% increased by the social contribution and the exceptional contribution for the years during which the law requires that they be applied.

NOTE 21 IMPACT OF THE APPLICATION OF TAX STATUTES ON INCOME FOR THE FISCAL YEAR

In order to take advantage of certain tax provisions, the company must recognize some entries on the income statement (non-recurring income) that do not have the status of accounting income or expenses.

	2014	2013
Pre-tax income	15,259	18,132
Allowance or reversal net of regulated provisions and accelerated depreciation	(5,904)	(4,155)
Adjusted income before taxes	21,163	22,287

NOTE 22 ASSOCIATED COMPANIES

All transactions of significant size with related parties and liable to come within the scope of Article R. 123-198 of the French Commercial Code relate to fully-owned subsidiaries.

	2014	2013
FINANCIAL FIXED ASSETS		
Investments	56,412	56,412
Receivables from controlled entities	-	-
Customers	3,910	8,242
RECEIVABLES		
Other receivables	2,766	1,907
Financial current accounts	40,874	39,449
Provisions for liabilities and charges	-	-
DEBT		
Miscellaneous financial debt and borrowing	-	-
Trade payables	3,185	3,255
Debt on fixed assets	-	72
Other debt	-	1
Financial current accounts	31,852	17,321
Deferred income	270	85
OPERATING INCOME		
Sale of goods	133,686	146,760
Services	6,798	3,196
Other income	4,269	3,146
OPERATING EXPENSES		
Purchase of goods and raw materials	(31,996)	(30,455)
Purchases of materials not held in inventory, other services	(27,290)	(20,215)
Taxes and duties	-	-
FINANCIAL INCOME		
Dividends	3,212	2,003
Other interest and similar income	259	333
Provision reversals and expense transfers	-	1,958
Foreign exchange gains	-	-
FINANCIAL EXPENSES		
Amortization and provisions	-	(2,899)
Interest and similar expenses	(154)	(116)
Write-offs	-	-
Foreign exchange losses	-	-
NON-RECURRING EXPENSES		
Depreciation, amortization and provisions	(1)	-
Write-offs	-	-

Write-offs granted to related companies and implemented during the 2014 fiscal year

N/A.

NOTE 23 STOCK PURCHASE AND SUBSCRIPTION OPTIONS

Summary statement of stock option plans

Grant date	26/03/2009	17/10/2011	23/11/2011	20/02/2012
Date of tax availability	26/03/2011	17/10/2015	23/11/2015	20/02/2016
Number of options granted:	24,000	530,840	48,000	6,800
■ Of which Yves L'Épine	-	-	48,000	-
■ Of which Bruno Bonnemain	-	16,000	-	-
■ Of which Brigitte Gayet	-	1,480	-	-
Subscription or purchase price	€28.07	€15.40	€16.08	€15.38
Plan expiry date	25/03/2019	16/10/2021	22/11/2021	20/02/2022
Number of options exercised	8,000	-	-	-
Number of options cancelled	16,000	96,120	-	2,000
Number of options remaining	-	434,720	48,000	4,800

NOTE 24 ITEMS THAT COULD GENERATE MARKET RISK

The fair value of cash instruments is -€66,000 for foreign exchange hedging and -€877,000 for interest rate hedging.

Concerning foreign exchange risk management, Guerbet established 74 forward contracts during the year, notably in dollars, yen, and pounds sterling. At 31 December 2014, the following six contracts were in effect with an equivalent of €18.1 million.

Date of establishment	Date of expiry	Type	Spot rate	Hedging rate	Amount (in €)	Amount (in foreign currency)	Fair value
01/12/2014	20/02/2015	USD Forward sell	1.2471	1.2482	1,602,307.32	2,000,000.00	(44,246.64)
17/12/2014	30/01/2015	USD Swap sell	1.24591	1.246644	3,516,641.48	4,384,000.00	(93,260.38)
17/12/2014	30/01/2015	JPY Swap sell	146.30	146.27	4,102,003.14	600,000,000	(29,134.57)
17/12/2014	30/01/2015	JPY Swap buy	146.134	146.034	2,002,958.22	292,500,000	10,971.58
17/12/2014	30/01/2015	GBP Swap buy	0.7929	0.79335	756,286.63	600,000.00	13,664.24
29/12/2014	05/02/2015	JPY Swap buy	147.045	147.05	6,120,367.22	900,000,000	76,334.45

Concerning foreign exchange risk management, at 31 December the following six contracts were in effect, for a total value of €47.7 million:

Date of establishment	Date of expiry	Contract type	Guerbet position	Benchmark indexes	Contract rate	Fair value (in €)	Notional amount (in €)
09/12/2009	12/12/2016	Cap	Buy	3-month Euribor	2.53%	(21,825.26)	2,857,142.86
29/03/2011	29/03/2018	Swap	Buy	3-month Euribor	2.7750%	(474,707.35)	9,982,142.86
30/06/2011	04/07/2016	Swap	Buy	3-month Euribor	2.2950%	(39,354.90)	1,750,000.00
04/11/2011	08/11/2016	Swap	Buy	3-month Euribor	1.435%	(62,050.10)	4,000,000.00
10/11/2011	14/11/2016	Swap	Buy	3-month Euribor	1.4525%	(63,235.03)	4,000,000.00
09/07/2014	30/06/2017	Swap	Buy	3-month Euribor	0.7250%	(215,714.48)	25,137,500.00

NOTE 25 COMPENSATION ALLOCATED TO COMPANY OFFICERS

	2014	2013
Compensation allocated to company officers	797	803

This is compensation paid in accordance with their role as company officers, in their salaried status.

NOTE 26 AVERAGE WORKFORCE DURING THE YEAR

	2014	2013
Workers, employees	186	182
Technicians, supervisors	389	418
Executives	242	231
TOTAL AVERAGE WORKFORCE	817	831

The reduction in workforce between 2013 and 2014 is due to the transfer of employees to the Guerbet France subsidiary from 1 July 2013.

NOTE 27 OFF-BALANCE-SHEET COMMITMENTS

	2014	2013
Sureties, deposits and other commitments given to third parties on behalf of related companies	9,450	5,798
Sureties and deposits given to third parties and other commitments	1,586	3,404
Debts transferred <i>via</i> securitization	-	-
Fixed and moveable leasing commitments including licence fees:		
■ of less than 1 year	130	130
■ between 1 and 5 years	119	249
■ more than 5 years	-	-
Outstanding secured debt	-	-
TOTAL	11,285	9,581

	Lease-financing payments made in 2014	Lease payments made in 2013
On fixed leases	-	-
On moveable leases	130	130
TOTAL	130	130

Financial items related to leased fixed and moveable assets are as follows:

	2014	2013
Value of fixed and moveable assets:	588	588
Provisions for amortization if the assets had been acquired by the company	72	72
Residual value of assets at the end of the contract	-	-

For 2014, the details of these lease financing assets by type breaks down as follows:

	Acquisition cost	Fiscal year allowances for amortization	Cumulative allowances for amortization	Net value
Land	-	-	-	-
Buildings	-	-	-	-
Technical facilities, equipment and tooling	588	72	222	366
TOTAL	588	72	222	366

NOTE 28 OTHER INFORMATION

1. The number of training hours corresponding to the personal training rights scheme (DIF) that were not requested and were transferred to training credits is 97,999 hours. Guerbet financed 522 hours during the 2014 fiscal year.
2. The Tax Credit for Competitiveness and Employment (*Crédit d'Impôt pour la Compétitivité et l'Emploi*) represented a receivable of €1,364,000 at 31 December 2014.

For 2013, its amount is equal to 4% of compensation not exceeding 2.5 times the minimum wage, and, for 2014, 6% of compensation not exceeding 2.5 times the minimum wage.

It was recognized as a deduction from staff expenses.

NOTE 29 POST-CLOSING EVENTS

N/A.

The sums acquired during the 2013 fiscal year, €515,000, could not be used to pay taxes for the 2014 fiscal year. They should be able to be used for corporate tax payment in 2015, in the same way as the sums acquired under the "CICE" 2014, totaling €849,000.

The use of the funds will serve to finance actions in various categories planned by the French Job Protection Law (*loi de sécurisation de l'emploi*).

3. Statutory Auditors fees paid by Guerbet during the 2014 fiscal year appear in note 30 of the notes to the consolidated financial statements.

List of subsidiaries and controlled entities

Detailed information on each subsidiary and controlled entity (in €'000s)	Share capital	Shareholders' equity except for share capital and income	Share of equity held as %	Gross value of equity	Net value of equity	Loans and advances granted	Deposits and sureties	Revenue	Dividends	Income from last fiscal year elapsed

A – Securities of gross value exceeding 1% of Guerbet's share capital**SUBSIDIARIES**

Simafex (France)	1,280	20,835	100	1,224	1,224		58	23,582		1,551
Medex (France)	180	(3,995)	100	3,000		9,410	703	14,267		(984)
Guerbet Produtos Radiologicos Ltda. (Brazil)	11,311	7,234	100	11,197	11,197	47		33,942	826	1,234
Guerbet NV (Belgium)	541	11,745	99.78	379	379			21,976		245
A Martins & Fernandes (Portugal)	410	111	100	1,224	516	2,504		3,305		(5)
Guerbet AG (Switzerland)	356	4,703	100	304	304			21,269	2,296	1,711
Guerbet GmbH (Germany)	511	19,212	100	19,962	19,962			49,730		3,349
Guerbet Ilac Tibbi A.S. (Turkey)	1,669	(402)	99.99	2,009	1,388	260	961	6,966		121
Laboratorios Farmaceuticos Guerbet (Spain)	781	1,586	100	790	790	3,442		9,551		106
Guerbet Austria (Austria)	73	1,737	100	146	146			3,766		237
Guerbet Korea Ltd. (Korea)	5,861	(3,861)	100	8,202	5,929	47	6,680	18,657		428
Guerbet Taiwan Co., Ltd. (Taiwan)	179	225	100	191	191	10	404	3,917		98
Guerbet S.p.A. (Italy)	500	5,544	99.9	500	500	1,768		15,400		(138)
Guerbet LLC (United States)	1,284	(681)	100	1,624	856	5,714	539	12,886		253
Guerbet Mexicana S.A. de C.V. (Mexico)	3,644	(716)	100	3,600	2,352		42	2,588		(576)
Guerbet Japan KK (Japan)	1,446	(2,716)	100	1,951	-	13,652		14,636		257

INVESTMENTS

-	-	-	-	-	-	-	-	-	-	-
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B – Securities of gross value not exceeding 1% of Guerbet's share capital**SUBSIDIARIES**

Abarem (France)	1	1	100	1	1					(1)
Abalux (France)	1	1	100	1	1					(1)
Guerbet France (France)	2	231	100	2	2		23	17,142	89	767
Guerbet Nederland BV (Netherlands)	91	2,723	100	92	92			10,448		228
Guerbet Laboratories Ltd. (England)	12	1,182	100	13	13		40	8,287		529
Guerbet Asia Pacific Ltd. (Hong Kong)	N.S.	7,034	100	ns	ns	3,257		33,744		1,143

CONTROLLED ENTITIES

Investments in French companies	N/A	N/A		108	108					ns
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General information on all subsidiaries and controlled entities	Subsidiaries		Controlled entities	
	French	Foreign	French	Foreign
Book value of securities held:				
■ Gross	4,228	52,184	108	-
■ Net	1,228	44,615	108	-
Amount of loans and advances granted	9,410	30,701	-	-
Amount of deposits and sureties granted	761	8,626	-	-
Amount of dividends received	89	3,122	-	-

In the interest of consistency, Shareholders' equity and income from subsidiaries are presented in IFRS standards. For subsidiaries outside the euro zone, capital, Shareholders' equity and income were converted at the closing rate at 31 December 2014.

> 6.4 Statutory Auditors' report on the annual financial statements

This is a free translation into English of the Statutory Auditors' report on the financial statements issued in French and it is provided solely for the convenience of English-speaking readers. The Statutory Auditors' report includes information specifically required by French law in such reports, whether modified or not. This information is presented below the audit opinion on the financial statements and 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 balances, transactions or disclosures.

This report also includes information relating to the specific verification of information given in the management report and in the documents addressed to the Shareholders.

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,

Under the terms of the assignment entrusted to us at your Annual General Meeting, we hereby report to you for the year ended 31 December 2014, concerning:

- the audit of the consolidated financial statements of Guerbet, as attached to the present report;
- the justification of our assessments;
- the specific information and verifications provided for by the law.

The annual statements were approved by the Board of Directors. It is our responsibility to express an opinion on these statements on the basis of our audit.

I. OPINION ON THE ANNUAL STATEMENTS

We have conducted our audit in accordance with professional standards applicable in France. These standards require that we carry out the necessary procedures in order to obtain reasonable assurance that the annual financial statements contain no significant anomalies. An audit involves examining, through spot checks or other selection methods, the evidence that supports the amounts and disclosures in the annual financial statements. It also consists in assessing the accounting principles used, the significant estimates adopted, and the overall presentation of the statements. We believe that our audit has provided us with sufficient relevant information on which to base our opinion. We hereby certify that the annual financial statements, in accordance with French rules and accounting principles, give a true and fair view of operating income for the past year and of the assets, liabilities and financial position of the company at the end of the year.

II. JUSTIFICATION OF ASSESSMENTS

In accordance with the provisions of Article L. 823-9 of the French Commercial Code concerning the justification of our assessments, we hereby draw your attention to the following information:

- Each year, the company assesses the value in use of its investments and holdings using the method described in note d) of the notes to the annual financial statements concerning accounting methods and rules. Our work has consisted in evaluating the data on which these estimates are based, in reviewing the calculations made by the company, and in reviewing the procedure for Management approval of these estimates. On this basis we proceeded to assess the reasonableness of these estimates.

The assessments thus made are part of our audit approach for the consolidated financial statements taken as a whole, and have thus contributed to forming our opinion expressed in the first part of this report.

III. SPECIFIC INFORMATION AND VERIFICATIONS

We have also, in accordance with professional standards applicable in France, performed the specific verifications required by law.

We have no remarks to make concerning their fairness and their consistency with the annual financial statements provided in the management report of the Board of Directors and in the documents sent to Shareholders on the financial situation and the annual statements.

Regarding the information provided in accordance with the provisions of Article L. 225-102-1 of the French Commercial Code on compensation and benefits paid to company officers, and on commitments made in their favor, we have verified their consistency with the financial statements or with the data used to establish the statements, and, when applicable, with the information collected by your company from companies controlling or controlled by your company. On the basis of this work we affirm the accuracy and fairness of this information.

In accordance with the law, we have ensured that various information regarding the identity of capital holders and voting rights has been communicated to you in the management report.

Paris and Neuilly-sur-Seine, 9 April 2015

The Statutory Auditors

HAF Audit & Conseil
Member of Crowe Horwath International

Olivier Grivillers

Deloitte & Associés

Jean-Marie Le Guiner

▶ 6.5 Special report of the Statutory Auditors on regulated commitments and agreements

This is a free translation into English of the original report issued in French and it 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 your company, we hereby present to you our report on regulated commitments and agreements.

It is our duty to convey to you, on the basis of the information that was provided to us, the essential features and conditions of the agreements and commitments of which we have been informed or that we may have discovered in the course of our work, without ruling on their usefulness or their justification, or seeking to identify other commitments and agreements. It is your responsibility, in accordance with Article R. 225-31 of the French Commercial Code, to assess the interest in concluding these agreements and commitments with a view to their approval.

Furthermore, it is our responsibility, where applicable, to convey to you the information provided for in Article R. 225-21 of the French Commercial Code relating to the execution, during the past year, of the commitments and agreements already approved at the Annual General Meeting.

We performed the due diligence that we considered necessary in line with the professional standards of the National Audit Authority for this task. This due diligence consisted in verifying the consistency of the information that was provided to us with the source documents.

AGREEMENTS AND COMMITMENTS SUBJECT TO APPROVAL AT THE ANNUAL GENERAL MEETING

Agreements and commitments authorized during the past fiscal year

We inform you that we were given notice of no commitments or agreements authorized during the past year to submit to the approval of the Annual General Meeting in accordance with the provisions of Article L. 225-38 of the French Commercial Code.

Agreements and commitments not previously authorized

In accordance with Articles L. 225-42 and L. 823-12 of the French Commercial Code, we inform you that the following agreements and commitments were not authorized in advance by your Board of Directors.

AGREEMENT SIGNED WITH SIMAFEX

Type & Subject: The intra-group agreement signed between Guerbet and Simafex relates to Simafex's subcontracting to Guerbet of chemical research and development activities.

Methods: Invoicing for these services, applied retroactively to 1 January 2014, is increased by a margin of 5%.

Amount: For 2014, invoicing amounts to €1,324,059.43.

The authorization procedure was not followed due to an omission by the company.

We specify to you that your Board of Directors decided to authorize this agreement or commitment ex post facto during its meeting on 12 May 2015.

AGREEMENTS AND COMMITMENTS ALREADY APPROVED AT THE ANNUAL GENERAL MEETING

Agreements and commitments approved in prior years whose execution continued during the past year

In accordance with Article R. 225-30 of the French Commercial Code, we inform you that we were not notified of any agreements or commitments previously approved at the Annual General Meeting in prior fiscal years whose execution continued during the past year.

Paris and Neuilly-sur-Seine, 9 April 2015

The Statutory Auditors

HAF Audit & Conseil
Member of Crowe Horwath International

Olivier Grivillers

Deloitte & Associés

Jean-Marie Le Guiner

ANNUAL GENERAL MEETING ON 29 MAY 2015



7.1	Agenda	117
7.2	Resolutions	118
7.3	Reports from the Board of Directors to the Annual General Meeting	120

> 7.1 Agenda

ORDINARY AGENDA

1. Reports from the Board of Directors and from the Chairman of the Board of Directors.
 - Reports from the Statutory Auditors on the parent company and consolidated financial statements for 2014.
 - Approval of parent company and consolidated financial statements for 2014.
 - Report from the Statutory Auditors, established in accordance with Article L. 225-235 of the French Commercial Code, relating to internal control procedures and risk management procedures regarding the production and processing of financial and accounting information.
 - Discharge to the members of the Board of Directors and the Statutory Auditors regarding the fulfilment of their duties for the past year.
2. Appropriation of income and dividend distribution.
3. Special report from the Statutory Auditors on the agreements in Articles L. 225-86 and L. 225-38 of the French Commercial Code and approval of said agreements.
4. Setting of Directors' attendance fees.
5. Advisory vote: Compensation for the term of Marie-Claire Janailhac-Fritsch as Chairman of the Board of Directors.
6. Advisory vote: Compensation for the term of Yves L'Épine as CEO.
7. Advisory vote: Compensation for the term of Brigitte Gayet as Deputy CEO.
8. Confirmation of the term of Director for Céline Lamort.
9. Authorization to be granted to the Board of Directors to buy and sell shares of the company.
10. Powers for formalities.

7.2 Resolutions

FIRST RESOLUTION

Approval of the parent company and consolidated financial statements for the fiscal year ended 31 December 2014 and discharge to members of the Board and to the Statutory Auditors

The Shareholders at the Annual General Meeting, after presentation of the reports of the Board of Directors and its Chairman, and having consulted the reports of the Statutory Auditors, approve the parent company and consolidated financial statements for the 2014 fiscal year as presented.

Accordingly, the Shareholders approve the operations evidenced by these accounts or summarized in these reports and discharge the members of the Board of Directors, as well as the Statutory Auditors, for their terms of office in the past year.

SECOND RESOLUTION

Appropriation of income and dividend distribution

The Shareholders at the Annual General Meeting, after noting that the statements for 2014 show net income of €13,645,016.00, approve the proposals of the Board of Directors for the appropriation of income and the following dividend distribution:

(in €)	
Net income	13,645,016.00
Positive retained earnings	64,937,828.05
Total to be appropriated	78,582,844.05
Legal reserve	799.60
Total distributable	78,582,044.45
Statutory dividend	732,491.04
Supplemental dividend	5,371,600.96
Total net dividend	6,104,092.00
BALANCE APPROPRIATED TO RETAINED EARNINGS	72,477,952.45

Accordingly, the Annual General Meeting sets the dividend for this fiscal year at €0.50 per share. The dividend will be paid from 11 June 2015 and will apply to the 12,208,184 shares making up the company's share capital.

In accordance with Article 158 of the French General Tax Code, individuals resident in France for tax purposes are eligible for a 40% tax rebate on this dividend.

It is specified that, for payment of the dividend, the company's holding of treasury shares will be taken into account if necessary, and the distributable profits, corresponding to the dividend not paid because of said treasury shares, will be appropriated to retained earnings.

As a reminder, in accordance with the law, the amounts of the dividends paid for the previous three years were as follows:

Year	Total amount distributed	Gross dividend per share ⁽¹⁾	Tax rebate ⁽²⁾
2011	€5,490,082.80	€1.80	€0.72
2012	€6,100,092.00	€2.00	€0.80
2013	€6,100,092.00	€0.50	€0.20

(1) Before taxes and social security contributions.

(2) For individuals resident in France for tax purposes.

THIRD RESOLUTION

Special report from the Statutory Auditors on the agreements in Articles L. 225-86 and L. 225-38 of the French Commercial Code and approval of said agreements

The Shareholders at the Annual General Meeting, after having been read the special report from the Statutory Auditors on the agreements referred to in Articles L. 225-86 and L. 225-38 of the French Commercial Code, and giving their decision on this report, approve the agreements mentioned therein.

FOURTH RESOLUTION

Setting of Directors' attendance fees

The Shareholders at the Annual General Meeting set €223,000 as the maximum total amount of Directors' attendance fees for the fiscal year ended 31 December 2014.

FIFTH RESOLUTION

Advisory vote: Compensation for the term of Marie-Claire Janailhac-Fritsch as Chairman of the Board of Directors

The Shareholders at the Annual General Meeting, having examined the report of the Board of Directors, and in accordance with the provisions of paragraph 24.3 of the AFEP-MEDEF code of corporate governance, approve the compensation due or awarded to Marie-Claire Janailhac-Fritsch for her term as Chairman of the Board of Directors for the fiscal year ended 31 December 2014.

SIXTH RESOLUTION

Advisory vote: Compensation for the term of Yves L'Épine as CEO

The Shareholders at the Annual General Meeting, having examined the report of the Board of Directors, and in accordance with the provisions of paragraph 24.3 of the AFEP-MEDEF code of corporate governance, approve the compensation due or awarded to Yves L'Épine for his term as CEO for the fiscal year ended 31 December 2014.

SEVENTH RESOLUTION

Advisory vote: Compensation for the term of Brigitte Gayet as Deputy CEO

The Shareholders at the Annual General Meeting, having examined the report of the Board of Directors, and in accordance with the provisions of paragraph 24.3 of the AFEP-MEDEF code of corporate governance, approve the compensation due or awarded to Brigitte Gayet for her term as Deputy CEO for the fiscal year ended 31 December 2014.

EIGHTH RESOLUTION

Confirmation of the term of Director for Céline Lamort

The Shareholders at the Annual General Meeting, taking into account the report of the Board of Directors and in accordance with the provisions of Article L. 225-24 of the French Commercial Code, confirm with immediate effect the appointment of Céline Lamort as Director, co-opted by the Board of Directors on 5 November 2014. The duration of Céline Lamort's term will be six years, and will end at the Annual General Meeting to be held in 2021 to rule on the financial statements for the fiscal year ending 31 December 2020.

NINTH RESOLUTION

Authorization to be granted to the Board of Directors to buy and sell shares of the company

The Shareholders at the Annual General Meeting, taking into account the report of the Board of Directors, authorize the Board of Directors, in accordance with the provisions of Articles L. 225-209 *et seq.* of the French Commercial Code and European Regulation No. 2273/2003 of 22 December 2003, to have the company buy its own shares.

This authorization is granted to allow, if necessary:

- the award of shares to employees and/or executive management of the company (in the conditions and according to the procedures foreseen by law), notably for a stock option scheme, a bonus share allotment scheme, or a company savings plan;
- the purchase of shares to place in reserves for future use as payment or exchange for M&A operations as a practice accepted by the AMF (French Financial Market Authority);
- market-making or support for the share's liquidity through a market-maker under a liquidity agreement that complies with the code of ethics of the AMAFI (the French association of securities industry and financial market professionals) recognized by the AMF.

Purchases, sales, or transfers described above can be made by any means in accordance with the laws and regulations in force, including by using financial derivatives and by block purchases or sales.

These transactions can take place at any time, including during public offerings of the company's shares, provided said offering is settled in full

in cash and subject to the abstention periods provided for by applicable laws and regulations.

The Shareholders at the Annual General Meeting set the maximum number of shares that can be acquired under the present resolution at 5% of the company's share capital on the date of the present Meeting, which corresponds to 610,409 shares of par value €1. It is further specified that, for the application of the present authorization, the number of treasury shares must be taken into consideration so that the company remains permanently within the limit of a number of treasury shares equal to 10% of the company's share capital at most.

The maximum purchase price is set at €60 and the minimum purchase price is set at €5. Furthermore, the Shareholders decide that the total amount dedicated to these purchases shall not exceed, on the basis of 610,409 shares, the amount of €36,624,540.

In the event of a capital increase through the capitalization of premiums, reserves, profits or other, in the form of an allotment of bonus shares during the period of validity of this authorization, as well as in case of a stock split or reverse stock split, the above prices will be adjusted based on the ratio between the number of shares issued and outstanding before the transaction and after the transaction.

The Shareholders grant to the Board of Directors, along with the ability to delegate in the conditions provided for by law, all of the necessary powers to:

- decide upon the implementation of the present authorization, in accordance with statutory provisions;
- place any stock market orders, and enter into any agreements, notably for keeping registers of share purchases and sales, in compliance with applicable financial market regulations;
- make all declarations and carry out all other formalities and, in general, do all that is necessary.

The Board of Directors will inform the Shareholders at the Annual General Meeting of all transactions carried out under this resolution.

This authorization is given for a period of 18 months starting from the date of this Meeting. It supersedes and replaces the authorization previously given under the twelfth resolution of the Annual General Meeting on 23 May 2014.

TENTH RESOLUTION

Powers for formalities

The Shareholders confer all powers on the bearer of the original, an excerpt, or a copy of these minutes to accomplish all formalities including filing, publication, and others.

Your Board of Directors invites you to rule on the questions listed in the agenda.

The Board of Directors

7.3 Reports from the Board of Directors to the Annual General Meeting

7.3.1 ADVISORY VOTE ON COMPENSATION FOR EXECUTIVE COMPANY OFFICERS SERVING IN 2014: RESOLUTIONS 5, 6, AND 7

The Board of Directors presents to the Shareholders the details of compensation of executive company officers that, in accordance with the provisions of Article 24.3 of the AFEP-MEDEF code of corporate governance, must be subject to an advisory vote by the Shareholders of the company.

Compensation for the executive company officers in question are:

- Marie-Claire Janailhac-Fritsch as Chairman of the Board of Directors.
- Yves L'Épine as CEO.
- Brigitte Gayet as Deputy CEO.

We invite you to familiarize yourselves with the compensation details for the company officers in question in the chapter entitled "Corporate governance" in section 2, "Compensation for company officers".

As a reminder, when the Annual General Meeting expresses a negative opinion, the Board of Directors, on the advice of the Appointment and Compensation Committee, must deliberate on the subject and publish a press release on the company website indicating the response that it intends to give to the wishes expressed by the Shareholders at the General Meeting.

The Board of Directors

7.3.2 CONFIRMATION OF THE APPOINTMENT OF CÉLINE LAMORT AS DIRECTOR, DECIDED IN ACCORDANCE WITH ARTICLE L. 225-24 OF THE FRENCH COMMERCIAL CODE: RESOLUTION 8

The Board of Directors, after the resignation of Olivier Guerbet from his position as Director, decided during its meeting on 5 November 2014 to temporarily appoint Céline Lamort as a Director of the company, in accordance with Article L. 225-24 of the French Commercial Code.

It is requested, in accordance with Article L. 225-24 paragraph 4 of the French Commercial Code, that the Shareholders confirm or reject the appointment of Céline Lamort as Director, for a term of six years, until

the end of the Annual General Meeting to be held in 2021 to deliberate on the accounts for the fiscal year ended 31 December 2020.

Céline Lamort's application file is available to Shareholders to consult, in the conditions provided for by law.

The Board of Directors

7.3.3 AUTHORIZATION FOR THE BOARD TO BUY AND SELL SHARES OF THE COMPANY: RESOLUTION 9

It is requested that the Shareholders rule on authorizing the Board of Directors to buy and sell shares of the company, in accordance with Article L. 225-209 of the French Commercial Code.

This authorization will allow, if necessary:

- the award of shares to employees and/or executive management of the company (in the conditions and according to the procedures foreseen by law), notably for a stock option scheme, a bonus share allotment scheme, or a company savings plan;
- the purchase of shares to place in reserves for future use as payment or exchange for M&A operations as a practice accepted by the *Autorité des Marchés Financiers* (AMF) or Financial Markets Authority;
- market-making or support for the share's liquidity through a market maker under a liquidity agreement that complies with the AMAFI code of ethics (the French association of securities industry and financial market professionals) recognized by the AMF.

The authorization would extend to a maximum number of shares corresponding to 5% of the company's share capital, which represents 610,409 shares of par value €1. It is further specified that, under this authorization, the maximum number of shares held by the company will be permanently limited to 10% of the company's share capital.

The maximum purchase price would be set at €60 and the minimum purchase price at €5. Thus, the total amount dedicated to these purchases will not exceed, on the basis of 610,409 shares, the amount of €36,624,540.

This authorization would be given for a period of 18 months starting from the day of this Meeting and would replace the authorization previously given under the 12th resolution of the Annual General Meeting on 23 May 2014.

The Board of Directors

ADDITIONAL INFORMATION

8

8.1	Statement by the person responsible for the Registration Document	121
8.2	Statutory Auditors	121
8.3	Share capital	122
8.4	Public access to this document	122
8.5	General information about the company	123
8.6	Articles of association (excerpts)	123
8.7	2015 Financial calendar	125
8.8	Concordance tables	126

➤ 8.1 Statement by the person responsible for the Registration Document

I affirm, after having taken every reasonable measure to this effect, that the information contained in this Registration Document is, to the best of my knowledge, accurate and has no omissions that could alter its bearing.

I affirm, to the best of my knowledge, that the statements have been prepared in accordance with applicable accounting standards, and give a true and fair view of the assets and liabilities, financial position and income of the company and of all the companies included in its consolidation scope. I affirm that the management report presents an accurate picture of the evolution of the business, the income, and the financial situation of the company and of all the companies included in

the consolidation scope, as well as a description of the main risks and uncertainties that they face.

I obtained a completion letter from the Statutory Auditors of the financial statements, in which they indicate they have verified the information relative to the financial situation and the statements given in the present document, and have read the entire document.

Villepinte, 9 April 2015

Yves L'Épine
Chief Executive Officer

➤ 8.2 Statutory Auditors

8.2.1 STATUTORY AUDITORS

	First mandate	Last renewal	Expiration of mandate
Deloitte & Associés Member of the Deloitte Touche Tohmatsu network, represented by Jean-Marie Le Guiner 185, avenue Charles-de-Gaulle 92524 Neuilly-sur-Seine Cedex	Annual General Meeting on 21 May 1987	Annual General Meeting on 27 May 2011	Annual General Meeting concerning the 2016 fiscal year
HAF Audit & Conseil Member of the Crowe Horwath International network represented by Olivier Grivillers 15, rue de la Baume 75008 Paris	Annual General Meeting on 23 May 2008	Annual General Meeting on 21 May 2010	Annual General Meeting concerning the 2015 fiscal year

8.2.2 ALTERNATE STATUTORY AUDITORS

	First mandate	Last renewal	Expiration of mandate
B.E.A.S. represented by Joël Assayah 7-9, Villa Houssay 92524 Neuilly-sur-Seine Cedex	Annual General Meeting on 03 June 2005	Annual General Meeting on 27 May 2011	Annual General Meeting concerning the 2016 fiscal year
Cabinet Becouze Independent member of Crowe Horwath International represented by Sébastien Bertrand 1, rue de Buffon 49100 Angers	Annual General Meeting on 24 May 2013 (replacing Mr Jean-Jacques Becouze)	Not applicable	Annual General Meeting concerning the 2015 fiscal year

8.3 Share capital

8.3.1 HISTORY OF THE SHARE CAPITAL

Event	Date of Management Board / Board of Directors meeting recording capital increase	Type of capital increase	Number of shares created	Number of shares making up share capital	Share capital (in €)
Capital increase	4 January 2007		10,199	2,985,518	11,942,072
Capital increase	3 January 2008		19,051	3,004,569	12,018,276
Capital increase	6 January 2009	Exercise of stock options	15,396	3,019,965	12,079,860
Capital increase	19 January 2010		21,796	3,041,761	12,167,044
Capital increase	19 January 2011		8,285	3,050,046	12,200,184
Four-for-one share split ⁽¹⁾	Not applicable	Not applicable	12,200,184	12,200,184	12,200,184
Capital increase	11 March 2015	Exercise of stock options	8,000	12,208,184	12,208,184

(1) Taking place on 23 January 2014.

8.3.2 SECURITIES NOT GIVING ACCESS TO THE COMPANY'S CAPITAL

Not applicable.

8.4 Public access to this document

The Registration Documents are available on the company's website, www.guerbet.com, in the "Finance" section, along with other documents related to regulated information (half-year Financial Reports, press releases, monthly statements on the number of shares and voting rights, etc.).

Furthermore, in accordance with legal provisions, all Shareholders can exercise their permanent right to communication and come to view the documents referred to in Article L. 225-15 of the French Commercial Code at the company's headquarters, situated at 15, rue des Vanesses – 93420 Villepinte.

➤ 8.5 General information about the company

8.5.1 LEGAL FORM AND CORPORATE NAME

The legal name of the company is Guerbet SA. It is organized in the form of a French public limited company (*société anonyme*) with a Board of Directors, under the rules of the French Commercial Code.

8.5.2 DATE OF FORMATION

Guerbet was created on 16 July 1926 by the transformation of an undeclared partnership (*société en participation*) founded in 1901 into a limited partnership (*société en commandite simple*), then transformed into a limited liability company (*société anonyme*) on 1 January 1965. The form of a limited liability company with a Board of Directors and a Supervisory Board (*société anonyme à Directoire et Conseil de surveillance*) was adopted on 27 October 2001 before being modified at the Combined General Meeting on 21 May 2010 to change to the form of a limited company with a Board of Directors (*société anonyme à Conseil d'administration*). The dissolution date of the company is 30 June 2100, barring early dissolution or barring extension, as was the case for 99 years at the special Annual General Meeting held on 8 December 1998.

8.5.3 TRADE AND COMPANIES REGISTER (*REGISTRE DU COMMERCE ET DES SOCIÉTÉS*)

Guerbet is listed in the Bobigny Trade and Companies Register under No. 308 491 521 with APE activity code 2120 Z – Manufacture of pharmaceutical preparations.

8.5.4 FISCAL YEAR

Each fiscal year consists of twelve months, commencing on 1 January and ending on 31 December.

➤ 8.6 Articles of association (excerpts)

8.6.1 STATUTORY PROVISIONS GOVERNING THE MANAGEMENT AND ADMINISTRATION BODIES

8.6.1.1 Powers of the Board of Directors (Article 12)

The Board of Directors sets the guidelines for the company's business and oversees their implementation. Within the powers expressly granted by law to Shareholder Meetings and within the limits of the company's purpose, it concerns itself with all issues affecting the company's operations and regulates the company's affairs.

It performs the controls and verifications it deems appropriate.

Each Director receives all the information necessary to carry out his or her assignment and can receive the documents judged useful to accomplishing this assignment.

The Board of Directors grants the authorizations provided for by law (particularly those foreseen under the provisions of Article L. 225-38 of the French Commercial Code) and, as an internal measure that does not apply to third parties, the authorizations mentioned in Article 14 of these articles of association.

The Board of Directors can decide to create committees. It determines the composition and attribution of such committees that carry out their activity under its responsibility, without however delegating to these committees the powers that are assigned to the Board of Directors itself by law or the articles of association or reducing or limiting the powers of the Board of Directors.

The Board of Directors can grant special mandates to one or several of its members for one or more specific purposes.

It shall be prohibited, under penalty of nullity of the contract, for Directors other than legal entities to take out, under any form whatsoever, loans from the company, to have it grant them a current account overdraft or otherwise, or to have the company provide guarantees or deposits for commitments to third parties. The same restriction applies to the CEO, to the Deputy CEO(s), and to permanent representatives of legal entities who are Directors, as well as to the spouses, parents and descendants of the persons above and to all intermediaries.

Directors do not take on any personal or joint obligation by virtue of their positions except those foreseen by the legal provisions in force.

8.6.1.2 Powers of the CEO (Article 14)

Subject to legal limitations, the CEO is vested with the broadest powers to act in all circumstances on the company's behalf.

Nonetheless, under internal regulations and without extending these limitations to third parties, the Board of Directors can limit the extent of the CEO's powers.

8.6.1.3 Powers of the Deputy CEO (Article 14)

Along with the CEO, the Board of Directors determines the scope and duration of powers granted to Deputy CEOs. Nonetheless, they have the same powers in dealing with third parties as the CEO.

8.6.2 PROVISIONS OF ARTICLES OF ASSOCIATION CONCERNING THE PROFITS DISTRIBUTION**8.6.2.1 Distribution of income (Article 23)**

Distributable profits are made up of the profit from the fiscal year, reduced by losses from previous years, as well as amounts to carry over into reserve in application of the law or under the company's articles of association, and increased by retained earnings.

After the accounts have been approved and the existence of a distributable profit ascertained, the necessary sum is taken from those profits to distribute an initial, non-cumulative dividend to Shareholders, equal to 6% of the amount of the paid-up and non-redeemed shares they own.

From the available surplus, the Shareholders at the Annual General Meeting take all the sums that they judge useful to assign to the allowance for any optional reserve funds or retained earnings.

The balance, if there is one, is splitted between all the Shareholders in proportion to the amount of shares that they own.

Shareholders at the Annual General Meeting are entitled to grant to each Shareholder, for all or part of the dividend or interim dividends distributed, a choice between payment in cash or in shares for this dividend or interim dividend.

8.6.3 PROVISIONS OF ARTICLES OF ASSOCIATION RELATING TO SHARE CAPITAL

Provisions relating to share capital are listed in detail in the third part of this document, "Guerbet and its Shareholders".

8.6.4 OTHER PROVISIONS OF ARTICLES OF ASSOCIATION**8.6.4.1 Company purpose (Article 2)**

The company's purpose, in France and every country, is the:

- administration, governance and management of all companies or businesses, and direct or indirect participation in all operations conducted by these companies or businesses, by all means;
- research and technical assistance for all companies, particularly in the fields of chemicals and pharmaceuticals;
- purchase, sale, production, processing and use of all chemical and paracheical products;
- purchase, production, operation, sale and distribution of all pharmaceutical products and specialties, and all related accessories, items or services;
- pharmaceutical and clinical research, as well as production and distribution of all products for pharmacological and clinical trials;
- creation, deposit, acquisition and direct or indirect operation of all invention patents; acquisition of all licences and their direct or indirect use;
- taking a share or interest in all industrial, commercial, financial, investment and property companies and businesses, the creation of all companies, and participation in all capital increases, mergers, splits, mergers/spin-offs and partial asset contributions;
- acquisition and management of all securities and ownership rights by all means, notably through subscription, contributions, acquisition of shares, shares of founders or beneficiaries of share rights, partnership interests or other types of ownership rights and bonds;
- and generally, any industrial, commercial, financial, investment or property operations that may be directly or indirectly related to the above purposes or that could facilitate their application or development.

> 8.7 2015 Financial calendar

Event	Date
Publication of 2014 annual revenue	10 February 2015
Presentation of consolidated financial statements – 2014 fiscal year	12 March 2015
Publication of first-quarter 2015 revenue	23 April 2015
Shareholders' Annual General Meeting for the 2014 fiscal year	29 May 2015
Publication of second-quarter 2015 revenue	28 July 2015
Presentation of first-half consolidated financial statements on 30 June 2015	29 September 2015
Publication of third-quarter 2015 revenue	22 October 2015
Publication of 2015 annual revenue	10 February 2016

Publications concerning revenue are released after the close of Euronext Paris.

Publications concerning income are released before the opening of Euronext Paris.

The Guerbet Group contact for financial information and investor relations is:

Jean-François Le Martret – Chief Financial Officer

Telephone: +33 (0) 1 45 91 50 00

Email: jean-francois.lemartret@guerbet-group.com

8.8 Concordance tables

8.8.1 EUROPEAN PROSPECTUS

Category	Page	Category	Page
1 – Persons responsible	121	16 – Operation of administration and management bodies	
2 – Statutory Auditors	121-122	16.1 – Report of the Chairman of the Board on corporate governance, internal audits, and the principles to determine compensation for company officers	27-31
3 – Select financial information	6-7	16.1 – Report from the Statutory Auditors on the report from the Chairman of the Board on corporate governance, internal audits, and the principles to determine compensation for company officers	32
4 – Risk factors	41-44	17 – Employees	
5 – Information about the company		17.1 – Number of employees	3; 49
5.1 – History of the company	5	17.2 – Profit-sharing and stock options	45; 87; 91; 98; 111
5.2 – Investments	7; 12; 40	18 – Main Shareholders	
6 – Overview of activities	7-11	18.1 – Capital structure	34-35
7 – Organizational chart		18.2 – Threshold crossings	35
7.1 – Management	16	18.3 – Agreements aiming to change control of the issuer	36
7.2 – List of subsidiaries	17	19 – Dealings with related companies	91; 110
8 – Fixed property, plant and equipment	17	20 – Financial information concerning the assets, financial situation and results of the issuer	
9 – Examination of the financial situation and results	39-41	20.1 – Group consolidated financial statements	62-94
10 – Cash and capital	40-41	20.2 – Annual financial statements of Guerbet SA	96-114
11 – Research and development, patents and licences	13-16	21 – Further information	
12 – Information on trends	41	21.1 – Share capital	34; 45; 84; 122
13 – Profit forecasts or estimates	41	21.2 – Articles of incorporation and articles of association	37; 123-124
14 – Organizations for administration, management and monitoring, and General Management		22 – Important contracts	Not applicable
14.1 – Administration and management bodies	16; 19-23	23 – Disclosures from third parties, expert declarations and declarations of interests	Not applicable
14.2 – Conflicts of interest	23	24 – Documents accessible to the public	122
15 – Compensation and benefits	24-26	25 – Disclosures on investments	17; 96; 103; 110; 114

8.8.2 ANNUAL FINANCIAL REPORT

Category	Page
1 – Annual financial statements	96-114
2 – Consolidated financial statements	62-94
3 – Report from the Statutory Auditors on the annual financial statements	115
4 – Report of the Statutory Auditors on the consolidated financial statements	95
5 – Management report	39-47
6 – Report of the Chairman of the Board of Directors on corporate governance, internal audits and the principles to determine compensation for company officers	27-31
7 – Report from the Statutory Auditors, established in accordance with Article L. 225-235 of the French Commercial Code, on the Report of the Chairman of the Board of Directors	32
8 – Statutory Auditors' fees	94
9 – Person Responsible for the Accuracy of the Registration Document	121



Unofficial translation of the French-language "Document de référence 2014" of Guerbet, for information purposes only.

This Registration Document was filed with the *Autorité des Marchés Financiers* (AMF) or Financial Markets Authority on 10 April 2015, in compliance with Article 212-13 of its regulations. It can be used in connection with a financial transaction if it is accompanied by an information memorandum approved by the AMF. The original French language version of this document was prepared by the issuer and its signatories are responsible for its content.

In accordance with Article 28 of European regulation 809/2004 of 29 April 2004, readers are invited to refer to previous Registration Documents regarding certain information:

1. the Management Report of the Board of Directors, the consolidated financial statements, the report of the Statutory Auditors on the consolidated financial statements for the fiscal year ended 31 December 2013, and included in the Registration Document deposited with the AMF on 11 April 2014 under number D.14-0349;
2. the Management Report of the Board of Directors, the consolidated financial statements, the report of the Statutory Auditors on the consolidated financial statements for the fiscal year ended 31 December 2012, and included in the Registration Document deposited with the AMF on 16 April 2013 under number D.13-0359.

Guerbet | 
Contrast for Life

A French Limited company (*Société Anonyme*)
governed by a Board of Directors
with a share capital of €12,208,184
Registered Office:
15, rue des Vanesses – 93420 Villepinte
Bobigny Trade and Companies Registry
(RCS) n° 308 491 521

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