6.2 Parent company financial statements

6.2.1 Parent company financial statements of bioMérieux SA for the years ended December 31, 2016 and 2017

Balance sheet

Assets

In millions of euros	Notes	Net Dec. 31, 2017	Net Dec. 31, 2016
Fixed assets			
• Intangible assets	4.1	190.3	190.7
• Property, plant and equipment	4.2	231.6	219.7
• Investments and related receivables	4.3	491.9	516.1
• Other non-current financial assets	4.3	2.6	1.6
TOTAL		**916.4**	**928.1**
Current assets			
• Inventories and work-in progress	5	148.0	139.8
• Trade receivables	6	320.6	297.7
• Other operating receivables	6	37.4	35.6
• Non-operating receivables		50.6	46.8
• Cash and cash pooling	7	432.7	307.1
TOTAL		**989.2**	**827.0**
Deferred charges spread over several years		0.7	0.9
Bond redemption premiums		0.9	1.2
Unrealised foreign exchange losses	8	3.9	8.0
TOTAL ASSETS		**1,911.1**	**1,765.2**

Shareholders' equity and liabilities

In millions of euros	Notes	Dec. 31, 2017	Dec. 31, 2016
Equity			
• Share capital		12.0	12.0
• Additional paid-in capital		63.5	63.5
• Retained earnings		774.9	744.2
• Statutory provisions and grants		59.0	54.0
• Net income for the year		109.2	69.1
TOTAL	**9**	**1,018.6**	**942.8**
Impairment	**10**	**62.2**	**56.3**
Liabilities			
• Borrowings and debt	11	514.4	423.6
• Trade payables	12	159.9	161.7
• Other operating payables	12	134.6	124.8
• Non-operating payables		20.7	25.5
TOTAL		**829.6**	**735.6**
Unrealised foreign exchange gains	8	0.7	30.5
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**1,911.1**	**1,765.2**

Consolidated income statement

In millions of euros	2017	2016
Sales of goods and finished products	982.3	909.1
Other income	155.3	129.8
SALES	**1,137.6**	**1,038.9**
Production included in inventories (work-in-progress and finished products)	6.1	(4.3)
Capitalised production	9.4	7.9
TOTAL PRODUCTION	**1,153.1**	**1,042.5**
Purchases	(413.9)	(366.9)
Change in raw material and instrument inventories	2.4	12.7
External charges	(260.6)	(249.4)
ADDED VALUE	**481.0**	**438.9**
Taxes other than income tax	(20.3)	(20.1)
Payroll and benefits	(288.0)	(272.5)
GROSS OPERATING INCOME	**172.7**	**146.4**
Depreciation, amortisation and provisions	(57.9)	(57.5)
Other operating income (expense)	(45.1)	(42.4)
OPERATING INCOME	**69.7**	**46.3**
Net financial expense	25.8	(3.3)
Net investment income	16.3	26.2
NET INCOME BEFORE NON-RECURRING ITEMS AND TAX	**111.8**	**69.2**
Non-recurring income	(4.9)	(8.6)
Non-discretionary profit sharing		
Income tax	2.3	8.5
NET INCOME FOR THE YEAR	**109.2**	**69.1**
EARNINGS PER SHARE	**0.92**	**1.75**

Basic earnings per share are calculated by dividing net income for the period by the weighted average number of shares outstanding during the period. In 2017, there was a three-for-one split of the par value of the share. As the Company has not issued any dilutive instruments, diluted earnings per share is identical to basic earnings per share.

6.2.2 Notes

Note 1 Summary of significant accounting principles

The financial statements have been prepared in accordance with regulation No. 2015-06 and No. 2016-07 of the French accounting standards authority (*Autorité des normes comptables* – ANC).

The Company has applied regulation No. 2015-05 on forward financial instruments and hedging operations that entered into force on January 1, 2017. The impacts of the first-time application of this regulation are set out in Note 3.

The Company recognised a change in accounting estimates in the financial statements as at December 31, 2017 relating to the accounting of foreign exchange gains and losses of cash pooling accounts, as set out in Note 3.

The Company prepares consolidated financial statements which include the annual financial statements of its subsidiaries based on the full consolidation method whenever bioMérieux has effective control over those subsidiaries, or based on the equity method when the Company exercises significant influence over the entities concerned.

The Company's financial statements are fully consolidated in the financial statements of Compagnie Mérieux Alliance (17 rue Bourgelat, 69002, Lyon, France).

Note 2 Significant events of the financial year

2.1 Stock split

On September 19, 2017, there was a three-for-one split upon a decision of the Board of Directors at their meeting of August 29, 2017 delegated by the Combined General Meeting of May 30, 2017. On September 22, 2017, each share was swapped against three new shares with the same dividend entitlement.

2.2 Advencis merger

The merger of Advencis in bioMérieux SA's accounts was effective as from September 30, 2017 with a retroactive accounting effect to January 1, 2017. Contributions were recorded at their carrying amount.

The merger loss amounting to €6.3 million was recorded for the financial year, of which €2.6 million was allocated to technology and €3.7 million recorded as financial income.

2.3 Capital increase of bioMérieux Brazil

In 2017, the subsidiary bioMérieux Brazil carried out a recapitalisation for an amount of R$74.4 million, through the capitalisation of trade receivables and related late-payment interests for R$38.7 million and a financial borrowing for R$35.7 million.

2.4 Partnership with Banyan Biomarkers

On January 19, 2017, bioMérieux SA and Banyan Biomarkers, an innovative biomarkers company based in San Diego (US), which develops blood tests capable of diagnosing traumatic brain injuries (TBI), announced that they had signed a partnership agreement. bioMérieux SA acquired a US$6.8 million stake in the capital of Banyan Biomarkers and obtained the rights to develop and market worldwide the markers owned by Banyan for use on the VIDAS® platform in the field of *in vitro* diagnostics. As at December 31, 2017, bioMérieux SA thus owned 19.7% of the capital of Banyan Biomarkers.

2.5 Dissolution of the joint venture with Sysmex

On July 27, 2017, Sysmex Corporation and bioMérieux SA announced that they had agreed to transfer all of Sysmex' holdings in Sysmex bioMérieux Co. Ltd (34% stake) to bioMérieux SA, thereby dissolving the joint venture created by the two companies in 2008. The purpose of this entity was to couple bioMérieux' innovative solutions with Sysmex' sales expertise on the Japanese market. Therefore, on October 26, 2017, bioMérieux SA bought the 1,632 shares owned by Sysmex for an amount of €11.5 million, making it the sole shareholder of bioMérieux Japan Co., Ltd.

2.6 Partnership with Qvella

In November 2017, bioMérieux SA participated, together with other investors, in the raising of funds for the Canadian company Qvella. The main objective of this molecular biology company is to reduce the time required for the diagnosis of infectious diseases. bioMérieux SA invested $7 million (CAD), which gave it a stake of under 10% in Qvella.

2.7 Significant subsequent events

There was no significant subsequent event.

Note 3 Accounting changes

3.1 Change in accounting method

As at January 1, 2017, the new regulation 2015-05 relating to forward financial instruments and hedging operations has been applied with retroactive effect. The impacts as at January 1, 2017 concerning operations of December 31, 2016 are recognised under "retained earnings".

The application of this regulation for hedged currencies is reflected as follows:

- trade receivables and payables are booked at the closing rate to the unrealised foreign exchange gains and losses accounts. The value of the financial instrument corresponding to the difference in value between the historical rate and the hedging rate is booked to operating income and balance sheet accounts and unrealised gains. When the net position of losses and gains on debts, receivables and financial instruments, assessed by currency, results in a loss, a provision for unrealised foreign exchange losses is booked as an operating income in the various operating expense accounts;
- loan accounts are converted at the closing price under unrealised gains and losses accounts. The value of the financial instrument corresponding to the difference between the historical rate and the hedging rate is booked to operating income. If the net position of losses and gains on loans and related financial instruments, by currency results in a loss, a provision for unrealised foreign exchange losses is booked to financial income.

In the financial statements of December 31, 2016, this new regulation had the following effect on the main financial aggregates:

In millions of euros	Dec. 31, 2016 *pro forma*	Dec. 31, 2016 published
CONSOLIDATED INCOME STATEMENT		
Sales	909.6	909.1
Purchases	(366.9)	(366.9)
Added value	**439.4**	**438.9**
Gross operating income	**146.9**	**146.4**
Other operating income (expense)	(42.4)	(42.4)
Operating income	**46.8**	**46.3**
Net financial expense	(2.9)	(3.3)
Net income before non-recurring items and tax	**70.2**	**69.2**
Net income for the year	**70.1**	**69.1**

In millions of euros	Dec. 31, 2016 *pro forma*	Dec. 31, 2016 published
BALANCE SHEET – ASSETS		
Trade receivables	298.2	297.7
Non-operating receivables	36.3	35.6
Unrealised foreign exchange losses	7.9	8.0
TOTAL ASSETS	**1,766.3**	**1,765.2**
BALANCE SHEET – LIABILITIES		
Attributable net income for the period	70.1	69.1
Impairment	55.9	56.3
Borrowings and debt	423.9	423.6
Unrealised foreign exchange gains	30.8	30.5
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**1,766.3**	**1,765.2**

3.2 Change in accounting estimate

Following the implementation of regulation 2015-05, an in-depth study was conducted to identify the appropriate treatment of foreign exchange gains and losses related to cash pooling accounts with Group companies, bringing the Company to treat these accounts as liquidity accounts, to the extent that the sums that go through these accounts are payable almost immediately. Historically, these accounts were treated as receivables and payables with respect to the Group and according to the conversion rules specific to foreign currency payables and receivables.

For example, as from financial year 2017, in accordance with Article 420-8 of the French Chart of Accounts, gains and losses valued between the historical price and the closing price are recorded directly as financial income and expenses. Before 2017, unrealised losses were recorded as a provision for charges to offset a financial expense, while unrealised gains were not recognised in the consolidated income statement.

Unrealised gains recorded as at December 31, 2016 relating to cash pooling accounts stood at €23.5 million and primarily concerned the US dollar.

As at December 31, 2017, gains relating to cash pooling accounts were booked as financial income for an amount of €13.7 million, while losses were recorded directly as financial expenses for an amount of €5.4 million.

Cash pooling accounts are converted at their closing price and booked to financial income. The value of the instrument corresponding to the difference between the historical rate and the hedging rate is recognised in the balance sheet as financial income.

Note 4 Fixed assets

4.1 Intangible assets

4.1.1 Accounting principles

In accordance with regulation ANC No. 2015-06, technical merger losses were assigned to specific fixed asset accounts in January 2016 relating to acquired goodwill such as intangible business assets, technology and customer relations.

Historical goodwill and assets originating from the assignment of technical elements merger losses do not constitute standalone individual items that can generate their own cash flow. They are intrinsically attached to plants, to the R&D effort that supports the acquired range, to technology and the sales forces that contribute to distributing the product ranges across the Group's entire distribution channels.

Acquired goodwill is therefore grouped together with the other assets of the technological range to which they are linked in order to constitute a homogeneous and standalone range. In practice, tests are performed to group together assets that serve the same client typology (industrial microbiology laboratories) or health issue (pathology/detection of disease-causing organisms: microbiology, molecular biology or immunoassays). An impairment test is carried out systematically from asset groups close to the groups identified at Group level (CGU) when their analysis reveals their fungibility (monitoring and pooled management of acquired goodwill by technological range and customer typology).

At each year-end, the net value of the asset groups thus identified is compared with the current value of assets determined from discounted net cash generated by these assets (including acquired goodwill). An impairment is recorded if an impairment loss is recognised.

Intangible assets also include software applications acquired or developed in-house, amortised over periods of three to ten years based on their estimated useful lives, and patents and licences amortised over the contractual or statutory term of use. In practice, a period of five years is usually applied. These assets are measured at cost (purchase price and incidental costs) or at their production cost.

Lastly, intangible assets acquired in exchange for the payment of indexed royalties are measured at the time of acquisition on the basis of estimated future royalties to be paid over the term of the contract. These estimates are subsequently adjusted based on royalties effectively paid.

4.1.2 Trend

Composition *In millions of euros*	Gross value	Depreciation and impairment	Carrying amount Dec. 31, 2017	Carrying amount Dec. 31, 2016
R&D expenses	17.2	16.0	1.2	2.0
Software	74.0	56.5	17.5	16.7
Goodwill and intangible business assets	143.2 [(a)]		143.2	143.2
Advances and downpayments	7.2		7.2	7.0
Other	71.4 [(b)]	50.2 [(c)]	21.2	21.8
TOTAL	**313.0**	**122.7**	**190.3**	**190.7**

(a) Of which acquired goodwill linked to the assignment of merger losses: €130.4 million.
(b) Of which technologies and customer relationships following the assignment of merger losses: €35.7 million.
(c) Including the amortisation of technologies linked to the assignment of merger losses: €12.9 million.

Change *In millions of euros*	Gross value	Depreciation and impairment	Carrying amount
DECEMBER 31, 2016	**302.4**	**111.7**	**190.7**
Acquisitions/Increases	15.8	11.6	4.2
Advencis merger	0.4	0.1	0.3
Disposals/Decreases	(5.6)	(0.7)	(4.9)
DECEMBER 31, 2017	**313.0**	**122.7**	**190.3**

The increase in the gross value of intangible assets over the year primarily corresponds to software acquired and the cost of development of IT solutions capitalised for €11 million and the Advencis merger loss assigned to technological assets for €2.6 million.

The increase in amortisation and impairment during the financial year result chiefly from the amortisation of software for €7.1 million, merger losses for €2.6 million and amortisation and impairment of research & development expenses previously capitalised by AES Chemunex for €1.2 million. These research & development expenses are being amortised over a period of five years.

Technical merger losses are allocated as follows:

Allocation of merger losses *In millions of euros*	Gross value	Accumulated depreciation	Carrying amount
AES Chemunex			
Goodwill	111.0		111.0
Technology	12.5	6.0	6.5
Customer relationships	5.4	1.9	3.5
TOTAL	**128.9**	**7.9**	**121.0**
ARGENE			
Goodwill	19.4		19.4
Technology	12.8	6.1	6.7
TOTAL	**32.2**	**6.1**	**26.1**
CEERAM			
Technology	2.4	0.5	1.9
TOTAL	**2.4**	**0.5**	**1.9**
Advencis			
Technology	2.6	0.3	2.3
TOTAL	**2.6**	**0.3**	**2.3**
TOTAL	**166.1**	**14.8**	**151.3**

4.2 Property, plant and equipment

4.2.1 Accounting principles

Property, plant and equipment are shown on the balance sheet at purchase or production cost.

In accordance with rules concerning the recognition of assets in effect since January 1, 2005, components are separately recognised and depreciated whenever their cost represents a significant portion of the total cost of the asset to which they relate and their useful life is not the same as that of the main asset.

The only property, plant and equipment assets to which this method is applied are buildings.

For buildings, the depreciation periods are adapted to each group of components:

Depreciation period	Accounting	Tax
Shell	30-40 years	Straight line basis 30 years
inishing work, fixtures and fittings	10-20 years	Straight line basis 15 years

The depreciation is calculated using the straight-line method over the estimated useful lives of the various asset categories. The main durations used are:

Depreciation period	Accounting	Tax
Machinery and equipment	3-10 years	Degressive 5-10 years
Instruments*	3-10 years	Degressive 3-5 years

* *Instruments either installed at third-party sites or used in-house.*

Impairment tests are carried out for property, plant and equipment whenever events or market developments indicate that an asset may have declined in value. If the carrying amount exceeds the recoverable amount, an impairment loss is recognised to reduce the assets to their realisable value.

Most capitalised instruments are installed at customers' sites.

4.2.2 Trend

Composition *In millions of euros*	Gross value	Depreciation and impairment	Carrying amount Dec. 31, 2017	Carrying amount Dec. 31, 2016
Land	18.6	0.8	17.8	15.8
Buildings	243.2	144.4	98.8	102.5
Machinery and equipment	200.7	142.7	58.0	59.8
Capitalised instruments	46.4	32.9	13.5	10.7
Other assets	41.6	30.5	11.1	11.2
Fixed assets in progress	32.3	0.0	32.3	19.7
TOTAL	**582.8**	**351.2**	**231.6**	**219.7**

Change *In millions of euros*	Gross value	Depreciation and impairment	Carrying amount
DECEMBER 31, 2016	**546.3**	**326.6**	**219.7**
Acquisitions/Increases	49.6	33.4	16.2
Advencis merger	0.1	0.1	
Disposals/Decreases	(13.2)	(8.9)	(4.3)
DECEMBER 31, 2017	**582.8**	**351.2**	**231.6**

Principal investments for the financial year concern the construction, equipment and fixtures and fittings for the Campus de Craponne site for €6.7 million, as well as the construction and equipment of the research & development building on the Marcy l'Etoile site for €4.3 million.

4.3 Non-current financial assets

4.3.1 Accounting principles

Non-current financial assets are recognised at their purchase price.

An impairment loss is recognised against investments whenever their value in use falls below their acquisition cost. Value in use is initially estimated taking into account the net carrying amount of the subsidiary's assets at the reporting date. This may be adjusted to reflect the value of any unrecognised identifiable assets (particularly real estate or technologies). Depending on the economic and financial situation of the subsidiary, value in use may also be estimated taking account of sales, borrowings and any associated technological assets and real estate. Given the specific nature of certain investments, in some cases value in use may be measured by estimating the enterprise value based on discounted future cash flows or on observable market financial inputs.

Non-controlling interests held in unlisted companies are measured based on various criteria including the economic outlook, the net equity of the investment or the valuation used based on recent investments in these shares.

Other investments are written down whenever their market value falls below cost. The market value of listed securities corresponds to the average trading price during the last month of the year.

Other non-current financial assets include treasury shares purchased under a liquidity agreement entered into with an investment firm for the specific purpose of maintaining an orderly market in the Company's shares. Own shares held are measured at their average trading price during the last month of the year.

4.3.2 Trend

Composition *In millions of euros*	Gross value	Impairment	Carrying amount Dec. 31, 2017	Carrying amount Dec. 31, 2016
Investments	351.8	93.2	258.6	220.9
Other financial assets	5.3	3.5	1.8	0.9
Related receivables	233.3	0.0	233.3	295.3
Other	0.9	0.1	0.8	0.6
TOTAL	**591.3**	**96.8**	**494.5**	**517.7**

Change *In millions of euros*	Gross value	Impairment	Carrying amount
DECEMBER 31, 2016	**614.3**	**96.6**	**517.7**
Acquisitions/Increases	114.7	7.0	107.7
Advencis merger	(9.2)	(4.8)	(4.4)
Disposals/Decreases	(128.5)	(2.0)	(126.5)
DECEMBER 31, 2017	**591.3**	**96.8**	**494.5**

In 2015, the Company granted a credit line to its subsidiary BioFire Diagnostics, a Group company, to finance the construction of its new industrial and administrative site in Salt Lake City, for a maximum amount of US$95 million. In 2015 and 2016, several drawdowns, totalling US$79.5 million (€75.7 million), were made from this credit line. In 2017, there were further drawdowns amounting to US$11.9 million (€11.2 million). The first loan maturities were repaid over the year for an amount of US$5.7 million (€5 million). As at December 31, 2017, borrowings amounted to US$85.7 million (€71.5 million) after taking into account the €10 million currency hedge.

bioMérieux Brazil carried out a recapitalisation through the capitalisation of trade receivables and related late-payment interests for R$38.7 million (€11.8 million), and a financial borrowing of R$35.7 million (€10.9 million) that had been granted to the subsidiary. The valuation of securities thus rose by €22.7 million in 2017 (see Note 2).

In 2017, bioMérieux SA granted the Indian subsidiary RAS a loan of 570 million Indian rupees (€8.1 million) repayable at par at maturity in 2018.

After acquiring a 34% stake in the non-controlling shares owned by Sysmex for €11.5 million (JPY 1.2 billion) in 2017, bioMérieux SA now wholly owns bioMérieux Japan Co. Ltd (see Note 2).

In 2017, bioMérieux SA acquired a stake of nearly US$7 million (€6.4 million) in Banyan Biomarkers (see Note 2).

In November 2017, bioMérieux invested US$7 million (€6 million) in the Canadian company Qvella (see Note 2).

The drops in securities and related receivables in 2017 concern the repayment of the loan granted to the subsidiary bioMérieux Inc. for an amount of US$67.1 million (or €49.2 million). At end December 2017, the balance of this loan stood at US$201 million (€147.4 million). The next maturity amounting to US$33.5 million is scheduled for April 2018.

The increase in the impairment of non-current financial assets corresponds primarily to impairments recognised on the securities of bioMérieux distribution subsidiaries.

4.3.3 List of subsidiaries and investments

See table below.

		Share capital	Net equity excl. Share capital	Percentage ownership	Carrying amount of shares held before impairment	Carrying amount of shares held after impairment	Outstanding loans and advances granted by the Company	Prior year sales	Prior year net income or loss	Dividends received by the Company during the year	Notes
		(In millions of currency units)	*(In millions of currency units)*		*(In millions of euros)*	*(In millions of euros)*	*(In millions of euros)*	*(In millions of currency units)*	*(In millions of currency units)*	*(In millions of euros)*	
A – Subsidiaries ***(up to 50%-owned by bioMérieux)***											
AB bioMérieux	SEK	0.2	51.3	100.0%	74.2	12.0	0.0	0.0	(0.3)	1.0	Jan. 1, 2017 – Dec. 31, 2017
ABG Stella	USD	0.0	460.8	100.0%	55.5	55.5	0.0	0.0	0.0	0.0	Jan. 1, 2017 – Dec. 31, 2017
bioMérieux West Africa	CFA	50.0	146.2	100.0%	0.1	0.1	0.0	0.0	9.0	0.0	Jan. 1, 2017 – Dec. 31, 2017
bioMérieux Germany	EUR	3.5	19.5	100.0%	3.8	3.8	8.3	105.1	0.4	0.0	Jan. 1, 2017 – Dec. 31, 2017
bioMérieux Algeria	DZD	58.0	84.2	100.0%	0.6	0.6	0.0	22.2	(4.2)	0.0	Jan. 1, 2017 – Dec. 31, 2017
bioMérieux Argentina	ARS	6.1	57.3	99.1%	5.4	3.0	0.0	321.9	22.3	0.0	Jan. 1, 2017 – Dec. 31, 2017
bioMérieux Austria	EUR	0.1	1.8	100.0%	0.1	0.1	0.0	14.8	0.5	0.5	Jan. 1, 2017 – Dec. 31, 2017
bioMérieux Colombia	COP	0.5	20.2	100.0%	2.2	2.2	0.0	67.5	5.3	0.0	Jan. 1, 2017 – Dec. 31, 2017
bioMérieux Brazil	BRL	123.3	58.8	100.0%	46.7	30.5	0.0	187.1	(6.8)	0.0	Jan. 1, 2017 – Dec. 31, 2017
bioMérieux Belgium	EUR	0.3	4.4	100.0%	0.3	0.3	0.0	26.9	1.3	0.5	Jan. 1, 2017 – Dec. 31, 2017
bioMérieux Benelux BV	EUR	0.0	7.1	100.0%	0.1	0.1	1.5	104.0	1.4	0.0	Jan. 1, 2017 – Dec. 31, 2017
bioMérieux Chile	CLP	1,686.6	6,345.1	100.0%	3.1	3.1	0.0	15,068.5	781.9	0.0	Jan. 1, 2017 – Dec. 31, 2017
bioMérieux China	HKD	193.0	337.3	100.0%	24.6	24.6	3.3	228.7	11.3	0.0	Jan. 1, 2017 – Dec. 31, 2017
bioMérieux Korea	KRW	1,000.0	12,803.9	100.0%	0.7	0.7	0.0	49,054.0	3,306.2	0.0	Jan. 1, 2017 – Dec. 31, 2017
bioMérieux Denmark	DKK	0.5	7.3	100.0%	0.5	0.5	0.0	53.2	3.0	0.1	Jan. 1, 2017 – Dec. 31, 2017
bioMérieux Spain	EUR	0.2	26.5	100.0%	0.6	0.6	4.2	78.2	3.0	6.0	Jan. 1, 2017 – Dec. 31, 2017
bioMérieux Finland	EUR	0.0	0.6	100.0%	0.1	0.1	0.0	6.6	0.4	0.2	Jan. 1, 2017 – Dec. 31, 2017
bioMérieux Greece	EUR	2.0	6.2	100.0%	4.1	4.1	0.0	11.0	0.9	0.0	Jan. 1, 2017 – Dec. 31, 2017
bioMérieux Hungary	HUF	3.0	216.3	100.0%	0.0	0.0	0.6	1,654.2	94.3	0.1	Jan. 1, 2017 – Dec. 31, 2017
bioMérieux HK Investment LTD	HKD	68.8	79.7	100.0%	6.1	6.1	0.0	0.0	(1.9)	0.0	Jan. 1, 2017 – Dec. 31, 2017
bioMérieux India	INR	66.0	1,202.1	99.9%	2.9	2.9	0.0	4,106.4	340.8	1.1	Jan. 1, 2017 – Dec. 31, 2017
bioMérieux Italy	EUR	9.0	39.8	100.0%	12.8	12.8	0.0	125.5	4.3	3.0	Jan. 1, 2017 – Dec. 31, 2017
bioMérieux Japan	JPY	0.5	0.7	100.0%	15.4	12.4	0.0	5.8	0.1	0.3	Jan. 1, 2017 – Dec. 31, 2017
bioMérieux Malaysia	MYR	0.1	0.2	100.0%	0.0	0.0	0.1	0.0	0.1	0.0	Jan. 1, 2017 – Dec. 31, 2017

		Share capital	Net equity excl. Share capital	Percentage ownership	Carrying amount of shares held before impairment	Carrying amount of shares held after impairment	Outstanding loans and advances granted by the Company	Prior year sales	Prior year net income or loss	Dividends received by the Company during the year	Notes
		(In millions of currency units)	*(In millions of currency units)*		*(In millions of euros)*	*(In millions of euros)*	*(In millions of euros)*	*(In millions of currency units)*	*(In millions of currency units)*	*(In millions of euros)*	
bioMérieux Middle East	AED	0.1	1.0	100.0%	0.0	0.0	0.9	0.0	0.3	0.0	Jan. 1, 2017 – Dec. 31, 2017
bioMérieux Norway	NOK	2.8	4.0	100.0%	0.3	0.3	0.0	44.7	1.3	0.1	Jan. 1, 2017 – Dec. 31, 2017
bioMérieux Poland	PLN	0.4	32.6	100.0%	1.5	1.5	0.8	119.6	8.3	1.7	Jan. 1, 2017 – Dec. 31, 2017
bioMérieux Portugal	EUR	1.6	7.8	100.0%	2.0	2.0	2.3	17.0	0.1	0.5	Jan. 1, 2017 – Dec. 31, 2017
bioMérieux Czech Republic	CZK	0.2	9.9	100.0%	0.0	0.0	3.8	539.4	3.2	0.0	Jan. 1, 2017 – Dec. 31, 2017
bioMérieux Russia	RUB	55.7	197.1	100.0%	1.3	1.3	0.0	1,135.3	75.4	0.6	Jan. 1, 2017 – Dec. 31, 2017
bioMérieux South Africa	ZAR	50.0	104.5	100.0%	5.4	5.4	0.0	272.4	10.8	0.0	Jan. 1, 2017 – Dec. 31, 2017
bioMérieux Sweden	SEK	0.5	8.1	100.0%	0.2	0.2	0.0	187.2	6.1	0.0	Jan. 1, 2017 – Dec. 31, 2017
bioMérieux Switzerland	CHF	0.4	3.8	100.0%	0.6	0.6	0.0	34.3	1.9	2.1	Jan. 1, 2017 – Dec. 31, 2017
bioMérieux Thailand	THB	35.0	85.6	100.0%	0.9	0.9	0.0	368.0	(2.3)	0.8	Jan. 1, 2017 – Dec. 31, 2017
bioMérieux Turkey	TRY	3.3	55.6	100.0%	2.7	2.7	0.0	81.0	7.1	0.9	Jan. 1, 2017 – Dec. 31, 2017
bioMérieux UK	GBP	0.0	8.8	100.0%	1.2	1.2	0.0	54.5	1.3	1.1	Jan. 1, 2017 – Dec. 31, 2017
bioMérieux Vietnam	VND	6.3	7.4	100.0%	0.2	0.2	0.0	0.0	0.5	0.0	Jan. 1, 2017 – Dec. 31, 2017
bioMérieux Serbia	RSD	1.2	9.4	100.0%	0.0	0.0	0.0	0.0	2.5	0.0	Jan. 1, 2017 – Dec. 31, 2017
bioMérieux Singapore	SGD	0.1	8.9	100.0%	0.1	0.1	0.7	9.0	1.9	0.0	Jan. 1, 2017 – Dec. 31, 2017
bioMérieux International SAS	EUR	0.0	1.1	100.0%	0.0	0.0	0.0	0.0	0.0	0.0	Jan. 1, 2017 – Dec. 31, 2017
AES Canada	CAD	0.0	0.2	100.0%	0.0	0.0	0.5	1.7	0.4	0.0	Jan. 1, 2017 – Dec. 31, 2017
AES GMBH (Germany)	EUR	0.0	0.4	100.0%	0.9	0.4	0.0	0.0	0.0	0.0	Jan. 1, 2017 – Dec. 31, 2017
BTF	AUD	4.1	14.5	100.0%	13.6	13.6	0.0	21.3	8.4	5.5	Jan. 1, 2017 – Dec. 31, 2017
Quercus Scientific NV	EUR	3.9	8.8	94.8%	19.9	19.9	0.0	0.0	0.0	0.0	Jan. 1, 2017 – Dec. 31, 2017
TOTAL SUBSIDIARIES					**310.9**	**226.5**					

		Share capital	Net equity excl. Share capital	Percentage ownership	Carrying amount of shares held before impairment	Carrying amount of shares held after impairment	Outstanding loans and advances granted by the Company	Prior year sales	Prior year net income or loss	Dividends received by the Company during the year	Notes
		(In millions of currency units)	*(In millions of currency units)*		*(In millions of euros)*	*(In millions of euros)*	*(In millions of euros)*	*(In millions of currency units)*	*(In millions of currency units)*	*(In millions of euros)*	
B – Investments ***(5%-50% owned by bioMérieux)***											
Geneuro	CHF	614.7	(596.0)	6.4%	0.1	0.1	0.0	5.9	(14.1)	0.0	Jan. 1, 2016 – Dec. 31, 2016
Labtech system LTD	AUD	20.9	0.5	7.6%	1.3	1.3	0.0	5.9	(5.1)	0.0	July 1, 2016 – June 30, 2017
Mérieux Université	EUR	4.0	0.2	40.0%	1.6	0.0	0.0	0.0	(1.0)	0.0	Jan. 1, 2016 – Dec. 31, 2016
Quanterix	USD	128.6	(115.1)	11.5%	17.9	17.9	0.0	12.6	(23.2)	0.0	Jan. 1, 2016 – Dec. 31, 2016
Lumed Inc	CAD	0.8	(0.6)	10.0%	0.3	0.3	0.0	0.2	(0.4)	0.0	Feb. 1, 2017 – Jan. 31, 2018
Banyan Biomarkers Inc	USD	10.7	0.0	19.7%	6.4	6.4	0.0	14.3	(1.3)	0.0	July 1, 2016 – June 30, 2017
Qvella	CAD	54.7	(20.6)	5.8%	6.0	6.0	0.0	0.3	(3.9)	0.0	Jan. 1, 2017 – Dec. 31, 2017
TOTAL EQUITY INVESTMENTS					**33.6**	**32.0**					
C – OTHER SECURITIES											
Avesthagen	INR	76.1	(1,040.7)	3.6%	1.4	0.0	0.0	0.0	(401.2)	0.0	April 01, 2016 – March 31, 2017
My Cartis	EUR	25.4	(17.0)	1.6%	1.2	0.0	0.0	0.4	(6.9)	0.0	Jan. 1, 2016 – Dec. 31, 2016
Dynavax	USD	905.0	(815.8)	0.0%	0.7	0.1	0.0	10.2	(112.4)	0.0	Jan. 1, 2016 – Dec. 31, 2016
Amorçage Technologique Investissement	EUR	29.0	(7.7)	2.5%	0.8	0.8	0.0	0.0	(1.8)	0.0	Jan. 1, 2016 – Dec. 31, 2016
Supernova 2	EUR	0.0	0.0	1.3%	1.0	1.0	0.0	0.0	0.0	0.0	Company created in 2017
Knome TAFKAK	USD	0.0	0.0	0.3%	7.3	0.0	0.0	0.0	0.0	0.0	In liquidation
LyonBiopôle	EUR	1.0	(1.0)	0.0%	0.3	0.0	0.0	1.3	(1.1)	0.0	Jan. 1, 2016 – Dec. 31, 2016
Théra conseil	EUR	0.5	0.2	0.8%	0.0	0.0	0.0	3.4	0.2	0.0	Jan. 1, 2016 – Dec. 31, 2016
TOTAL OTHER SECURITIES					**12.6**	**1.9**					
GRAND TOTAL					**357.1**	**260.4**					

Note 5 Inventories

5.1 Accounting principles

Inventories are measured at the lower of cost and net realisable value.

Inventories of raw materials, consumables and goods for resale are measured at their purchase price plus related expenses using the FIFO method. Work-in-progress and finished products are measured at their actual production cost.

Inventories are written down where necessary, taking into account selling prices, obsolescence, residual shelf life, product condition, sale prospects and, in the case of spare parts, changes in the corresponding instruments' installed base.

5.2 Trend

In millions of euros	Dec. 31, 2017	Dec. 31, 2016
Raw materials	35.2	35.9
Work-in-progress	27.2	25.6
Finished products and goods held for resale	95.5	87.8
Total gross value	**157.9** [(a)]	**149.3**
Impairment losses	(9.9) [(b)]	(9.5)
TOTAL CARRYING AMOUNT	**148.0**	**139.8**

(a) Of which relating to instruments and the related spare parts : 27. 9 % compared to 26,2% en 2016.
(b) Of which impairment of inventories and work-in-progress: -€0.1 million versus -€0,1 million in 2016.

Note 6 Trade and operating receivables

6.1 Accounting principles

Receivables are recognised at face value. An impairment loss is recognised when the receivables present a risk of non-recovery.

6.2 Trend

Trade receivables *In millions of euros*	Dec. 31, 2017	Dec. 31, 2016
Gross trade receivables	325.2	302.8
Impairment losses	(4.6)	(5.1)
CARRYING AMOUNT	**320.6**	**297.7**

Other operating receivables *In millions of euros*	Dec. 31, 2017	Dec. 31, 2016
Advances and downpayments	8.5	8.8
Prepaid expenses	6.2 [(a)]	6.0
Other operating receivables	22.7 [(b)]	20.8
TOTAL GROSS VALUE	**37.4**	**35.6**

(a) Prepaid expenses correspond primarily to purchases (€5.8 million as at December 31, 2017, compared with €5.7 million the previous year).
(b) Including a VAT receivable for €13.5 million.

Maturities of trade and other receivables *Carrying amount in millions of euros*	Dec. 31, 2017	Dec. 31, 2016
Trade receivables	**320.5**	**297.7**
Due in less than one year	320.3	297.3
Due in more than one year	0.2	0.4
Other operating receivables	**37.4**	**35.6**
Due in less than one year	35.9	33.4
Due in more than one year	1.4	2.2

Note 7 Cash at bank and in hand

7.1 Accounting principles

Cash and cash equivalents include available cash and short-term investments.

Changes in the cash pool are valued at the average monthly exchange rate. Cash pooling accounts are remeasured at the end of the month at the closing rate. Until December 31, 2016, this remeasurement was offset by an entry to unrealised foreign exchange gains or losses and a provision for financial risk was set aside for any unrealised losses. As from 2017, the remeasurement is offset by an entry to financial income and expenses, taking into account currency hedges related to these positions, as stated in Note 3.2.

7.2 Trend

In millions of euros	**Dec. 31, 2017**	Dec. 31, 2016
Short-term investments	83.2	33.8
Cash pooling	219.7	223.6
Cash at bank and in hand, and financial instruments	129.8	49.7
TOTAL	**432.7**	**307.1**

Short-term investments break down as follows:

	Dec. 31, 2017	Dec. 31, 2016
Investment	BNP Paribas Deposit money-market fund	BNP Paribas Deposit money-market fund
Net amount	€55.6 million	€11.8 million
Classification	Euro money-market fund	Euro money-market fund
ISIN code	FR0011046085	FR0011046085
Investment	AMUNDI TRESO EONIA money-market fund	Swiss Life Short Term €money-market fund
Amount	€12.0 million	€8.0 million
Classification	Euro money-market fund	Euro money-market fund
ISIN code	FR0007435920	FR0011060870
Investment	Treasury shares	Treasury shares
Amount	€10.6 million	€14.0 million
Classification	Equities	Equities
ISIN code	FR0010096479	FR0010096479
Investment	Time-deposit account	Time-deposit account
Amount	€5.0 million	€0.0 million
Classification	Euro money-market fund	Euro money-market fund
ISIN code		

The short-term investments include:

- 13,763 treasury shares purchased under a share grant plan.
  As prescribed by the French National Accounting Board (*Commission des Normes Comptables* – CNC) in its November 6, 2008, notice No. 2008-17, treasury shares allocated to existing plans are not written down to reflect market prices;
- 215,394 shares purchased within the framework of the establishment of a hedging program intended to ensure the cost of the various share grant plans.

Note 8 Translation adjustments

8.1 Accounting principles

In accordance with the accounting changes presented in Note 3, the accounting principles concerning the recognition of foreign exchange gains and losses were changed in 2017.

Income and expenses in foreign currencies are recognised at their value in euros on the transaction date based on the average monthly exchange rate. Foreign exchange gains or losses on commercial transactions resulting from differences in rates between the transaction date and payment date are recognised under the corresponding line in the income statement (sales and purchases).

Receivables and payables denominated in foreign currency are translated at the closing rate (until 2016, if a hedge had been put in place, the translation was based on the hedging rate). Any differences resulting from this valuation are recognised under unrealised foreign exchange gains and losses. Provisions are set aside for unrealised foreign exchange losses and are recognised in income (sales and purchases) whenever the receivable or payable is related to a commercial transaction.

Since 2017, when, for business transactions with relatively close maturities, unrealised foreign exchange gains and losses may be considered as contributing to an overall position, the amount of the allowance for exchange rate risks is capped at the excess of losses over gains. This estimate of losses takes into account, if applicable, the hedging rate linked to the derivative instruments related to these transactions.

Foreign exchange gains and losses concerning financial flows are recorded under financial income and expenses. Following the accounting changes presented in Note 3, cash-pooling related translation differences are recognised as income as well as the hedging instrument symmetrically to the hedged item.

8.2 Unrealised foreign exchange losses

In millions of euros	Dec. 31, 2017	Dec. 31, 2016
On operating items	2.8	2.6
On borrowings and financial receivables	1.1	5.4
TOTAL	**3.9**	**8.0**

For 2017, unrealised foreign exchange losses related to the cash pool are booked as income for an amount of €5.5 million. As at December 31, 2016, they were recognised under unrealised foreign exchange losses for €2.5 million and were recorded as a provision for unrealised losses.

Unrealised gains on currency hedges are recorded as at December 31, 2017 for an amount of €1.2 million, as a deduction from unrealised losses on sales flows.

8.3 Unrealised foreign exchange gains

In millions of euros	Dec. 31, 2017	Dec. 31, 2016
On operating items	0.7	4.1
On borrowings	0.0	2.0
On financial receivables	0.0	24.4 [(a)]
TOTAL	**0.7**	**30.5**

(a) Unrealised gains on cash pooling recognised in the income statement for the 2017 financial year for €13.7 million.

Unrealised losses on currency hedges are recorded as at December 31, 2017 for an amount of €0.2 million, as a deduction from unrealised gains on sales flows.

Note 9 Equity and share grant plans

9.1 Accounting principles

Investment grants are recognised in equity. The Company has elected to spread an investment grant financing an amortisable fixed asset over several periods. The investment grant is reversed over the same period based on the same pattern as the value of the asset acquired or created as a result of the grant.

Share grant plans

Shares were acquired as part of a hedging plan, allocating the shares specifically to a share grant plan or as hedging for plans without precise allocation.

9.2 Change in shareholders' equity

The Company's share capital amounted to €12,029,370 at December 31, 2017 and was divided into 118,361,220 shares with a total of 196,884,538 voting rights (of which 78,757,392 shares carrying double voting rights). Following a decision taken by the General Meeting of March 19, 2001, the Company's bylaws no longer refer to a par value for its shares. In September 2017, there was a three-for-one split of the par value of the share upon a decision of the Combined General Meeting of May 30, 2017. Each existing share entitled the owner to three new shares. No rights or securities with a dilutive impact on capital were outstanding at December 31, 2017.

At December 31, 2017, the Company held:

- 4,917 treasury shares under a liquidity agreement with an independent investment service provider. During 2017, the Company purchased 421,704 and sold 418,493 of its own shares;
- 13,763 treasury shares were set aside for free share grants and allocated to a specific plan, and 215,394 treasury shares purchased under a hedging program covering the various share grant plans. During 2017, the Company purchased 13,773 and awarded 99,000 of its own shares.

Change in shareholders' equity *In millions of euros*	Share capital	Additional paid-in capital	Retained earnings	Statutory provisions	Subsidies	Total
EQUITY AT DECEMBER 31, 2016	**12.0**	**63.5**	**813.3**	**53.8**	**0.2**	**942.8**
Attributable net income for the period			109.2			109.2
Regulation 2015-05 – Allocation to retained earnings			1.0			1.0
Dividends paid			(39.4)			(39.4)
Changes in statutory provisions				5.1	(0.1)	5.0
EQUITY AT DECEMBER 31, 2017	**12.0**	**63.5**	**884.1**	**58.9**	**0.1**	**1,018.6**

The following table presents the Company's share grant plans:

	Year in which plan opened					
Number of shares	2012	2013	2014	2015	2016	2017
Initial number of options granted	78,000	125,100	15,000	53,100	402,300	40,116
Forfeited shares	28,800	38,100		4,500	24,300	
Number of shares remitted in 2017	30,000	69,000				
Total number of vested shares	19,200	18,000				
Number of shares to be remitted as of Dec. 31, 2017	0	0	15,000	48,600	378,000	40,116

The number of shares for plans prior to 2017 were tripled after the three-for-one split decided by the Combined General Meeting of June 2017.

Between 2013 and 2017, the Board of Directors granted free shares (out of existing shares) to certain employees and corporate officers, subject to presence and performance conditions, as applicable.

Under the terms of the different plans, the free shares are subject to a vesting period of three or four years.

The performance shares will only fully vest if certain objectives based on operating income or other specific objectives are met. The performance shares are no longer subject to a lock-up period if the vesting period is at least two years. The lock-up period may be waived for shares granted to non-French tax residents provided that the shares concerned are subject to a four-year vesting period.

In 2017, after taking into account the rebilling of free shares, a net expense of €15.2 million was recognised as operating income (compared with a net expense of €4.6 million the previous year), primarily as a result of the increase by more than 50% of the average price of the bioMérieux share.

Considering the 13,763 shares held on December 31, 2017 and specifically allocated to a share grant plan and the 215,394 shares purchased to cover the other grants, the Company will have to purchase an additional 252,559 shares for an amount of €18.9 million based on the share price at December 31, 2017.

9.3 Changes in statutory provisions

Statutory provisions *In millions of euros*	Accelerated amortisation	Provisions for price increases	Total
DECEMBER 31, 2016	**52.6**	**1.2**	**53.8**
Additions	15.6	0.3	15.9
Reversals	(10.7)	(0.1)	(10.8)
DECEMBER 31, 2017	**57.5**	**1.4**	**58.9**

Note 10 Provisions for contingencies and losses

10.1 Accounting principles

Contingency and loss provisions are recognised in accordance with French accounting rules applicable to liabilities (C.R.C. 2000-06).

The Company is involved in a certain number of claims and litigation arising from the normal course of its business. It believes that these claims and litigation will not have a materially adverse impact on its ability to continue as a going concern. When a risk is identified, a provision is recognised as soon as it can be reliably estimated. The provision for claims and litigation amounted to €0.6 million at December 31, 2017.

10.2 Trend

Provisions *In millions of euros*	Other employee benefits [(a)]	Product warranties [(b)]	Other provisions [(c)]	TOTAL
DECEMBER 31, 2016	**31.0**	**0.8**	**24.5**	**56.3**
Retained earnings – regulation 2015-05			(0.4)	(0.4)
Additions	1.8	1.0	26.0	28.8
Reversals (utilisations)	(5.0)	(0.8)	(15.9)	(21.7)
Reversals (surplus)			(0.8)	(0.8)
Net additions (reversals)	(3.2)	0.2	9.2	6.2
DECEMBER 31, 2017	**27.9**	**1.0**	**33.3 [(c)]**	**62.2**

(a) *Provisions for other employee benefits comprise retirement benefits, long-service awards and bonuses and mutual health insurance benefits. In 2017, the long-service award and bonus commitment was reviewed to take into account the granting of a long-service bonus for 40 years of employment, to accompany the award of the Grande Médaille d'Or long-service award set out in the forward-looking skills management agreement 2017-2020 that was signed in June 2017.*

(b) *Estimate of the costs relating to warranties issued on the sale of instruments in the period that may be incurred over the remaining warranty period.*

(c) *Including a provision for unrealised foreign exchange losses of €3.9 million, provision for free share grants of €22.4 million and provisions to cover losses upon termination on sales contracts amounting to €2.6 million and provisions for sales or employee disputes (€4.2 million).*

10.3 Provisions for pensions and other post-employment benefits

10.3.1 Accounting principles

The Company applies ANC recommendation No. 2013-02 of November 7, 2013 and applies the principles of IAS 19 as amended in June 2011 for its statutory financial statements, with the exception of the option to recognise actuarial gains and losses in equity.

10.3.2 Trend

Obligations in respect of pensions and other post-employment benefits are calculated using actuarial methods based on the following assumptions:

	Dec. 31, 2017	Dec. 31, 2016
Salary increase rate	2.0%	2.5%
Discount rate	1.75%	1.65%
Employee mobility rate [(a)]	0% to 5%	0% to 5%
Average duration	14.0	15.0

(a) Depending on the age and status of the employee (managerial/non-managerial grade).

At December 31, 2017, the Company recognised provisions for retirement benefits an amount of €13.0 million.

The provision for long-service awards amounts to €14.8 million.

10.4 Contingent liabilities

The declared dispute with regard to the collective action of patients against bioMérieux as manufacturer of diagnostic tests for Lyme disease has not given rise to a provision for risk in the consolidated financial statements for the year ended December 31, 2017 as at this stage it is not possible to assess the risk incurred by the Company.

Note 11 Net debt

11.1 Statement of changes in net debt

The statement of changes in net debt includes all changes in borrowings and debt, regardless of maturity, net of cash and short-term bank borrowings.

It lists separately:

- cash flow relating to operating activities;
- cash flow relating to investing activities;
- cash flow relating to shareholders' equity.

Cash flow from operating activities corresponds to the aggregate of net income, depreciation and amortisation, net additions to provisions (impairment and contingencies and losses), less capital gains or losses on disposals of fixed assets.

Net debt corresponds to the Company's financial situation with regard to financing third parties outside of operating payables. This aggregate is determined by the sum of mandatory and bank debt (short, medium and long term) and bank overdrafts, less cash at bank and in hand and investment securities.

In millions of euros	Dec. 31, 2017	Dec. 31, 2016
Net income	109.2	69.1
Depreciation, amortisation and provisions, net	60.8	20.8
Gains and losses on corporate actions	0.4	57.5
Cash flow from operating activities	**174.1**	**147.4**
Increase in inventories	(8.5)	(8.5)
Increase of requirements in accounts receivable	(27.3) [(a)]	(12.1)
Change in trade payables and other operating working capital	7.3	31.3
Operating working capital requirement	**(28.5)**	**10.7**
Increase in receivables, net of tax	(3.6)	(0.7)
Total change in working capital requirement	**(32.1)**	**10.0**
NET CASH GENERATED FROM OPERATING ACTIVITIES	**142.1**	**157.4**
Capital expenditure	(60.6)	(59.4)
Disposals of fixed assets	8.5	13.8
Change in net trade payables	(4.6)	0.9
Equity acquisitions, subscriptions to capital increases	(47.9) [(b)]	(5.4) [(c)]
Net change in advances and loans to subsidiaries	62.1 [(d)]	(14.6) [(e)]
Net change in other non-current financial assets	(0.1)	0.1
NET CASH USED IN INVESTING ACTIVITIES	**(42.8)**	**(64.4)**
Dividends paid	(39.4) [(f)]	(39.4)
Regulation 2015-05 – Allocation to retained earnings	0.6	0.0
Net cash used in shareholders' equity	**(38.8)**	**(39.4)**
Change in net debt (excluding exchange rate impact)	**60.4**	**53.6**
Breakdown of change in net debt		
Net debt at beginning of year	116.5	174.3
Net debt from the merger	2.9	(0.2)
Impact of changes in exchange rates on net debt	22.8	(4.0)
Change in net debt:	**(60.4)**	**(53.6)**
• committed debt	(22.1)	11.3
• cash and bank overdrafts	(38.3)	(64.9)
NET DEBT AT END OF YEAR	**81.7**	**116.5**

(a) Including amounts owed by Group customers (+€12.4 million) and by export customers (+€4 million).
(b) Including the capital increase of bioMérieux Brazil (-€22.7 million), purchase of bioMérieux Japan shares (-€11.5 million), equity participation in Banyan Biomarkers (-€6.4 million) and Qvella (-€6 million).
(c) Including capital increase of AB bioMérieux (-€4.5 million), and Mérieux University (-€0.4 million).
(d) Including bioMérieux Inc loan (+€50.1 million), BioFire loan (+€3.6 million), bioMérieux Brazil loan (+€12.6 million), bioMérieux India loan (€8.4 million).
(e) Including bioMérieux Inc loan (+€49.2 million), bioMérieux Gmbh loan (-€9.5 million), BioFire loan (-€55.9 million).
(f) Dividend approved by the Annual General Meeting of May 30, 2017.

11.2 Debt refinancing

bioMérieux SA has a syndicated credit facility for an amount of €500 million following the renegotiation of January 2017. This loan will mature in January 2022 and may be extended twice for an additional year (first extension made in January 2018). There was no drawdown on this facility at December 31, 2017.

The syndicated credit facility is subject to the following covenant: bioMérieux Group net debt may not exceed 3.5 times operating income before non-recurring items (EBITDA) before depreciation/amortisation and acquisition expenses. The Company complied with this covenant at December 31, 2017. No amounts were drawn down under this facility during the year.

bioMérieux SA had €15 million in outstanding commercial paper at December 31, 2017 (€40 million at December 31, 2016).

In early October 2013, bioMérieux SA carried out its first bond issue, placing €300 million worth of seven-year bonds (maturing October 14, 2020) with institutional investors. The bonds pay interest at an annual rate of 2.875% and the fourth instalment was paid in October 2017 for €8.6 million. The bonds were issued with an issue premium. The expense relating to the issue premium and issue fees is being amortised over the term of the bonds.

The financial cost of half of the bond loan has been transformed into a floating rate cost through the setting up of a swap contract that matures in July 2020, and has a 0.3% floor and is capped at 1.2% until July 2018. A swap contract in the opposite direction was set up in the 1st half of 2017 for the period between July 2018 and July 2020.

11.3 Debt schedule

In millions of euros	Dec. 31, 2017	Dec. 31, 2016
Due beyond five years	0.0	2.6
Due in one to five years	311.2 [(a)]	305.3
TOTAL LONG-TERM BORROWINGS	**311.2**	**307.9**
Due within one year	203.2 [(b)]	115.7
TOTAL BORROWINGS	**514.4**	**423.6**
Short-term investments	(83.2) [(c)]	(33.8)
Cash at bank and in hand, and financial instruments	(349.5) [(d)]	(273.3)
NET DEBT	**81.7**	**116.5**

(a) Including the €300 million bond issue.
(b) Including cash pooling for €136.8 million.
(c) The carrying amount of short-term investments is identical to their market value, except for treasury shares, which are carried at historical cost.
(d) Including cash pooling for €219.6 million.

Note 12 Trade and operating payables

Trade and other operating payables *In millions of euros*	Dec. 31, 2017	Dec. 31, 2016
Trade payables	**159.9**	**161.7**
Accrued payroll and other taxes	118.9	109.3
Deferred income	5.6 [(a)]	3.3
Other	10.1	12.2
Other operating payables	134.6	124.8

(a) Including a lease and maintenance agreement for €3.2 million and the sale of reagents and instruments for €2.4 million.

Trade and other operating payables In € millions	Dec. 31, 2017	Dec. 31, 2016
Trade payables		
Due within one year	159.9	161.6
Due beyond one year		0.1
TOTAL	**159.9**	**161.7**
Other operating payables		
Due within one year	125.3	124.8
Due beyond one year	9.3	
TOTAL	**134.6**	**124.8**

Note 13 Accrued expenses and income

Accrued expenses *In millions of euros*	Dec. 31, 2017	Dec. 31, 2016
Miscellaneous borrowings	3.0	3.5
Trade payables	72.4	70.0
Accrued payroll and other taxes	106.6	97.9
Other operating payables	7.3	7.8
Due to suppliers of fixed assets	10.8 [(a)]	14.8 [(b)]
TOTAL	**200.1**	**194.0**

(a) Including €0.9 million of ATI Supernova 2 securities balance.
(b) Including a €3.4 million earn-out relating to Advencis and €1 million relating to Quercus Scientific NV.

Furthermore, accrued income amounted to €15.8 million at December 31, 2017, versus €23 million at December 31, 2016. It comprised mainly unbilled customer payables (€11.8 million versus €17.2 million at December 31, 2016), and accrued interest on loans to subsidiaries (€2.2 million).

Note 14 Sales

14.1 Accounting principles

Revenue from the sale of products (reagents and instruments) and related services (technical support, training, shipping costs, etc.) are recorded under “sales” in the income statement.

Revenue arising from the sale of products is recognised when all of the following criteria have been satisfied:

- the significant risks and rewards of ownership have been transferred to the buyer;
- the Company no longer has a continuing involvement in the effective control over the goods sold;
- the revenue and the costs incurred or to be incurred in relation to the transaction can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Company.

These criteria are satisfied when reagents are delivered and when sold instruments are installed.

In the case of services (training, technical support, etc.), revenue is recognised only after the services have been rendered. Revenue from instrument maintenance contracts is deferred and recognised on the basis of the elapsed portion of the service contract.

Sales are measured at the fair value of the consideration received or receivable, net of any discounts and rebates granted to customers. Sales taxes and value-added taxes are not included in sales.

14.2 Trend

Breakdown of sales *In millions of euros*	France	Export	Total Dec. 31, 2017	Total Dec. 31, 2016
Sales of goods for resale	12.6	118.1	130.7	119.8
Sold production (goods)	159.4	673.6	832.9	774.4
Sold production (services)	21.0	152.9	173.9	144.7
TOTAL	**193.1**	**944.4**	**1,137.6**	**1,038.9**

Sales by geographic area *In millions of euros*	Dec. 31, 2017	Dec. 31, 2016
France & Dom Tom	197.6	196.4
Europe, Africa, Middle East	458.1	420.2
South America	44.8	43.8
North America	162.7	141.0
Asia-Pacific	145.5	138.1
Other	128.9	99.3
TOTAL	**1,137.6**	**1,038.9**

Note 15 Research & development expenses

Research & development expenses are expensed as incurred except for research & development programs capitalised following the merger with the companies AES Chemunex and CEERAM.

Research & development expenses at December 31, 2017 amounted to €119.2 million.

Note 16 Personnel costs and employee benefits

16.1 Accounting principles

When an expense is not considered as definitive on recognition, the expense transfer accounts are used to subsequently reclassify the expense based on the appropriate economic nature.

In 2017, income relating to the tax credits promoting competition and employment (CICE) was recorded as and when the compensation deemed eligible for inclusion in the tax base was recognised. This income is presented in operating items as a deduction from personnel costs for €4.6 million.

CICE tax credits in respect of compensation paid in 2016 amounted to €3.8 million. These tax credits have helped improve the Company's competitiveness, in particular through production capacity investments in France, new hires and staff training, and expenditure on occupational health and safety.

16.2 Trend

Personnel costs *In millions of euros*	Dec. 31, 2017 12 months	Dec. 31, 2016 12 months
Wages and salaries	184.0	175.1
Discretionary profit-sharing	13.6	11.3
Payroll taxes	90.4	86.1
TOTAL	**288.0**	**272.5**
AVERAGE HEADCOUNT	**3,554**	**3,427**
HEADCOUNT AT YEAR-END	**3,597**	**3,484**

In accordance with the law, no non-discretionary profit-shares could be granted to employees out of net income for 2017.

Compensation allocated to members of the administrative, management and supervisory bodies and senior management (Company directors and members of the Executive Committee who are employees of the Company) in respect of their duties in 2017 consisted of directors' fees of €0.1 million, and fixed and variable compensation of €10.6 million.

Breakdown of headcount *In FTE*	Dec. 31, 2017 12 months	Dec. 31, 2016 12 months
AVERAGE HEADCOUNT		
Managers	1,703	1,629
Supervisors	61	63
Employees	25	25
Technicians	1,175	1,149
Blue-collar workers	591	561
TOTAL	**3,554**	**3,427**
HEADCOUNT AT YEAR-END		
Managers	1,725	1,657
Supervisors	58	64
Employees	28	24
Technicians	1,188	1,156
Blue-collar workers	598	583
TOTAL	**3,597**	**3,484**

Note 17 Net financial expenses

17.1 Accounting principles

Dividends received are recognised net of withholding taxes applicable in the country of origin.

17.2 Trend

In millions of euros	Dec. 31, 2017	Dec. 31, 2016
Net finance costs	5.6	4.8
Impairment of investments	(5.9) [a]	(16.9) [b]
Merger loss	(3.7)	0.0
Provisions for financial contingencies and losses	(0.1)	(0.1)
Dividends	26.0	43.3
Foreign exchange gains (losses)	20.2	(8.2)
TOTAL	**42.1**	**22.9**

(a) Including net additions relating to shares in subsidiaries for €5.8 million.
(b) Including net additions relating to shares in subsidiaries for €16 million and €0.9 million relating to other investments.

Following the merger of Advencis in the Company's accounts, an unassigned merger loss was recorded as financial income in 2017 (see Note 2).

17.3 Foreign exchange gains (losses)

Foreign exchange gains and losses result from differences between the transaction exchange rate and the settlement rate (or the year-end rate if the payment has not yet been made). These differences only partially reflect the impact of currency fluctuations.

Foreign exchange gains and losses on commercial transactions are recognised under the relevant headings in the consolidated income statement. The table below shows their income statement impact:

In millions of euros	Dec. 31, 2017 12 months	Dec. 31, 2016 12 months
Sales	(4.5)	1.3
Purchases	2.6	(0.6)
Financial items	20.2	(8.2)
TOTAL	**18.3**	**(7.5)**

Following the change in accounting estimates relating to the treatment of exchange gains and losses of cash pooling accounts, exchange gains related to cash pooling accounts amounting to €13.7 million were recorded at December 31, 2017. At December 31, 2016, unrealised gains had not been booked to financial income, but recorded in the balance sheet for an amount of €26.5 million (see Note 3.2).

Note 18 Non-recurring income

In millions of euros	Income	Charges	Net Dec. 31, 2017	Net Dec. 31, 2016
Deconsolidations and disposals of fixed assets	8.5	8.9	(0.4)	(57.5)
Statutory provisions	10.8	15.9	(5.1)	(8.0)
Other non-recurring income and expenses	5.7	5.0	0.6	56.9
TOTAL	**24.8**	**29.7**	**(4.9)**	**(8.6)**

In 2016, retirements and disposals of non-current assets primarily comprise the disposal of bioMérieux BV (€53.3 million) and Oscient Pharma shares (€3.5 million). Other non-recurring income and expenses include the reversal of impairment of these shares for the same amounts.

Note 19 Corporate income tax

19.1 Accounting principles

The Company has opted to present CICE tax credits promoting competitiveness and employment in France as a deduction from personnel costs (see Note 16.1).

Taxes on dividends are recognised in income tax expense (see Note 19.2 concerning accrued income recognised for 2017).

19.2 Trend

Since January 1, 2005, bioMérieux SA has been the head of a tax consolidation group comprising bioMérieux S.A. and bioMérieux International SAS (formerly Stella).

At January 1, 2015, this tax consolidation group was extended to include CEERAM and Advencis.

On January 1, 2016, CEERAM left the tax consolidation group due to it being absorbed by bioMérieux SA on September 30, 2016, with retroactive effect to January 1, 2016.

On January 1, 2017, Advencis left the tax consolidation group due to it being absorbed by bioMérieux SA on September 30, 2017, with retroactive effect to January 1, 2017.

The parent company can therefore benefit from consolidated tax relief.

At December 31, 2017, the Company recognised various tax credits totalling €24.6 million, including a research tax credit for an estimated €17.8 million. The various tax credits accumulated since 2011 represent the majority of the Company's non-operating receivables at December 31, 2017 and break down as follows: €43.7 million maturing in less than one year and €6.8 million maturing beyond one year.

Following the censure by the French constitutional council of the 3% contribution on distributed income, bioMérieux SA has filed claims to obtain the reimbursement of this contribution for the financial years between 2013 and 2017. Since the outcome of this dispute is certain, bioMérieux SA has recognised accrued income of €5.9 million excluding interests on arrears. The duration of this procedure cannot be estimated at this stage.

An additional contribution of 15% for companies that generate sales in excess of €1 billion was recognised for 2017 and amounted to €2.9 million.

Income net of corporate income tax totalled €2.3 million in 2017, versus €8.5 million the previous year.

19.2.1 Breakdown of corporate income tax

In millions of euros	Before tax	Tax [(a)]	Dec. 31, 2017 After tax	Dec. 31, 2016
Recurring income	111.8	(5.2)	106.6	71.8
Non-recurring income	(4.9)	2.8	(2.1)	(5.5)
Prior-year tax adjustment and other	0.0	4.8	4.8	2.8
NET INCOME FOR THE YEAR	**106.9**	**2.3**	**109.2**	**69.1**

(a) CICE tax credits for €4.6 million are recognised in personnel costs and not in income tax.

19.2.2 Net income for the year excluding valuation allowances

In millions of euros	Dec. 31, 2017	Dec. 31, 2016
Net income for the year	109.2	69.1
Income tax	2.3	8.5
Net income before tax	106.9	60.6
Accelerated depreciation/amortisation and statutory provisions	(5.1)	(8.0)
Total valuation allowances	(5.1)	(8.0)
NET INCOME BEFORE TAX AND EXCLUDING VALUATION ALLOWANCES	**112.0**	**68.6**
Income tax	2.3	8.5
Income tax on valuation allowances at 39.43% in 2016 and 34.43% in 2015	2.0	2.8
NET TAX BENEFIT (EXPENSE)	**0.3**	**5.7**
NET INCOME FOR THE YEAR EXCLUDING VALUATION ALLOWANCES	**112.3**	**74.3**

19.2.3 Change in deferred taxes

In millions of euros	Dec. 31, 2017 34.43%	Dec. 31, 2016 34.43%
Accelerated depreciation, amortisation and statutory provisions	20.3	18.5
Investment grants	0.0	0.1
Provision for accrued receivables on treasury shares	0.0	0.8
TOTAL DEFERRED TAX LIABILITIES	**20.3**	**19.4**
Non-deductible provisions and expenses	(11.5)	(12.8)
Amortisation of instrument installation costs	0.0	(0.1)
Unrealised foreign exchange gains	(0.2)	(10.5)
Amortisation of acquisition costs	0.0	0.0
TOTAL DEFERRED TAX ASSETS	**(11.8)**	**(23.4)**
TOTAL DEFERRED TAX BENEFIT OR EXPENSE	**8.5**	**(4.0)**

Note 20 Hedging instruments

20.1 Accounting principles

The Company only uses financial instruments for hedging purposes, in order to limit risks stemming from changes in exchange rates and interest rates, whether related to assets and liabilities at the end of the period or to future transactions.

20.2 Exchange rate risk

In view of the significant proportion of bioMérieux SA's operations conducted outside the eurozone, its sales, earnings and assets and liabilities may be impacted by changes in exchange rates between the euro and other currencies. Sales are particularly affected by euro/US dollar exchange rate variations and, more occasionally, by fluctuations in the rate of the euro against other currencies.

bioMérieux SA's current policy is to seek to hedge the impact of exchange rate fluctuations on budgeted net income. It uses hedging instruments, when they are available at a reasonable cost, in order to mitigate risks relating to currency fluctuations. Hedging contracts are purchased to cover transactions included in the budget and not for speculative purposes.

Hedges consist mainly of forward currency sales and purchases (maturing within 18 months at December 31, 2017).

Hedging instruments used are backed against trade and financial receivables and payables.

Unrealised foreign exchange gains and losses on hedging instruments, related to the basis of trading prices at December 31, 2017 are recognised in the balance sheet whenever they are in a hedging relationship with receivables or payables.

Hedges in effect at December 31, 2017 were as follows:

- forward sales of €37.5 million to hedge trade receivables;
- forward purchases of €1.1 million to hedge trade payables;
- forward sales of €154.9 million to hedge financial receivables;
- forward purchases of €15.8 million to hedge borrowings.

Furthermore, currency hedges were set up to cover the budget positions of the 2018 financial year. The net amount of these hedges is €203 million.

The market value at December 31, 2017 of all the budget hedges represent an unrealised gain of €1.7 million.

At December 31, 2017, the Company had no hedges covering the earnings of foreign subsidiaries.

The market value at December 31, 2017 of financial hedges represent an unrealised gain of €1.5 million.

The table below shows the currencies in which sales are generated:

	Dec. 31, 2017		Dec. 31, 2016	
In millions of euros	12 months	%	12 months	%
Euro	**631.9**	**56%**	**578.2**	**56%**
Other				
US dollar	206.3	18%	180.1	17%
Chinese yuan	57.8	5%	52.5	5%
Pound sterling	34.2	3%	27.0	3%
Indian rupee	26.6	2%	28.5	3%
Swiss franc	20.7	2%	20.2	2%
Czech koruna	19.8	2%	14.3	1%
Swedish krona	17.0	1%	16.7	2%
Turkish lira	13.3	1%	13.6	1%
Brazilian real	13.1	1%	12.3	1%
Other currencies	97.2	9%	95.6	9%
TOTAL	**1,137.6**	**100%**	**1,038.9**	**100%**

20.3 Rate risk

20.3.1 Exposure to interest rate risks

As part of its interest rate risk management policy aimed at managing the risk of an increase in interest rates, bioMérieux SA hedges part of its debt.

The bond issue, after taking account of interest rate derivatives, breaks down as €150 million at fixed rates and €150 million at floating rates (capped at 1.2%), until mid-2018, and then €300 million at fixed rates from mid-2018 until the maturity of the bond in 2020. The expense in respect of the related premiums is being amortised over the term of the hedges.

The real estate lease financing agreement in the amount of €45 million set up in 2015 to finance Campus de l'Etoile is variable-rate and indexed. At December 31, 2017, there was no 2017 mechanism set up to back this financing.

Exposure to interest rate risk on other borrowings is not material and is not subject to hedging.

20.3.2 Hedging instruments

At December 31, 2017, the interest rate risk hedging portfolio comprised interest rate swaps for €300 million (€150 million at maturity in mid-2018 and €150 million with a deferred start date in mid-2018) and options for €150 million (maturing in mid-2018).

The market value of interest rate swaps was €7.3 million, while the market value of interest rate options was a negative €0.9 million.

20.4 Exchange rate and interest rate risk

20.4.1 Exposure to exchange rate and interest rate risk

In 2013, bioMérieux SA issued bonds in connection with its US dollar-denominated acquisition of US-based BioFire by bioMérieux Inc., which closed in January 2014. In January 2014, bioMérieux SA granted a loan of US$470 million to bioMérieux Inc. These transactions generated a combined exchange rate risk and interest rate risk that needed to be hedged.

20.4.2 Hedging instruments

In order to mitigate the above-described exchange rate and interest rate risk, the Company set up a cross currency swap in January 2014.

Cross currency swaps in the amount of US$470 million have been exchanged. This nominal amount is payable in six-monthly instalments.

At December 2017, 2017, the outstanding nominal amount of cross currency swaps stood at US$201.4 million. The market value of these instruments amounted to a negative €19.3 million.

Note 21 Off-balance sheet commitments

21.1 Financial commitments

21.1.1 Commitments given

In millions of euros	Dec. 31, 2017	Dec. 31, 2016
Endorsements and guarantees	95.0 [(a)]	102.2
Finance lease and rent commitments	42.2	46.1
TOTAL	**137.2**	**148.3**

(a) Of which related parties for €93.7 million.

At December 31, 2017, bioMérieux SA made a commitment to BioFire Diagnostics for US$3.6 million (€3 million) in connection with a loan to finance new buildings.

Lease financing *In millions of euros*	Gross	Royalties		Amortisation and depreciation	
		financial year	cumulative	financial year	cumulative
Land	2.3	0.2	0.2	0.0	0.0
Buildings	42.1	3.7	4.7	2.5	3.1
Other property, plant and equipment	0.0	0.0	0.0	0.0	0.0
TOTAL	**44.4**	**3.9**	**4.9**	**2.5**	**3.1**

Lease financing *In millions of euros*	Outstanding royalties				Residual value
	<1 year	1 to 5 years	beyond 5 years	TOTAL	
Land	0.2	0.8	1.1	2.1	0.0
Buildings	3.7	14.6	21.0	39.3	0.0
Other property, plant and equipment	0.0	0.0	0.0	0.0	0.0
TOTAL	**3.9**	**15.4**	**22.1**	**41.4**	**0.0**

In April 2017, a new swap contract was taken out to cancel the floating rate as from July 18, 2018 with the possibility of a probable increase in interest rates. The fair value of this instrument recorded at December 31, 2017 is not significant.

21.1.2 Commitments received

In millions of euros	Dec. 31, 2017	Dec. 31, 2016
Credit facilities with a banking syndicate	500.0	350.0
TOTAL	**500.0**	**350.0**

21.2 Research & development commitments

At December 31, 2017, commitments given in respect of various research agreements amounted to €8.7 million.

bioMérieux SA participates in a research program coordinated by Institut Mérieux, together with bioMérieux, Transgène, Genosafe and the Genethon association. The aim of this program is to develop a new generation of diagnoses and therapies focusing on cancers, infectious diseases and genetic disorders. This program is known under the acronym “ADNA” (for “Advanced Diagnostics for New therapeutic Approaches”). The program receives financing from the French government’s Industrial Innovation Agency (*Agence de l’innovation industrielle*), which merged with OSEO ANVAR in 2007, and was renamed Bpifrance in July 2013. The public financing agreement was approved by the European authorities on October 22, 2008. In this context, and in light of the supplemental agreements modifying the initial research program, bioMérieux SA had agreed to undertake research & development for an estimated amount of €67.5 million updated to €54.5 million. The liquidating assessment of the program was carried out in 2017. At December 31, 2017, the Company had no more undertakings to carry out research & development work. In return, bioMérieux SA received subsidies (€16.1 million) and repayable grants (€7.5 million). Provided that the two sales thresholds defined in the agreement are reached, if a project is successful, bioMérieux SA will have to pay back the grants according to a payment schedule based on sales generated, and then pay 3.4% of sales until 2029.

bioMérieux SA entered into a ten-year partnership with BIOASTER, a Technological Research Institute in Lyon specialised in infectious diseases. In the period 2012-2015, its contribution to research activities resulted in new partnership agreements being put in place with BIOASTER for almost €4 million. bioMérieux's own employees are also involved in these partnership agreements. A new collaboration cycle was opened for the period between January 1, 2016 and end of July 2020 during which bioMérieux has made a commitment to BIOASTER in the same proportions.

21.3 Commitments relating to equity investments

bioMérieux SA granted a commitment to Amorçage Technologique Investissement (ATI) to submit further competitive bids in an amount of €1.2 million.

21.4 Other commitments

The Company granted a formal raw material purchase price commitment to ABL Inc. up to 2018.

Note 22 Related parties

22.1 Affiliated companies: balance sheet items

In millions of euros	Dec. 31, 2017	Dec. 31, 2016
TOTAL NON-CURRENT FINANCIAL ASSETS	**585.4**	**609.2**
Operating receivables	221.1	205.2
TOTAL RECEIVABLES	**221.1**	**205.2**
Total cash and cash equivalents (a)	**219.7**	**223.5**
Operating payables	83.5	78.2
Non-operating payables	0.0	0.1
Borrowings (b)	136.8	59.1
TOTAL PAYABLES	**220.3**	**137.4**

(a) Advances to subsidiaries under cash pooling agreements.
(b) Advances from subsidiaries under cash pooling agreements.

22.2 Affiliated companies: financial income and expenses

In millions of euros	Dec. 31, 2017 12 months	Dec. 31, 2016 12 months
Net impairment of investments	(5.9)	(16.0)
Financial expenses	(11.6)	(5.6)
Dividends received	26.0	43.3
Financial income	38.8	25.1
TOTAL	**47.3**	**46.8**

Financial income includes exchange gains following the revaluation of the cash pooling (€13.9 million), as well as interest on loans to subsidiaries and cash pooling (€17.7 million) of which €10.1 million of interest on the bioMérieux Inc. loan, €2.6 million for the interest on the BioFire loan and €4.7 million for interest for the cash pool. Financial income also includes reversals of provisions for exchange losses on the cash pool and long-term borrowing of €5.5 million, and a cancellation of the price supplement on Advencis securities of €0.9 million.

Financial expenses include exchange losses on the cash pool (€5.6 million), a €3.7 million merger loss for Advencis, reversals of allowances for exchange losses on long-term borrowing (€1.1 million) *i.e.* €0.7 million for the loan to RAS and €0.4 million for the BioFire loan, as well as interest on the cash pool (€0.9 million).

22.3 Related party transactions

Institut Mérieux, which holds a 58.9% interest in bioMérieux SA at December 31, 2017, provided consulting and other services to bioMérieux SA, is amounting to €3.2 million in 2017. bioMérieux SA rebilled Institut Mérieux €0.6 million for expenses incurred on its behalf.

The Company supplied €2.5 million worth of services and reagents to entities of the Mérieux NutriSciences Corp. Group, in which Institut Mérieux holds a majority interest.

Théra Conseil, which is 99.20%-owned by Institut Mérieux, billed bioMérieux SA €2.2 million for services in respect of 2017.

bioMérieux SA contributed €2 million to the Fondation Christophe and Rodolphe Mérieux for humanitarian projects.

bioMérieux SA billed the Fondation Mérieux €0.2 million for expenses incurred on its behalf.

bioMérieux SA billed Geneuro €0.1 million for patent maintenance fees and royalties in 2017.

bioMérieux SA paid €3.8 million to Mérieux University (in which bioMérieux SA and Institut Mérieux each hold a 40% interest, and Mérieux NutriSciences Corporation holds a 20% interest) in respect of training fees, and rebilled €2 million in other services.

ABL Inc., in which Institut Mérieux indirectly holds the entire share capital, billed bioMérieux SA for raw materials in 2017in an amount of €0.8 million. The other companies of the ABL group billed bioMérieux SA €0.1 million for research expenses and fees. Conversely, bioMérieux SA rebilled them €0.1 million for instruments and reagents.

The LyonBiopôle competitiveness cluster billed bioMerieux SA €0.1 million for services in 2017.

The companies of the Pierre Fabre group were billed €0.6 million for services and reagent sales.

BIOASTER billed bioMérieux SA €1.7 million for research expenses and fees. Conversely, bioMérieux rebilled BIOASTER €0.2 million for services.

bioMérieux SA made a €0.1 million donation to the Université de Lyon Foundation.

The VétAgro Sup school billed bioMérieux SA research fees amounting to €0.1 million.

Lastly, bioMérieux SA rebilled Quanterix €0.3 million for the purchase of raw materials, services and fees.

6.2.3 Analysis of the results and other financial information

6.2.3.1 Sales and financial position

Sales

During the year ended December 31, 2017, the Company's sales amounted to €1,138 million compared to €1,039 million for the previous year, representing a year-on-year increase of 9.5%.

The growth in sales was mainly attributable to the 9.5% rise in sales to subsidiaries in a context of global Group growth, as well as to the 7.6% increase in export sales (mainly to distributors). Domestic sales also rose 2.4%, boosted by the strong momentum of the molecular biology product ranges.

Gross operating income

Gross operating income came in at €172.7 million, *i.e.* 15.2% of sales. It rose by €26.3 million (18%) compared to the previous financial year.

Gross operating income benefited from the growth in business (9.5%). Added value rose along the same lines as business despite an increase in purchases (12.8%), but was offset by weaker growth of external charges (4.5%).

Gross operating income was buoyed by an increase in personnel costs that was lower than the growth in business (5.7%).

Operating income

After depreciation, amortisation and provisions, operating income raised €23.4 million, rising from €46.3 million in 2016 to €69.7 million at December 31, 2017.

This 50.4% increase is primarily due to the increase in gross operating income.

Net financial income

In 2017, net financial income came in at €42.1 million versus €22.9 million the previous year.

The €17.3 million decrease in dividends received from subsidiaries was offset by the €28.4 million increase in net financial foreign exchange gains on financial transactions and the reduction in losses and provisions booked on subsidiary investments for €7.4 million.

Recurring income

Net income before non-recurring items and tax totalled €111.8 million versus €69.2 million one year earlier.

Non-recurring income

The Company reported a net non-recurring loss of €4.9 million at December 31, 2017 versus a loss of €8.6 million at December 31, 2016.

Net accelerated depreciation/amortisation expense amounted to €4.9 million, down from €8 million in 2016.

Income tax and tax credits

Income tax amounted to net income of €2.3 million, compared to €8.5 million at December 31, 2016.

It mainly comprises provisioned research tax credits totalling €17.8 million, representing a decrease of €0.6 million in 2016.

Net income

Net income for the financial year came in at €109.2 million compared with €69.1 million in the previous year, *i.e.* a year-on-year increase of €40.1 million. It represented 9.6% of sales, compared to 6.7% of sales the previous year.

Investments

Investments in intangible assets represented €11 million and primarily concerned developments of IT solutions.

The carrying amount of intangible assets scrapped or sold amounted to €4.9 million, corresponding to IT projects rebilled to subsidiaries.

Capital expenditure, amounting to €49.6 million, mainly concerned the equipment of the Craponne and Marcy l'Etoile industrial sites.

Non-current financial assets (acquisitions – disposals) dropped by €13.8 million in gross value, primarily because of the repayment of the €49.2 million of the loan granted to bioMérieux Inc., partially offset by the capital increase of bioMérieux Brazil (€22.7 million) and the repurchase of shares of the *joint venture* with the Japanese company Sysmex (€11.5 million). Furthermore, a credit facility granted to BioFire Diagnostics in 2015, to finance the building of its new industrial and administrative site in Salt Lake City, was drawn down for an amount of €11.2 million.

6.2.3.2 Income appropriation and non-deductible expenses

Shareholders will be invited to appropriate distributable net income for the year ended December 31, 2017, totalling €207,015,061.73, consisting of €109,199,429.28 in net income and €97,815,632.45 in retained earnings, as follows:

- €60,000,000 is to be transferred to the general reserve, increasing the balance from €675,000,000.28 to €735,000,000.28;
- €56,481.61 is to be transferred to the special sponsorship reserve, increasing the balance from €822,655.72 to €879,137.36;
- €40,242,814.80 is to be distributed as dividends, representing a dividend of €0.34 for each of the 118,361,220 shares comprising the Company's share capital, to be paid on June 7, 2018;
- the remaining €106,715,765.32 is to be transferred to retained earnings.

In accordance with the provisions of Article L.225-210 of the French Commercial Code, the Company will not receive any dividends on treasury shares held on the ex-dividend date. The corresponding dividend amount will be allocated to "retained earnings."

The dividend is eligible for the 40% tax basis deduction. Individuals domiciled in France for tax purposes benefit from a 40% tax deduction in accordance with paragraph 2, Article 158.3 of the French General Tax Code and will be subject, except in specific cases, to the mandatory, non-discharging levy of 12.8% for income tax and social security withholdings.

The dividends paid for each of the past three years are presented in section 7.6.

Non-tax-deductible expenses

The 2017 financial statements include non-tax-deductible expenses as provided for in Articles 223 *quater* and 223 *quinquies* of the French Tax Code amounting to €345,427. These correspond to the non-deductible portion of rental payments and depreciation charges for vehicles leased and purchased by bioMérieux SA. Income tax at the base rate paid in this respect amounted to €115,142.