IMMUCOR INC

FORM 10-K
(Annual Report)

Filed 08/22/16 for the Period Ending 05/31/16

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CIK	0000736822
SIC Code	2835 - In Vitro and In Vivo Diagnostic Substances
Industry	Medical Equipment & Supplies
Sector	Healthcare
Fiscal Year	05/31

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

(Mark One)
X

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended May 31, 2016
OR

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TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from to

Commission file number **0-14820**

IMMUCOR, INC.
(Exact name of registrant as specified in its charter)

Georgia	**22-2408354**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
3130 GATEWAY DRIVE, P.O. BOX 5625 **Norcross, Georgia** (Address of principal executive offices)	**30091-5625** (Zip Code)

Registrant's telephone number, including area code, is **(770) 441-2051**

Securities registered pursuant to Section 12(b) and 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes___ No _X_

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.
Yes __X__ No ____

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ____No __X___

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 229.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes_ X__ No _____

Indicate by a check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [X]

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definition of "large accelerated filer," "accelerated filer" and "small reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer [ ]	Accelerated filer [ ]
Non-accelerated filer [X]	Small reporting company [ ]

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes____ No __ X___

As of November 30, 2012, there was no established public trading market for the Company's common stock; therefore, the aggregate market value of the common stock is not determinable.

As of August 22, 2016, there were 100 shares of common stock outstanding.

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FORWARD – LOOKING STATEMENTS

This annual report on Form 10-K contains forward-looking statements which include information concerning our plans, objectives, goals, strategies, future events, future revenues or performance, capital expenditures, financing needs and other statements that are not related to present facts or current conditions or that are not purely historical. Many of these statements appear, in particular, under the headings "Business" and "Management's Discussion and Analysis of Financial Condition and Results of Operations." When used in this report, the words "estimate," "expect," "anticipate," "project," "plan," "intend," "believe" and variations of such words or similar expressions are intended to identify forward-looking statements. All forward-looking statements, including our examination of operating trends, are based upon our current expectations and various assumptions. We believe there is a reasonable basis for our expectations and beliefs, but there can be no assurance that we will realize our expectations or that our beliefs will prove correct.

There are a number of risks and uncertainties that could cause our actual results to differ materially from the forward-looking statements contained in this report. Important factors that could cause our actual results to differ include but are not limited to:

- *our substantial indebtedness;*
- *lower industry blood demand;*
- *lower than expected demand for our instruments;*
- *the decision of customers to defer capital spending;*
- *the failure of customers to efficiently integrate our products into their operations;*
- *the rate of adoption by customers of new technologies and products;*
- *increased competition;*
- *product development, manufacturing and regulatory obstacles;*
- *the failure to successfully integrate and capitalize on past or future acquisitions;*
- *general economic conditions; and*
- *other risks and uncertainties discussed in this report, particularly in "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations."*

There may be other factors of which we are currently unaware or that we deem immaterial that may cause our actual results to differ materially from the forward-looking statements.

All forward-looking statements attributable to us apply only as of the date they are made and are expressly made subject to the cautionary statements included in this report. Except as may be required by law, we undertake no obligation to publicly update or revise any forward-looking statement to reflect events or circumstances occurring after the date they were made or to reflect the occurrence of unanticipated events.

Item 1. — Business

Founded in 1982, Immucor, Inc., a Georgia corporation ("Immucor" or the "Company"), is a worldwide leader in the transfusion and transplantation in vitro diagnostics markets. Our products perform typing and screening of blood and organs to ensure donor-recipient compatibility. Our offerings are targeted at hospitals, donor centers and reference laboratories around the world.

Our Company

On August 19, 2011, Immucor was acquired (the "Immucor Acquisition") by investment funds from TPG Capital, L.P. (the "Sponsor") and certain co-investors, for a purchase price of approximately $1.9 billion, including the assumption of approximately $1.1 billion of acquisition-related debt. As a result of the Immucor Acquisition, our stock is no longer publicly traded. Currently, the issued and outstanding shares of Immucor are indirectly owned by the Sponsor and certain co-investors.

Acquisitions

LIFECODES

On March 22, 2013, we acquired the LIFECODES business ("LIFECODES"), one of the market leaders in transplantation diagnostics. LIFECODES manufactures and markets diagnostics products used primarily by hospitals and reference laboratories in a number of tests performed to detect and identify certain properties of human tissue to ensure the most compatible match between patient and donor. These tests are performed for pre-transplant human leukocyte antigen ("HLA") typing and screening processes as well as for post-transplant patient monitoring to aid in the identification of graft rejection. LIFECODES also offers other immune-monitoring products, which are used to identify certain properties commonly found in patients with severe illnesses, and with an immune response to certain drug therapies.

Acquiring LIFECODES strengthened our position in the global in vitro diagnostics market by creating a single source for transfusion and transplantation-related testing products, and signaled our initial steps in implementing our strategy to become a global leader in transfusion and transplantation medicine. Our goal is to diversify our business into the new and growing market of transplant diagnostics. Such diversification enhances our ability to grow our business, expand our customer reach and better insulate us against market and economic downturns. LIFECODES had approximately 170 employees at the date of acquisition.

We paid $86.2 million in cash to acquire LIFECODES financed with a combination of debt and equity. In conjunction with the LIFECODES acquisition, the Term Loan Facility was amended and an additional $50.0 million was issued with the same terms and maturity as the then-existing facility. An equity investment of $42.5 million was contributed by our parent company, IVD Intermediate Holdings B Inc. (the "Parent"), to fund the acquisition, including transaction costs and provide additional working capital.

LIFECODES distribution businesses

We have completed the acquisition of three LIFECODES distribution businesses, one in the United Kingdom and one in Italy, both of which were completed on January 31, 2014, and one in India which was completed on August 1, 2014. These acquisitions enable us to streamline the distribution of our LIFECODES products in Europe and in India. We paid $6.8 million in cash to acquire these distribution businesses which was funded from cash flows from operating activities.

Organ-i

On May 30, 2014, we completed the acquisition of Organ-i, Inc. ("Organ-i") a privately-held company focused on developing non-invasive tests to monitor and predict organ health for transplant recipients. This acquisition expands our product offerings for post-transplant testing and directly complements our existing LIFECODES business. The total cash purchase price to acquire this business was $12.0 million which was funded from cash flows from operating activities.

Sentilus

On October 1, 2014, we completed the acquisition of Sentilus, Inc. ("Sentilus"). Sentilus was a privately-held company focused on developing a novel, inkjet-printed antibody microarray-based technology, Femtoarrays ™ . Among other uses, Sentilus has been developing Femtoarrays ™ and the underlying technology for use in a variety of in vitro diagnostics areas, including transfusion diagnostics, and could potentially serve as a next generation technology platform for our transfusion diagnostics business. The total purchase price of the Sentilus business was $6.0 million which was paid in cash.

In February 2016, we contributed the assets acquired in the Sentilus acquisition to a newly formed company, Sentilus Holdco LLC ("Sentilus LLC"). We then distributed our interest in Sentilus LLC via a dividend, indirectly, to IVD Intermediate Holdings A Inc., which is the owner of Immucor's Parent company, IVD Intermediate Holdings B Inc. Sentilus LLC is considered to be a variable interest entity. Accordingly, the financial results of Sentilus LLC are included in the consolidated financial results of the Company.

Sirona

On March 4, 2016, we completed the acquisition of Sirona Genomics, Inc. ("Sirona"). Sirona was a privately-held company focused on developing human leukocyte antigen ("HLA") typing sample preparation and bioinformatics offerings using next generation sequencing. The total purchase price of the Sirona business was $14.4 million which was funded from cash flows from operating activities and our revolving debt facility.

Prior to March 2016, Sirona was a variable interest entity that was not consolidated with our financial results. We entered into a collaborative arrangement with Sirona for the commercialization of its HLA product offerings on October 3, 2014.

Reference lab ("Immucor DX")

On August 3, 2015, we completed the asset purchase of a U.S. reference lab for a total cash purchase price of $0.8 million. Immucor DX is an independent clinical laboratory providing diagnostic testing services. The Immucor DX service leverages Immucor's expertise and allows us to offer our products as a service to our laboratory customers as well as clinicians. The total cash purchase price to acquire this business was $0.8 million which was funded from cash flows from operating activities.

Financial Information about Segments

We determine our operating segments in accordance with our internal operating structure, which is organized based upon product groups. Each segment is separately managed and is evaluated primarily upon operating results. The Company has two operating segments, the Transfusion segment and the Transplant & Molecular segment, which have been aggregated into one reportable segment. We aggregate our operating segments because they have a similar class of consumer, economic characteristics, nature of products, and nature of production and distribution methods.

Competitive Strengths

Automation – Since 1998, our strategy in transfusion diagnostics (or "immunohematology") has been to drive automation in the blood bank with the goal of improving operations as well as patient safety. Due to the critical importance of matching patient and donor blood, manual testing is performed by highly educated and skilled technologists. In the U.S. market, we estimate that approximately 55% of customers perform testing on a manual basis without the use of an automated instrument. These customers are primarily in the small- to medium-hospital segment of the market. A significant number of customers in the high volume segment of the U.S. market (large hospitals, donor centers and reference laboratories) are automated. Outside the U.S., a significant portion of customers are automated in the developed international markets while there continues to be need for automation in the developing markets.

We believe our customers, whether a hospital, a donor center or a reference laboratory, are able to realize significant economic benefits while improving patient safety from adopting our automation. When moving from manual testing to automation, our instrumentation can allow customers to reduce headcount and/or overtime in the blood bank, which can be especially beneficial in the U.S. given the current shortage of qualified blood bank technologists. Given the reduction in both human and economic capital, we estimate that our instruments have an average payback period of one year or less, depending on the size of the lab. We also believe the features and functionality of our instrumentation provide compelling benefits to customers worldwide to move from competitor automation to Immucor.

Leadership position in niche markets – We estimate the global market for our transfusion and transplantation products is approximately $1.8 billion and we believe we have leadership positions in our focused markets. We believe our transfusion products, ranging from our automated instruments to our proprietary Capture® technology, are widely used and recognized by the immunohematology industry worldwide. In transplantation, our LIFECODES® products leverage the significant installed base of Luminex Corporation ("Luminex") instruments to enable adoption of our products in HLA labs around the world. We look to maintain our leadership position in these markets by continuing to innovate and introduce high value products for our customers.

Product i nnovations –We continually seek to improve existing products and develop new products to increase our market share and to improve the operations of our customers. In support of our immunohematology customers, we continue to develop innovative products. For example, we expect to launch our new low volume instrument, the Echo Lumena™, in the coming year, making us the only company to have launched five generations of automated serology instruments. Additionally, we are leading the way with offering molecular methods to support transfusion medicine, including our PreciseType® HEA test, which is the first and only molecular immunohematology product approved by the U.S. Food and Drug Administration ("FDA").In support of our transplant customers, we continue to launch new assays that support both pre- and post-transplant testing, including our new high resolution typing product, MIA FORA™ NGS, and our new post-transplant monitoring test for kidney recipients, kSORT™.

Donor-patient compatibility – Our product offering, whether in transfusion or transplant medicine, is focused on achieving compatibility between donors and patients, which is explained in more detail in "Products" below.

Products

Our products are used to determine compatibility between a patient and a donor for the purposes of a blood transfusion or an organ or stem cells (bone marrow) transplant. Compatibility is determined by performing a "type and screen" for both the patient and the donor.

Typing for both transfusions and transplants involves identifying antigens. For transfusion, antigens in the Human Erythrocyte Antigen ("HEA") system, which are on the surface of red blood cells are identified. For transplant, antigens in the HLA system, which are on the surface white blood cells are identified. Screening for both a transfusion and a transplant determines whether there are any antibodies present that could cause a negative immune response.

We sell reagents as well as instruments to allow laboratories – whether in a hospital, a donor center or a reference lab – to perform compatibility testing. Our automated instrument-reagent systems operate on a "razor/razor blade" model, with our instruments serving as the "razors" and our reagents serving as the "razor blades." For transfusion diagnostics, our instruments are "closed systems," meaning our proprietary reagents can only be used on our instruments. For transplant diagnostics, our HLA reagents run on Luminex instruments, which are open systems. The "razor/ razor blade" business model generates a recurring revenue stream for us.

Transfusion Diagnostics

REAGENTS

We offer both traditional and proprietary serology reagents. Our serology instruments use both our traditional reagents, as well as our proprietary solid phase technology, marketed under the name Capture, to perform tests.

Traditional reagents are used in a manual setting with testing performed via traditional agglutination blood testing techniques in a test tube. Certain traditional reagents are also used on our automated instruments.

Capture reagents are used with our instruments to perform antibody screening and identification. Delivered in a microtitration plate, the technology delivers clearly defined, machine-readable test results that are often easier to interpret than the subjective results sometimes obtained from existing agglutination technology (manual method). Also, in batch test mode the solid phase test results can generally be obtained in substantially less time than by traditional agglutination techniques.

INSTRUMENTS

NEO – Targeted at donor centers, large volume hospitals and reference laboratories, NEO® provides a fully-automated solution to perform all routine blood bank tests, including blood grouping, antibody screening, cross match, direct antiglobulin test ("DAT") and antibody identification. NEO is our fourth generation automated instrument. NEO's added functionality includes STAT functionality, a faster turnaround time and improved reliability. NEO can process up to 224 different samples at once, and can perform approximately 60 type-and-screen tests an hour. We believe that NEO has the highest type and screen throughput available in the global market.

ECHO – The Echo® is targeted at small- to medium-sized hospitals as well as at integrated delivery networks (both hospital and lab systems) in combination with NEO. Echo has a broad test menu and the capacity to load 20 samples at a time, performing approximately 14 type-and-screen tests an hour. Echo features STAT functionality, exceptional mean time between failures and what we believe is the fastest turnaround time in the industry.

CAPTURE WORKSTATION (Semi-Automated Processor) – The Capture Workstation has semi-automated components for performing our proprietary Capture assays manually. It is marketed as a back-up system for our fully automated NEO and Echo instruments, or as a standalone test system for small laboratories looking to standardize testing.

Transplant and Molecular Diagnostics

Our molecular products perform typing for both transfusion and transplantation, including the HEA and HLA systems.

TRANSFUSION - Our molecular typing assays use our multiplex, polymerase chain reaction ("PCR") technology. Our current offering includes HEA and Human Platelet Antigen ("HPA") assays as well as our current semi-automated molecular immunohematology instrument, the Array Imaging System and BASIS database.

In May 2014, the FDA approved our PreciseType HEA test, which is the first FDA-approved molecular immunohematology product on the market. PreciseType HEA provides clinicians with detailed genetic matching information that can reduce the risk of alloimmunization (antibody production) and serious hemolytic reactions associated with transfusions, which can be especially problematic for patients receiving frequent blood transfusions. With its FDA in vitro diagnostic, or IVD, approval, PreciseType is the only molecular immunohematology product that can be the "test of record" in the U.S. for both patient and donor typing of red blood cells. The test has been CE-marked in Europe for IVD use since 2010.

We have been working on expanding reimbursement in the U.S. for our PreciseType HEA test. The first Medicare Administrative Contractor ("MAC") approved reimbursement of the test in July of 2015 for four designated types of use. Since then, we have positive payment coverages for approximately 77% of potential Medicare-covered lives. Additionally, we have coverage in a number of states for Medicaid and are expanding coverage among private payers. In order to receive reimbursement for the service, healthcare providers are required to demonstrate that it is a medically necessary test for that particular patient.

TRANSPLANT – Marketed under the LIFECODES brand, our reagents for both our molecular typing products and our antibody screening products are delivered on Luminex's xMAP multiplex technology. We also resell Luminex instruments. Additionally, we sell other HLA-related testing products, such as serological typing trays.

In December 2015, we launched our new MIA FORA NGS product, which supports high resolution typing for transplants using next generation sequencing ("NGS") and is compatible with the Illumina platform. MIA FORA NGS is a sample preparation and bioinformatics offering that fills a gap in our product portfolio. With MIA FORA NGS, we can now access the entire HLA market to sell not only MIA FORA but also our full LIFECODES offering. We expect to deliver a portfolio of HLA NGS typing products under the MIA FORA name.

In May 2016, we launched kSORT, our new kidney Solid Organ Response Test. kSORT is a molecular gene expression assay that measures a kidney recipient's immune response to predict organ rejection and graft injury. kSORT calculates a patient's immune risk with a simple blood draw – akin to a liquid biopsy. kSORT is available exclusively through Immucor DX, our CLIA certified and CAP accredited independent clinical laboratory as a Laboratory Developed Test ("LDT"). We are actively working on reimbursement for this novel diagnostic tool.

We also offer platelet-focused products for both transfusion medicine and specialty coagulation.

Marketing, Distribution and Seasonality

Our target customers are donor centers, hospitals and reference laboratories. Our products are distributed globally through both direct affiliate offices and third-party distribution arrangements. No single customer represents 10% or more of our annual consolidated revenue. We do not believe that our business is impacted by seasonality.

Backlog

For the majority of our products, the nature and shelf-life prohibits us from maintaining a material backlog. For the orders in backlog, it is expected that the majority will be shipped or completed within the following 12 months. At May 31, 2016, our backlog was not material.

Suppliers

We obtain raw materials from numerous suppliers and believe our business relationships with them are good. Some of our products are derived from blood having particular or rare combinations of antibodies or antigens, which are found in a limited number of individuals. To date, we have been able to obtain sufficient quantities of such blood for use in manufacturing our products, but there can be no assurance that a sufficient supply of such blood will always be available to us.

We source our Transfusion Diagnostic instruments from single-source suppliers. Although we currently do not have a written contract with our Echo instrument supplier, we generally operate under the terms of past contractual arrangements. We believe that our business relationships with these instrument suppliers are good. While these relationships are significant, we believe that other manufacturers could supply these instruments to us after a reasonable transition period. In the event one or more of these suppliers experience financial problems that prevent it from continuing to produce our instruments, we believe it would take in the range of 18 months to 24 months to begin production with a new supplier. While a change in suppliers would disrupt our business during the transition period, we do not believe it would have a material financial impact on our business as a whole.

We source our instruments as well as certain raw materials for the majority of our transplant products from Luminex. Our long-term contractual relationship with Luminex is significant and our business relationship is good.

Regulation

The manufacture and sale of transfusion in vitro diagnostics products is a highly regulated business and is subject to continuing compliance with country-specific statutes, regulations and standards that generally include licensing, product testing, facilities compliance, product labeling, post-market vigilance and consumer disclosure. In the U.S., the FDA regulates the transfusion of human blood as a drug and as a biological product. The FDA regulates all phases of the transfusion process, including donor selection and the collection, classification, storage, handling and transfusion of blood and blood components.

In the U.S., an FDA biologics license is issued for an indefinite period of time, subject to the FDA's right to revoke the license. As part of its overview responsibility, the FDA makes facility inspections on an unannounced basis. In addition, each product manufactured by us is subject to formal product submissions and review processes by the FDA and other regulatory bodies, such as Health Canada, a European Union recognized Notified Body and the Japanese Ministry of Health prior to authorization to market. Significant changes to our products or facilities can require additional submission and review prior to implementation. For example, we hold several FDA biologic licenses to manufacture blood grouping reagents, anti-human globulin reagents and reagent red blood cells. We must submit biologic license applications, pre-market approval applications or 510(k) pre-market notifications to the FDA to obtain product licenses, market approval or market clearance for new products or instruments. To accomplish this, we must submit detailed product information to the FDA, perform a clinical trial of the product, and demonstrate to the satisfaction of the FDA that the product meets certain efficacy and safety standards. There can be no assurance that any future product licenses, product clearances or instrument clearances will be obtained by us.

Our North American manufacturing facilities and European offices are certified to ISO 13485:2003. In addition, to allow continued marketing of our products in the European Union, we are required to maintain certification under the EC Full Quality Assurance System Assessment in accordance with the requirements of Annex IV of the IVD Medical Devices Directive 98/79/EC. This certification authorizes the use of the CE Mark on our products that allows products free access to all countries within the European Union.

There are multiple countries worldwide that also impose regulatory barriers to market entry. We maintain product registrations and approvals necessary to maintain access to certain foreign markets.

Environmental

Some of our processes generate hazardous waste and we have a U.S. Environmental Protection Agency identification number. We believe we are in compliance with applicable portions of the federal and state hazardous waste regulations.

Research, Development and Intellectual Property

We rely on a combination of patent and trade secret laws, know-how and licensing opportunities to establish and protect our proprietary technologies and products. We enforce our intellectual property rights consistent with our strategic business objectives. We do not believe that we own any single patent or hold any single license (or series of patents or licenses) that is material to the operation of our business, but we consider them in the aggregate to be of material importance to our business.

We continually seek to improve our existing products and to develop new ones in order to increase our market share and enter new markets. For fiscal years 2016, 2015, and 2014, we spent approximately $30.3 million, $28.8 million, and $29.1 million, respectively, for research and development.

We use trademarks on most of the products we sell. These trademarks are protected by registration in the U.S. and other countries where such products are marketed using the trademarks. We consider these trademarks in the aggregate to be of material importance in the operation of our business.

Competition

Competition in the transfusion and transplantation in vitro diagnostics markets is based on quality of products, pricing, the results of research and development efforts, talent of the sales forces, ability to furnish a range of products, reliable technology, skilled and trained technicians, customer service and continuity of product supply. We believe we are well positioned to compete favorably in our markets because of the completeness, reliability and quality of our product lines, our competitive pricing structure and our introduction of innovative products that enhances our competitive position. We also believe that new product introductions and the experience and expertise of our sales technical support personnel will enable us to remain competitive in the market.

Our principal competitors worldwide in transfusion diagnostics are Ortho-Clinical Diagnostics and Bio-Rad Laboratories, Inc. In transplantation diagnostics, our primary competitor is Thermo Fisher Scientific.

Employees

At May 31, 2016, we had approximately 1,125 full-time employees worldwide. We consider our employee relations to be good. In addition to our full-time work force, we employ temporary and contract employees. None of our employees are represented by a labor union.

Available Information

We file periodic reports under the Securities Exchange Act of 1934 with the SEC. Electronic versions of our annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and any amendments to these reports filed or furnished with the SEC may be accessed free of charge through our website at www.immucor.com . The information may also be accessed at the SEC's web site at www.sec.gov . The reference to our website address does not constitute incorporation by reference of the information contained on the website, and the information contain on the website is not part of this document.

Item 1A. — Risk Factors

We are subject to various risks and uncertainties relating to or arising out of the nature of our business and general business, economic, financing, legal and other factors or conditions that may affect us. We provide the following cautionary discussion of risks and uncertainties relevant to our business, which we believe are factors that, individually or in the aggregate, could have a material and adverse impact on our business, results of operations and financial condition, or could cause our actual results to differ materially from expected or historical results. You should understand that it is not possible to predict or identify all such factors. Consequently, our operations could also be affected by additional factors that are not presently known to us or that we currently consider to be immaterial to our operations.

Risks Relating to Our Company

Lower blood demand could negatively impact our financial results.

Our transfusion diagnostics products are used to test blood prior to transfusion. Lower demand for blood in the markets in which we operate could result in lower testing volumes. For example, we believe the U.S. market has been experiencing lower demand for blood in our last six fiscal years. Lower blood demand could result from a variety of factors, such as fewer elective surgeries and more efficient blood utilization by hospitals. Blood is a large expense for hospital laboratories and pressure on hospital budgets due to macroeconomic factors and healthcare reform could force changes in the ways in which blood is used. Lower blood demand could negatively impact our revenue, profitability and cash flows.

A catastrophic event at any of our manufacturing facilities would prevent us from producing many of our reagent products.

Substantially all of our diagnostic products are produced at single-sites. While we have reliable supplies of most raw materials, our reagent production is highly dependent on the uninterrupted and efficient operation of each facility, and we currently have no plans to develop a third-party reagent manufacturing capability as an alternative source of supply. Therefore, if a catastrophic event occurred at any of our facilities, such as a fire or tornado, many of those products could not be produced until the manufacturing portion of the facility was restored and cleared by the FDA. We maintain a disaster recovery plan to minimize the effects of such a catastrophe, and we have obtained insurance to protect against certain business interruption losses. However, there can be no assurance that such coverage will be adequate or that such coverage will continue to remain available on acceptable terms, if at all.

We may not be successful in capitalizing on our acquisitions.

Acquisitions could cause diversion of management's time as well as a shift of focus from operating the businesses to issues related to integration and administration or inadequate management resources available for oversight as well as integration activities. We may face difficulties and inefficiencies in managing and operating businesses in multiple locations or operating businesses in which we have either limited or no direct experience today.

The long-term success of our acquisitions and any additional acquisitions we may complete in the future will depend upon our ability to successfully grow the acquired businesses as well as realize the anticipated benefits from combining the acquired businesses with our business. We may fail to grow these businesses or realize the expected synergies or anticipated growth targets from acquisitions. In addition, it may take longer than expected to achieve those synergies and growth targets. Acquisitions may cause other unexpected costs or liabilities and our failure to realize the anticipated benefits from acquisitions could harm our business and prospects.

Our business may be harmed by the contingent earn-out obligations in connection with acquisitions .

In connection with some of our acquisitions, we incur obligations to make contingent earn-out payments if certain financial and product development targets of certain acquired businesses are met over specified periods. Contractual provisions relating to the contingent earn-out obligation include covenants to operate the acquired businesses in a manner that may not otherwise be most advantageous to us. These provisions may also result in the risk of litigation relating to the calculation of the earn-out obligation amount due as well as the operation of the acquired businesses. Such litigation could be expensive and divert management attention and resources. We can give no assurance that our contingent obligations, including the associated covenants relating to the operation of the acquired businesses, will not otherwise adversely affect our business, liquidity, capital resources or results of operations.

Unforeseen product performance problems could prevent us from selling or result in a recall of the affected products.

In the event that we experience a product performance problem with either our instruments or our reagents, we may be required to, or may voluntarily, recall or suspend selling the products until the problem is resolved. We have from time to time initiated voluntary recalls of our products. Depending on the product, as well as the availability of acceptable substitutes, such a product recall or suspension could significantly impact our operating results.

Product performance could increase operating costs and result in the loss of current or future customers.

Product performance and reliability is a key factor in satisfying current customers and attracting new customers. Poor performance or unreliability of our products would not only increase maintenance costs, in the case of our instruments, but also could result in losing important current customers and an inability to gain new customers which could adversely affect our financial results.

Because we sell our U.S. manufactured products internationally, we could be adversely affected by fluctuations in foreign currency exchange rates.

In the fiscal year ended May 31, 2016, revenue outside the U.S. was approximately 37% of total revenue. As a result, fluctuations in foreign currency exchange rates against the U.S. Dollar could make our products less competitive and affect our revenue and earnings levels for our international affiliates. An increase in our revenue outside the U.S. would increase this exposure. We have not historically hedged against currency exchange rate fluctuations.

Gross margin volatility may negatively impact our profitability.

Our gross margin may be volatile from period to period due to various factors, including instrument sales, product mix, geographic mix, and manufacturing costs. As we continue to drive automation in the blood bank marketplace, we may experience increased instrument sales. The probable sales mix (in terms of instrument/reagent sales) could make it difficult for us to sustain the overall gross margins we have generated in the past. The higher margins on the reagents used on our instruments may not be enough to offset the lower margins on the instruments themselves. For our products, margins vary depending upon the type of product. Additionally, market pricing for our products varies by geographic region. Depending upon the product and geographic sales mix, margins could vary significantly from period to period. Our reagent products are manufactured in-house. Margins for these products could be impacted based upon costs of raw materials and labor as well as overhead and the efficiency of our manufacturing operations from period to period. Margins may also be negatively impacted by increased competition. New market entrants or existing market participants seeking to gain market share may foster a competitive environment of pricing pressures and/or increased marketing and other expenditures that could negatively impact profitability.

If customers delay integrating our instruments into their operations, the growth of our business could be negatively impacted.

From time to time in the past, some of our customers have experienced significant delays between the purchase of an instrument and the time at which it has been successfully integrated into the customer's existing operations and is generating reagent revenue at its expected annualized run rate. These delays may be due to a number of factors, including staffing and training issues and difficulties interfacing our instruments with the customer's computer systems. Because our business operates on a "razor/razor blade" model, such integration delays result in delayed purchases of the reagents used with the instrument. Delays of customers successfully integrating instruments into their operations could adversely impact our future revenues, earnings and cash flow.

We may not be successful in capitalizing on acquisitions of former distributors or newly established distribution networks outside the U.S.

An integral part of our strategy is to sell our products in additional markets outside North America. To further this strategy, in the past we have either acquired third party distribution businesses or have established our own direct distribution organizations. Our ability to grow successfully in overseas markets depends in part on our ability to achieve product acceptance and customer loyalty in these markets. Additionally, our operations in foreign countries present certain challenges and are subject to certain risks not necessarily present in our domestic operations, such as fluctuations in foreign currency exchange rates, shipping delays, changes in applicable laws and regulations and various restrictions on trade. These factors could impact our ability to compete successfully in these markets, which could in turn negatively affect our international expansion goals, and could have a material adverse effect on our operating results.

Our financial performance is dependent on the timely and successful introduction of new products and services.

Our financial performance depends in part upon our ability to successfully develop and market next generation automated instruments and other products in a rapidly changing technological and economic environment. Our market share and operating results would be adversely affected if we fail to successfully identify new product opportunities and timely develop and introduce new products that achieve market acceptance, or if new products or technology are introduced in the market by competitors that could render our products uncompetitive or obsolete. In addition, delays in the introduction of new products due to regulatory, developmental, or other obstacles could negatively impact our revenue, earnings and market share.

Industry adoption of alternative technology could negatively impact our ability to compete successfully.

Our products are used to test antibodies and DNA to determine a match prior to a transfusion or a transplant as well as for post-transplant monitoring to aid in the determination of graft rejection. Various advances in the treatment and monitoring of patients could cause lower demand for testing with our products. Additionally, customers could adopt alternative technologies for testing, instead of our technology, which could result in lower demand for our products.

We may need to develop new technologies for our products to remain competitive. We may have problems in the process of developing and delivering new products to the market, which could cause our financial performance to be negatively impacted.

Global economic conditions may have a material adverse impact on our results.

We are a global company with customers around the world. General economic conditions impact our customers, particularly hospitals. For our instruments, reduced capital budgets that result from negative economic conditions, such as a global recession, could result in lower instrument sales, which would negatively impact our future revenue, profitability and cash flow. Additionally, global economic conditions may adversely affect the ability of our customers to access funds to enable them to fund their operating and capital budgets. Budget constraints could slow our progress in driving automation in both our customer base and the blood banking industry as a whole, as well as the adoption of new products, which could negatively impact our future revenues, profitability and cash flow.

We are highly dependent on our senior management team and other key employees, and the loss of one or more of these employees could adversely affect our operations.

Our success is dependent upon the efforts of our senior management and staff, including sales, technical and management personnel, many of whom have very specialized industry and technical expertise that is not easily replaced. If key individuals leave us, we could be adversely affected if suitable replacement personnel are not quickly recruited. Our future success depends on our ability to continue to attract, retain and motivate qualified personnel. For example, there is intense competition for medical technologists, and in some markets there is a shortage of qualified personnel in our industry. If we are unable to continue to attract or retain highly qualified personnel, the development, growth and future success of our business could be adversely affected.

Supply chain interruptions could negatively impact our operations and financial performance.

Supply chain interruptions could negatively impact our operations and financial performance. The supply of any of our manufacturing materials may be interrupted because of poor vendor performance or other events outside our control, which may require us, among other things, to identify alternate vendors and could result in lost sales and increased expenses. While such interruption could impact any of our third-party sourced materials, three particular areas of note are our transfusion diagnostic instrument suppliers, our supply sources for rare antibodies or antigen combinations and our supply of raw materials from Luminex, which are described below.

We purchase our transfusion diagnostic instruments from single-source suppliers. If the supply of any of our instruments were interrupted, due to the supplier's financial problems or otherwise, we believe an alternative supplier could be found but that it would take in the range of 18 months to 24 months to transfer the technology and begin production with a new instrument supplier. The disruption of one of these supply relationships could cause us to incur costs associated with the development of an alternative source. Also, we may be required to obtain FDA clearance of the instrument if it is not built to the same specifications as with the previous supplier. The process of changing an instrument supplier could have an adverse impact on future growth opportunities during the transition period if supplies of instruments on hand were insufficient to satisfy demand.

Some of our reagent products are derived from blood having particular or rare combinations of antibodies or antigens, which are found in a limited number of individuals. If we had difficulty in obtaining sufficient quantities of such blood and the supply was interrupted, we would need to establish a viable alternative, which may take both time and expense to either identify and/or develop and could have an adverse impact on our operations and financial position.

Luminex is our technology partner for our HLA products and we secure certain raw materials from Luminex to manufacture our HLA reagents. A disruption in supply of these raw materials could cause us to not be able to supply products to our customers. Additionally, a long-term disruption of supply from Luminex could result in us having to develop an alternate technology platform on which to deliver our HLA products, which could be both costly and result in a loss of revenue until a new product was brought to market.

Interruptions in our production capabilities could increase our production costs or reduce sales.

Our manufacturing processes are dependent upon critical pieces of equipment for which there may be only limited or no production alternatives and this equipment may, on occasion, be out of service as a result of unanticipated failures. We may experience periods of reduced production as a result of these types of equipment failures, which could cause us to lose or prevent us from taking advantage of various business opportunities or prevent us from responding to competitive pressures.

Closure of our facility in Stamford, CT could negatively impact our production capabilities of its products at another location.

We may face unexpected risks related to the closure of our facility in Stamford, Connecticut. We may not be able to transfer the manufacture of certain products to other facilities without interruptions in supply or difficulties in maintaining the quality of our products. We may have difficulty hiring or retaining the appropriate personnel for the manufacture of Stamford products at another location. We are following a plan for the facility closure to mitigate these risks, but we will not be able to eliminate all the risks related to moving the manufacturing location of some of our products.

Distribution chain interruptions could negatively impact our operations and financial performance.

Distribution chain interruptions could negatively impact our operations and financial performance. Our international affiliates get almost all of their reagent products from our U.S. manufacturing facilities. If circumstances arose that disrupted our distribution of U.S.-sourced products internationally, we would need to establish an alternate distribution channel, which may take both time and expense to establish and could have an adverse impact on our operations and financial position.

Our molecular diagnostics products may not gain wide commercial acceptance .

BioArray's molecular diagnostics products continue to gain commercial traction. In May 2014, the FDA approved our PreciseTypeTM HEA test, and in July 2015, Medicare approved coverage for our product for pretransfusion molecular testing for four designated types of use in the Medicare Administrative Contractor jurisdiction which includes North Carolina, South Carolina, West Virginia and most counties within Virginia. Since then, we have positive payment coverages for approximately 77% of potential Medicare-covered lives. Additionally, we have coverage in a number of states for Medicaid and are expanding coverage among private payers. However, even with regulatory approval, these products are new to the marketplace and we will have to develop the nascent market for these products over time. Our molecular transfusion diagnostic business is also subject to risks associated with reimbursement, cannibalization of a portion of our existing serology business and the same macroeconomic factors, such as lower blood demand, that our serology business faces.

We may be unable to adequately protect our proprietary technology.

We have a substantial patent portfolio of issued patents or pending patent applications supporting our molecular immunohematology offering. We also have patents supporting our transfusion and coagulation products. Our competitiveness depends in part on our ability to maintain the proprietary nature of our owned and licensed intellectual property. Because the law is constantly changing, and unforeseen facts may arise, there is always a risk that patents may be found to be invalid or unenforceable. Therefore, there is no absolute certainty as to the exact scope of protection associated with any intellectual property. We believe our patents, together with our trade secrets and know-how, will prevent any current or future competitors from successfully copying and distributing our products. However, there can be no assurance that competitors will not develop around the patented aspects of any of our current or proposed products or independently develop technology or know-how that is equivalent to or competitive with our technology and know-how. Any damage to our intellectual property portfolio could result in an adverse effect on our current or proposed products, our revenues and our operations.

Protecting our intellectual property rights is costly and time consuming. We may need to initiate lawsuits to protect or enforce our patents, or litigate against third-party claims, which would be expensive and, if we lose, may cause us to lose some of our intellectual property rights and reduce our ability to compete in the marketplace. Furthermore, these lawsuits may divert the attention of our management and technical personnel.

We may be subject to intellectual property rights infringement claims in the future, which are costly to defend, could require us to pay substantial damages and could limit our ability to use certain technologies in the future.

Our commercial success depends, in part, not only on protecting our own intellectual property but on not infringing the patents or proprietary rights of third parties. Were third parties to claim that we infringe on their intellectual property rights, responding to such claims, regardless of their merit, could be time consuming, result in costly litigation, divert management's attention and resources and cause us to incur significant expenses. Our practices, products and technologies, particularly with respect to the field of molecular immunohematology, may not be able to withstand third-party claims, regardless of the merits of such claims.

As a result of such potential intellectual property infringement claims, we could be required or otherwise decide it is appropriate to discontinue manufacturing, using, or selling particular products subject to infringement claims or develop other technology not subject to infringement claims, which could be time-consuming and costly or may not be possible. In addition, to the extent potential claims against us are successful, we may have to pay substantial monetary damages or discontinue certain of our practices, products or technologies that are found to be in violation of another party's rights. We also may have to seek third-party licenses to continue certain of our existing or planned product lines, thereby incurring substantial costs related to royalty payments for such licenses, which could negatively affect our gross margins. Also, license agreements can be terminated under appropriate circumstances. No assurance can be given that efforts to remediate any infringement would be successful or that licenses could be obtained on acceptable terms or that litigation will not occur.

In the event there is a temporary or permanent injunction entered prohibiting us from marketing or selling certain of our products, or a successful claim of infringement against us requiring us to pay royalties to a third party and we fail to license such technology on acceptable terms and conditions or to develop or license a substitute technology, our business, results of operations or financial condition could be materially adversely affected.

The upgrade of our business information system could pose a risk to our ability to effectively operate and manage our business.

In an effort to streamline our processes and gain efficiencies, the Company made the decision to reduce the number of business information systems we operate. We are currently in the process of migrating our existing businesses to a single business information system. The business information system is also being upgraded to the next generation application. The introduction of a new business information system or upgrading existing systems poses multiple risks. Our information systems require an ongoing commitment of significant resources to maintain, protect, and enhance existing systems and to keep pace with continuing changes in information processing technology, evolving industry, and regulatory standards. If the information we rely upon to run our businesses was found to be inaccurate or unreliable or if we fail to maintain our information systems and data integrity effectively, we could have operational disruptions which could result in inaccurate or untimely reporting of financial and operational results, an inability to effectively manage the ongoing operations of the business, adversely affect our ability to adequately service the needs of our existing customer's or attract new customers, or suffer other damaging consequences. We depend on independent third parties for significant portions of our systems-related support. This dependence makes our operations vulnerable to such third parties' failure to perform adequately under the contract, due to internal or external factors.

Increased IT security threats and more sophisticated and targeted computer crime could pose a risk to our systems, networks, products, solutions and services.

Increased global IT security threats and more sophisticated and targeted computer crime pose a risk to the security of our systems and networks and the confidentiality, availability and integrity of our data. Depending on their nature and scope, such threats could potentially lead to the compromising of confidential information, improper use of our systems and networks, manipulation and destruction of data and operational disruptions, which in turn could adversely affect our reputation, competitiveness and results of operations.

Risks relating to our industry

Government regulation may delay or prevent new product introduction and affect our ability to continue manufacturing and marketing existing products.

Our instruments, reagents and other products are subject to regulation by governmental and private agencies in the U.S. and abroad, which regulate the testing, manufacturing, packaging, labeling, distribution, and marketing of medical supplies and devices. Certain international regulatory bodies also impose import and tax restrictions, tariff regulations, and duties on imported products. Delays in agency review can significantly delay new product introduction and may result in a product becoming "outdated" or losing its market opportunity before it can be introduced. Also, the FDA and international agencies have the authority to require a recall or modification of products in the event of a defect.

FDA clearance or approval may be required before we can market new instruments or reagents in the U.S. or make significant changes to existing products. The process of obtaining marketing clearances and approvals from regulatory agencies for new products can be time consuming and expensive. There is no assurance that clearances or approvals will be granted or that agency review will not involve delays that would adversely affect our ability to commercialize our products.

Other governmental regulations may require the redesign and clearance of our products before they can be available in the marketplace. For example, our instruments are subject to "The Restriction on the Use of Certain Hazardous Substances and Electronic Equipment" (RoHS), which implements European Union Directive 2002/95, and restricts the level of certain hazardous substances, including lead and mercury, in the sale of new electrical and electronic equipment in the EU.

If any of our products failed to perform in the manner represented during this clearance or approval process, particularly concerning safety issues, one or more of these agencies could require us to cease manufacturing and selling that product, or even recall previously-placed products, and to resubmit the product for clearance or approval before we could sell it again. Depending on the product, and the availability of acceptable substitutes, such an agency action could result in significantly reduced revenues and earnings for an indefinite period.

Federal, state and foreign regulations regarding the manufacture and sale of our products are subject to change. We cannot predict what impact, if any, such changes might have on our business. In addition, there can be no assurance that regulation of our products will not become more restrictive in the future and that any such development would not have a material adverse effect on our business.

We are subject to a number of existing laws and regulations, non-compliance with which could adversely affect our business, financial condition and results of operations, and we are susceptible to a changing regulatory environment .

The sales, marketing and pricing of products and relationships that medical device companies have with healthcare providers are under increased scrutiny by federal, state and foreign government agencies. Compliance with the Anti-Kickback Statute, False Claims Act, Physician Payments Sunshine Act and other healthcare related laws, as well as competition, data and patient privacy and export and import laws is under increased focus by the agencies charged with overseeing such activities. Our new Immucor DX business introduces new compliance obligations for our business that may not be familiar to our employees. The Immucor DX lab causes us to have greater exposure to risks related to federal reimbursement compliance, the Anti-Kickback Statute, the Health Insurance Portability and Accountability Act of 1996 ("HIPAA"), Stark law and other federal state and local regulations.

U.S. and foreign governments have also increased their focus on the enforcement of the US Foreign Corrupt Practices Act (FCPA), and similar anti-bribery laws. We are expanding internationally into countries that have higher risk profiles for anti-bribery compliance. We have compliance programs in place, including policies, training and various forms of monitoring, designed to address these risks. However, these programs and policies may not always protect us from conduct by individual employees that violate these laws. Violations, or allegations of violations, of these laws may result in large civil and criminal penalties, debarment from participating in government programs, diversion of management time, attention and resources and may otherwise have an adverse effect on our business, financial condition and results of operations.

The industry and market segments in which we operate are highly competitive, and we may not be able to compete effectively with larger companies with greater financial resources than we have.

Our industry and the markets we operate in are highly competitive. Some of our competitors have greater financial resources than we do, making them better equipped to fund research and development, manufacturing and marketing efforts, or license technologies and intellectual property from third parties. We also face risks related to customers finding alternative methods of testing, which could result in lower demand for our products. Our competitors can be expected to continue to improve the design and performance of their products and to introduce new products with competitive price and performance characteristics. Although we believe that we have certain technological and other advantages over our competitors, maintaining these advantages will require us to continue to invest in research and development, sales and marketing and customer service and support. Sufficient resources to continue to make such investments may not be available, or at such levels that would allow us to be successful in maintaining such advantages.

Increased competition in the U.S. could negatively impact our revenues and profitability.

We could face increased competition in the U.S. market, which historically has had a limited number of market participants. For fiscal year 2016, approximately 63% of our revenues were generated in the U.S., and our U.S. operations have higher gross margins than our operations outside the U.S. Additional competition in the U.S. could negatively impact our revenues and/or our profitability.

Changes in government policy may have a material adverse effect on our business.

Changes in government policy could have a significant impact on our business by increasing the cost of doing business, affecting our ability to sell our products and negatively impacting our profitability. Such changes could include modifications to existing legislation, such as U.S. tax policy, or entirely new legislation.

We may be exposed to product liability claims resulting from the use of products we sell and distribute.

Although product liability claims in our industry are infrequent, the expansion of our business in an increasingly litigious business environment may expose us to product liability claims related to the products we sell. We maintain insurance that includes product liability coverage, and we believe our insurance coverage is adequate for our business. However, there can be no assurance that insurance coverage for these risks will continue to be available or, if available, that it will be sufficient to cover potential claims or that the present level of coverage will continue to be available at a reasonable cost. A partially or completely uninsured successful claim against us could have a material adverse effect on us.

Risks related to our indebtedness

Our substantial indebtedness could adversely affect our financial condition and prevent us from fulfilling our debt obligations .

We have a significant amount of indebtedness outstanding. The major components of our debt consist of senior credit facilities ("Senior Credit Facilities") and unsecured notes ("Notes"). Our Senior Credit Facilities, as amended, are comprised of: (a) senior secured revolving loan facilities (the "Revolving Facilities") for $80.0 million which mature on the earlier of (i) February 2020, (ii) May 2018, if the maturity of the Term Loan Facility has not been extended by such date, and (iii) 90 days prior to any maturity date of certain funded material indebtedness (which maturity date shall be no earlier than October 19, 2019) and (b) a $641.8 million senior secured term loan facility (the "Term Loan Facility") which matures in August 2018. We have $400.0 million in aggregate principal of unsecured 11.125% Notes due in August 2019. As of May 31, 2016, total principal indebtedness outstanding was $1,041.8 million and we had unused commitments of $80.0 million under our Revolving Facilities. The Revolving Facilities includes borrowing capacity in the form of letters of credit and borrowings on same-day notice, referred to as swing line loans, in each case, up to $25.0 million, and is available in U.S. dollars, GBP, Euros, Yen, Canadian dollars and in such other currencies as the Company and the Administrative Agent under the Revolving Facilities may agree (subject to a sublimit for such non-U.S. currencies).

Subject to the limits contained in the credit agreement governing our Senior Credit Facilities and the indenture that governs the Notes, we may be able to incur substantial additional debt from time to time to finance working capital, capital expenditures, investments or acquisitions, or for other purposes. If we do so, the risks related to our high level of debt could intensify. Specifically, our high level of debt could have important consequences, including:

- making it more difficult for us to satisfy our obligations with respect to our debt;
- requiring a substantial portion of our cash flows to be dedicated to debt service payments instead of other purposes, thereby reducing the amount of cash flows available for working capital, capital expenditures, acquisitions and other general corporate purposes;
- limiting our ability to obtain additional financing to fund future working capital, capital expenditures, acquisitions or other general corporate requirements;
- increasing our vulnerability to general adverse economic and industry conditions;
- exposing us to the risk of increased interest rates as certain of our borrowings, including borrowings under our Senior Credit Facilities, are at variable rates of interest;
- limiting our flexibility in planning for and reacting to changes in the industry in which we compete;
- placing us at a disadvantage compared to other, less leveraged competitors;
- increasing our cost of borrowing; and
- preventing us from raising the funds necessary to repurchase all the Notes tendered to us upon the occurrence of certain changes of control, which would constitute a default under the indenture governing the Notes and cause a cross-default under the Senior Credit Facilities.

In addition, the indenture that governs the Notes and the credit agreement governing our Senior Credit Facilities contain restrictive covenants that limit our ability to engage in activities that may be in our long-term best interest. Our failure to comply with those covenants could result in an event of default which, if not cured or waived, could result in the acceleration of all our debt.

We may not be able to generate sufficient cash to service all of our indebtedness and may be forced to take other actions to satisfy our obligations under our indebtedness, which may not be successful.

Our ability to make scheduled payments on or refinance our debt obligations depends on our financial condition and operating performance, which are subject to prevailing economic and competitive conditions and to certain financial, business, legislative, regulatory and other factors beyond our control. We may be unable to maintain a level of cash flows from operating activities sufficient to permit us to pay the principal, premium, if any, and interest on our indebtedness.

If our cash flows and capital resources are insufficient to fund our debt service obligations, we could face substantial liquidity problems and could be forced to reduce or delay investments and capital expenditures or to dispose of material assets or operations, seek additional debt or equity capital or restructure or refinance our indebtedness. We may not be able to affect any such alternative measures on commercially reasonable terms or at all and, even if successful, those alternative actions may not allow us to meet our scheduled debt service obligations. The credit agreement governing our Senior Credit Facilities and the indenture governing the Notes restrict our ability to dispose of assets and use the proceeds from those dispositions and may also restrict our ability to raise debt or equity capital to be used to repay other indebtedness when it becomes due. We may not be able to consummate those dispositions or to obtain proceeds in an amount sufficient to meet any debt service obligations when due.

In addition, we conduct a substantial portion of our operations through our subsidiaries, many of which are foreign legal entities and are not guarantors of our debt. Accordingly, repayment of our indebtedness is dependent on the generation of cash flow by our subsidiaries and their ability to make such cash available to us, by dividend, debt repayment or otherwise. Our non-guarantor subsidiaries do not have any obligation to pay amounts due on our debt or to make funds available for that purpose. Our subsidiaries may not be able to, or may not be permitted to, make distributions to enable us to make payments in respect of our indebtedness. Each subsidiary is a distinct legal entity, and, under certain circumstances, legal and contractual restrictions may limit our ability to obtain cash from our subsidiaries. While the indenture governing the Notes and the credit agreement governing our Senior Credit Facilities limit the ability of our subsidiaries to incur contractual restrictions on their ability to pay dividends or make other intercompany payments to us, these limitations are subject to qualifications and exceptions. In the event that we do not receive distributions from our subsidiaries, we may be unable to make required principal and interest payments on our indebtedness.

Our inability to generate sufficient cash flows to satisfy our debt obligations, or to refinance our indebtedness on commercially reasonable terms or at all, would materially and adversely affect our financial position and results of operations and our ability to satisfy our obligations under our indebtedness. If we cannot make scheduled payments on our debt, we will be in default and holders of the Notes could declare all outstanding principal and interest to be due and payable, the lenders under our Senior Credit Facilities could terminate their commitments to loan money, the lenders could foreclose against the assets securing their borrowings and we could be forced into bankruptcy or liquidation.

Despite our current level of indebtedness, we and our subsidiaries may still be able to incur substantially more debt. This could further exacerbate the risks to our financial condition described above.

We and our subsidiaries may be able to incur significant additional indebtedness in the future. Although the indenture governing the Notes and the credit agreement governing our Senior Credit Facilities contain restrictions on the incurrence of additional indebtedness, these restrictions are subject to a number of qualifications and exceptions, and the additional indebtedness incurred in compliance with these restrictions could be substantial. These restrictions also will not prevent us from incurring obligations that do not constitute indebtedness. In addition, as of May 31, 2016, our Senior Credit Facilities had unused revolving debt commitments of $80.0 million. All of those borrowings would be secured indebtedness. If new debt is added to our current debt levels, the risks that we face could intensify.

The terms of the credit agreement governing our Senior Credit Facilities and the indenture governing the Notes restrict our current and future operations, particularly our ability to respond to changes or to take certain actions.

The indenture governing the Notes and the credit agreement governing our Senior Credit Facilities contain a number of restrictive covenants that impose significant operating and financial restrictions on us and may limit our ability to engage in acts that may be in our long-term best interest, including restrictions on our ability to:

- incur additional indebtedness;
- pay dividends or make other distributions or repurchase or redeem our capital stock;
- prepay, redeem or repurchase certain debt;
- make loans and investments;
- sell assets;
- incur liens;
- enter into transactions with affiliates;
- alter the businesses we conduct;
- enter into agreements restricting our subsidiaries' ability to pay dividends; and
- consolidate, merge or sell all or substantially all of our assets.

In addition, the restrictive covenants in the credit agreement governing the Revolving Facilities portion of our Senior Credit Facilities require us to maintain a senior secured net leverage ratio of less than 5.25 to 1.00 to be tested on the last day of each fiscal quarter. Our ability to meet this financial covenant can be affected by events beyond our control.

A breach of the covenants under the indenture governing the Notes or under the credit agreement governing our Senior Credit Facilities could result in an event of default under the applicable indebtedness. Such a default may allow the creditors to accelerate the related debt and may result in the acceleration of any other debt to which a cross-acceleration or cross-default provision applies. In addition, an event of default under the credit agreement governing our Senior Credit Facilities would permit the lenders under our Senior Credit Facilities to terminate all commitments to extend further credit under that facility. Furthermore, if we were unable to repay the amounts due and payable under our Senior Credit Facilities, those lenders could proceed against the collateral granted to them to secure that indebtedness. In the event our lenders or note holders accelerate the repayment of our borrowings, we and our subsidiaries may not have sufficient assets to repay that indebtedness. As a result of these restrictions, we may be:

- limited in how we conduct our business;
- unable to raise additional debt or equity financing to operate during general economic or business downturns; or
- unable to compete effectively or to take advantage of new business opportunities.

These restrictions may affect our ability to grow in accordance with our strategy.

Our variable rate indebtedness subjects us to interest rate risk, which could cause our debt service obligations to increase significantly.

Borrowings under our Senior Credit Facilities are at variable rates of interest and expose us to interest rate risk. If interest rates increase, our debt service obligations on the variable rate indebtedness will increase even though the amount borrowed will remain the same, and our net income and cash flows, including cash available for servicing our indebtedness, will correspondingly decrease. Assuming that the entire Revolving Facilities were fully drawn, each one-eighth point change in the LIBOR interest rate above the Term Loan Facility's LIBOR floor of 1.25% would result in a $0.9 million change in annual interest expense on our indebtedness under our Senior Credit Facilities. We have entered into, and may continue to enter into, interest rate swaps that involve the exchange of floating for fixed rate interest payments in order to reduce interest rate volatility. However, we may not maintain interest rate swaps with respect to all of our variable rate indebtedness, and any swaps we enter into may not fully mitigate our interest rate risk.

Item 1B. — Unresolved Staff Comments.

Not applicable.

Item 2. — Properties

We own our Canadian manufacturing facility and lease the remainder of our other facilities. In fiscal year 2016, we sold our Belgium sales office.

Our owned property is not encumbered as security for any loan. We believe that our facilities are adequate for our current and anticipated needs and do not foresee any difficulty in renewing leases that expire in the near term.

Item 3. — Legal Proceedings

We (Immucor, Inc. and BioArray Solutions Limited ("BioArray"), a wholly owned subsidiary of Immucor, Inc.) are defendants in an action brought in August 2014 by Rutgers, the State University of New Jersey ("Rutgers"), in the Superior Court of New Jersey for Middlesex County, alleging breach of contract and fraud claims under a patent license between Rutgers and BioArray. We believe the claims are without merit and that we have meritorious defenses. We believe that liability is unlikely and that the amount of any liability is not currently reasonably estimable. We also believe that any potential liability would not be material to our operations or to our financial condition.

From time to time, we are a party to certain legal proceedings in the ordinary course of business. However, we are not currently subject to any legal proceedings expected to have a material adverse effect on our consolidated financial position, results of operations or cash flows.

Item 4. — [Reserved]

PART II

Item 5. — Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Prior to the Immucor Acquisition, our common stock was traded on The NASDAQ Stock Market under the symbol BLUD. Following the Immucor Acquisition, our common stock has been privately held. Therefore there is currently no established trading market for our common stock.

IVD Intermediate Holdings B Inc. (the "Parent") is the only owner of record of our common stock. The Parent is a wholly owned indirect subsidiary of IVD Holdings Inc. ("Holdings"), which was formed by investment funds affiliated with TPG Capital, L.P.

Dividend Policy

With the exception of certain limited circumstances, payment of dividends is restricted under our Senior Credit Facilities and the indenture governing our Notes. Except for a $6.0 million dividend related to the Sentilus LLC spin-off, and a $0.4 million dividend related to a stock redemption and tax payments to be made by Holdings in fiscal year 2016, the Company has not paid dividends on its common stock. Other than potential periodic dividends to fund Sentilus LLC activities and tax payments, the Company does not expect to pay dividends on its common stock in the near future. We presently intend to continue to reinvest our earnings in the business.

Item 6. – Selected Financial Data

The following financial tables present selected consolidated financial data for Immucor. The data should be read in conjunction with Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations," and our consolidated financial statements and notes, included in Item 8, "Financial Statements and Supplementary Data," of this Annual Report.

As a result of the Immucor Acquisition on August 19, 2011, our stock is no longer publicly traded. Currently, the issued and outstanding shares of Immucor are indirectly owned by TPG Capital, L.P. and certain co-investors. Our financial data is labeled as "Predecessor" for financial periods prior to the Immucor Acquisition, and "Successor" for financial periods after the Immucor Acquisition. In the following financial tables, we have presented the results of operations for the twelve month periods ended May 31, 2016 (the fiscal year 2016), May 31, 2015 (the fiscal year 2015), May 31, 2014 (the fiscal year 2014), and May 31, 2013 (the fiscal year 2013), and have presented separately the results of operations for the period from August 20, 2011 to May 31, 2012 (the Successor fiscal year 2012 period) and the period from June 1, 2011 to August 19, 2011 (the Predecessor fiscal year 2012 period). This data has been derived from our audited consolidated financial statements and is in thousands.

	Year Ended May 31				Successor	Predecessor
	2016	2015	2014	2013	August 20, 2011 through May 31, 2012	June 1, 2011 through August 19, 2011
Net sales	$ 379,972	389,300	388,056	347,788	261,814	74,910
Cost of sales (exclusive of amortization shown separately below)	143,969	143,659	139,634	120,027	105,698	22,955
Gross profit	236,003	245,641	248,422	227,761	156,116	51,955
Operating expenses:						
Research and development	30,255	28,791	29,070	21,313	13,929	4,895
Selling and marketing	56,655	57,833	59,057	50,129	32,913	10,510
Distribution	17,462	20,022	20,165	18,718	14,333	3,952
General and administrative	44,462	41,191	41,603	42,801	36,954	19,312
Amortization expense	54,937	54,531	52,965	50,765	39,224	931
Acquisition-related items	-	-	(4,638)	2,616	1,362	18,863
Impairment loss	3,318	-	160,150	3,500	-	-
Certain litigation expenses	-	-	-	-	22,000	-
Loss on disposition of fixed assets	-	-	-	1,175	-	-
Total operating expenses	207,089	202,368	358,372	191,017	160,715	58,463
Income (loss) from operations	28,914	43,273	(109,950)	36,744	(4,599)	(6,508)
Non-operating (expense) income:						
Interest income	135	145	36	28	7	142
Interest expense	(90,535)	(89,421)	(88,304)	(90,830)	(77,048)	-
Loss on extinguishment of debt	-	-	-	(9,111)	-	-
Other, net	(244)	878	45	(539)	447	2,673
Total non-operating net (expense) income	(90,644)	(88,398)	(88,223)	(100,452)	(76,594)	2,815
Loss before income taxes	(61,730)	(45,125)	(198,173)	(63,708)	(81,193)	(3,693)
(Benefit) provision for income taxes	(17,963)	15,600	(15,916)	(24,566)	(31,546)	2,681
Net loss	(43,767)	(60,725)	(182,257)	(39,142)	(49,647)	(6,374)
Net loss attributable to noncontrolling interest	(1,677)	-	-	-	-	-
Net loss attributable to Immucor, Inc.	$ (42,090)	(60,725)	(182,257)	(39,142)	(49,647)	(6,374)

Certain reclassifications have been made to the previous year's information to conform to the 2016 presentation. See Note 1 of our consolidated financial statements for additional information.

	The following data is as of the dates indicated below:					
	May 31				Successor May 31	Predecessor August 19
	2016	2015	2014	2013	2012	2011
Working capital	$ 52,317	66,920	81,613	80,008	63,578	365,922
Total assets	1,707,633	1,720,338	1,783,030	1,956,231	1,888,305	636,706
Long-term debt	1,007,948	1,004,706	1,002,014	997,880	945,364	-
Shareholders' equity	344,546	383,681	468,616	644,706	637,378	576,646

Item 7. — Management's Discussion and Analysis of Financial Condition and Results of Operations

Overview

Our Business

We operate in the transfusion and transplantation in vitro diagnostics markets. Our products perform typing and screening of blood, organs or stem cells to ensure donor-recipient compatibility. Our offerings are targeted at hospitals, donor centers and reference laboratories around the globe.

We have manufacturing facilities in the United States ("U.S.") and Canada and sell our products through both direct affiliate offices and third-party distribution arrangements.

We operate in a highly regulated industry and are subject to continuing compliance with multiple country-specific statutes, regulations and standards. For example, in the U.S. the Food and Drug Administration ("FDA") regulates all aspects of the transfusion process, including the marketing of reagents and instruments used to determine compatibility. Additionally, we are subject to government legislation that governs the delivery of healthcare products and services.

Our automated instrument-reagent systems operate on a "razor/razor blade" model with our instruments serving as the "razors" and our reagents serving as the "razor blades." For transfusion diagnostics, our instruments are "closed systems," meaning our proprietary reagents can only be used on our instruments. For transplant diagnostics, our reagents run on Luminex instruments, which are open systems. The "razor/razor blade" business model generates a recurring revenue stream for us.

Business Highlights of 2016

The following is a summary of significant factors affecting our business in fiscal year 2016:

- Acquisitions –
    - On March 4, 2016, we exercised our warrant to acquire 100% of the common stock of Sirona Genomics ("Sirona") for a total of $14.4 million paid in cash. In October 2014, entered into a collaboration with Sirona on the development and commercialization of our MIA FORA NGS next generation sequencing ("NGS") product offerings for transplant compatibility testing (see below for more information.)

- New product launches in transplant business –
    - In the third quarter of fiscal year 2016, we expanded our product offerings to include MIA FORA NGS , a product for high resolution human leukocyte antigen ("HLA") typing that provides accurate, comprehensive coverage of 11 HLA genes. MIA FORA, which was developed in collaboration with Sirona, is comprised of sample preparation reagents and bioinformatics software that, together, deliver high resolution DNA typing results for transplant patients. We believe MIA FORA will expand our presence in transplant diagnostics, particularly in bone marrow typing, where our market share has historically been small. We believe the transplant business provides a significant growth opportunity for our business.

- Operations –
    - On April 5, 2016, we announced a plan to consolidate our LIFECODES facilities to simplify our operations, improve processes and reduce expenses of our transplant business. The plan includes closing our Stamford, CT facility and moving most of the activity to our Waukesha, WI site with a target completion date of April 30, 2017. We anticipate that the costs involved in closing this facility will be recovered within approximately 12 months.

Results of Operations

The operating results presented in the table below (in thousands, except percentages).

	Year Ended May 31			Change			
				2016 vs 2015		2015 vs 2014	
	2016	2015	2014	Amount	%	Amount	%
Net sales	$ 379,972	389,300	388,056	(9,328)	(2.4)	1,244	0.3
Cost of sales (*)	143,969	143,659	139,634	310	0.2	4,025	2.9
Gross profit	236,003	245,641	248,422	(9,638)	(3.9)	(2,781)	(1.1)
Operating expenses:							
Research and development	30,255	28,791	29,070	1,464	5.1	(279)	(1.0)
Selling and marketing	56,655	57,833	59,057	(1,178)	(2.0)	(1,224)	(2.1)
Distribution	17,462	20,022	20,165	(2,560)	(12.8)	(143)	(0.7)
General and administrative	44,462	41,191	41,603	3,271	7.9	(412)	(1.0)
Amortization expense	54,937	54,531	52,965	406	0.7	1,566	3.0
Acquisition-related items	-	-	(4,638)	-	-	4,638	(100.0)
Impairment loss	3,318	-	160,150	3,318	-	(160,150)	(100.0)
Total operating expenses	207,089	202,368	358,372	4,721	2.3	(156,004)	(43.5)
Income (loss) from operations	28,914	43,273	(109,950)	(14,359)	(33.2)	153,223	**
Non-operating (expense) income:							
Interest income	135	145	36	(10)	(6.9)	109	**
Interest expense	(90,535)	(89,421)	(88,304)	(1,114)	1.2	(1,117)	1.3
Other, net	(244)	878	45	(1,122)	**	833	**
Total non-operating net expense	(90,644)	(88,398)	(88,223)	(2,246)	2.5	(175)	0.2
Loss before income taxes	(61,730)	(45,125)	(198,173)	(16,605)	36.8	153,048	(77.2)
Provision (benefit) for income taxes	(17,963)	15,600	(15,916)	(33,563)	**	31,516	**
Net loss	(43,767)	(60,725)	(182,257)	16,958	(27.9)	121,532	(66.7)
Net loss attributable to noncontrolling interest	(1,677)	-	-	(1,677)	-	-	-
Net loss attributable to Immucor, Inc.	$ (42,090)	(60,725)	(182,257)	18,635	(30.7)	121,532	(66.7)

(*) Cost of sales is exclusive of amortization expense which is shown separately within operating expenses.
(**) Calculation is not meaningful.

Years Ended May 31, 2016 and 2015:

Net sales were $380.0 million in fiscal year 2016 as compared with $389.3 million in fiscal year 2015, a decrease of $9.3 million, or 2.4%. This decrease in net sales is primarily driven by unfavorable foreign currency exchange rate fluctuations partially offset by a higher number of ship cycles in fiscal year 2016. After adjusting for the impact of foreign exchange rate fluctuations and ship cycles, net sales in fiscal year 2016 were 1% lower than fiscal year 2015 net sales. Net sales by product group are presented in the following table (in thousands except percentages):

	Year Ended May 31		Change	
	2016	2015	Amount	%
Net sales by product group:				
Transfusion	$ 317,345	$ 326,850	(9,505)	(2.9)
Transplant & Molecular	62,627	62,450	177	0.3
Total	$ 379,972	$ 389,300	(9,328)	(2.4)

Transfusion: Net sales of our transfusion products were $317.3 million in fiscal year 2016 as compared with $326.9 million in fiscal year 2015, a decrease of $9.5 million, or 2.9%. Transfusion product net sales were lower in fiscal year 2016 primarily due to an unfavorable effect of changes in foreign currency exchange rates as compared with the fiscal year 2015, macroeconomic conditions affecting our international markets and reduction of blood demand in the U.S., offset by a higher number of ship cycles in fiscal year 2016 compared with fiscal year 2015. After adjusting for the impact of ship cycles and foreign currency exchange rate fluctuations, net sales for fiscal year 2016 decreased by 1.9% when compared with fiscal year 2015.

Transplant & Molecular: Net sales of our transplant and molecular products were $62.6 million in fiscal year 2016 as compared with $62.4 million in fiscal year 2015, an increase of $0.2 million, or 0.3%. After adjusting for the impact of the foreign currency exchange rate fluctuations, net sales for fiscal year 2016 increased by 4.2% compared to fiscal year 2015. This increase in net sales was primarily due to higher sales of our PreciseType HEA molecular immunohematology product in the U.S. Net sales of our transplant products were also higher, mainly in the emerging markets as we continue to make progress in penetrating those markets.

Gross profit decreased by $9.6 million in fiscal year 2016 as compared with fiscal year 2015, or 3.9%. Gross profit as a percentage of consolidated net sales was 62.1% in fiscal year 2016 compared with 63.1% in fiscal year 2015. The lower gross profit and gross profit percentage were mainly due to the unfavorable effect of changes in foreign exchange rates, unfavorable product mix, and the additional expenses related to the start-up of our newly acquired reference lab business.

Research and development expenses were $30.3 million in fiscal year 2016 as compared with $28.8 million in fiscal year 2015, an increase of $1.5 million, or 5.1%. The increase was primarily due to additional expenses associated with our recently acquired Sirona operation and increased activities relating to Sentilus, offset by a reduction of expenses for other projects.

Selling and marketing expenses were $56.7 million in fiscal year 2016 as compared with $57.8 million in fiscal year 2015, a decrease of $1.2 million, or 2.0%. The decrease in selling and marketing expenses was primarily due to the favorable effect of changes in foreign exchange rates on expenses in our international operations. The decrease from exchange rates was partially offset by additional costs related to registering new products for the transplant business and expanding registration of Transfusion products in the emerging markets.

Distribution expenses were $17.5 million in fiscal year 2016 as compared with $20.0 million in fiscal year 2015, a decrease of $2.6 million, or 12.8%. The decrease in distribution expenses was primarily due to changes that were implemented in fiscal year 2015 to consolidate and outsource the Transfusion product distribution process in Europe. The favorable effect of changes in exchange rates compared to fiscal year 2015 also reduced distribution expenses in the international markets.

General and administrative expenses were $44.5 million in fiscal year 2016 as compared with $41.2 million in fiscal year 2015, an increase of $3.3 million, or 7.9%. The increase was mainly due to stock-based compensation costs, legal fees related to the spin-off of Sentilus and acquisition of Sirona, and one-time costs related to staffing changes. The increases were partially offset by the favorable effect of changes in foreign exchange rates in our international markets.

Amortization expense was $54.9 million in the fiscal year 2016 period as compared with $54.5 million in the fiscal year 2015 period, an increase of $0.4 million, or 0.7%. The increase was primarily due to additional costs related to the Sirona acquisition.

An impairment loss of $3.3 million was recorded in the fourth quarter of fiscal year 2016. Two in-process research and development ("IPR&D") projects totaling $3.0 million were no longer considered economically feasible and therefore abandoned with the costs fully written-off. One project related to the Transfusion Diagnostics business with a value of $2.5 million and the other project related to the Transplant and Molecular Diagnostics business with value of $0.5 million. In addition, a $0.3 million loss was recognized on the disposition of certain capital work-in-progress equipment assets that were determined to no longer be economically viable.

Non-operating net expense was $90.6 million in fiscal year 2016 and $88.4 million in fiscal year 2015, an increase of $2.2 million, or 2.5%. The increase was mainly due to the change in exchange gains and losses and an increase of interest expense. The increase in interest expense was primarily due to higher interest accreted on the contingent consideration liabilities, which is a non-cash expense.

The effective tax rate for fiscal year 2016 and fiscal year 2015 was 29.1% and (34.6)%, respectively. The effective tax rate for fiscal year 2016 was higher than the effective tax rate for the corresponding period in fiscal year 2015 primarily due to the impact of changes in uncertain income tax positions during fiscal year 2016 and because of discrete items recorded during fiscal year 2015 that did not occur in fiscal year 2016. During the fourth quarter of fiscal year 2016, the Company recognized additional income tax expense related to the tax liability for unrecognized tax benefits and a corresponding change in the competent authority asset related to the expected tax settlement of the Bilateral Advanced Pricing Agreement between the Company, its Canadian subsidiary, the Internal Revenue Service and the Canada Revenue Agency. During fiscal year 2015, the Company recorded discrete tax expense items of $23.7 million due to the Company's change in election related to its treatment of foreign tax credits ("FTCs") and a $7.6 million change in the valuation allowance for its FTC carryovers.

Years Ended May 31, 2015 and 2014:

Net sales were $389.3 million in fiscal year 2015 as compared with $388.1 million in fiscal year 2014, an increase of $1.2 million, or 0.3%. This increase in net sales is described in the discussion of net sales by product group below. Net sales by product group are presented in the following table (in thousands except percentages):

	Year Ended May 31		Change	
	2015	2014	Amount	%
Net sales by product group:				
Transfusion	$ 326,850	330,547	(3,697)	(1.1)
Transplant & Molecular	62,450	57,509	4,941	8.6
Total	$ 389,300	$ 388,056	1,244	0.3

Transfusion: Net sales of our transfusion products were $326.8 million in fiscal year 2015 as compared with $330.5 million in fiscal year 2014, a decrease of $3.7 million, or 1.1%. Transfusion product net sales were lower in fiscal year 2015 primarily due to a lower number of ship cycles, and an unfavorable effect of changes in foreign currency exchange rates on our international operations as compared with the same period in fiscal year 2014. After adjusting for the impact of ship cycles and foreign currency exchange rate fluctuations, net sales for fiscal year 2015 would have increased by 2.1% when compared to fiscal year 2014.

Transplant & Molecular: Net sales of our transplant and molecular products were $62.4 million in fiscal year 2015 as compared with $57.5 million in fiscal year 2014, an increase of $4.9 million, or 8.6%. The increase in net sales in fiscal year 2015 was primarily driven by continued efforts to expand the market reach of our transplant and molecular products in the European and emerging markets. In the US, we experienced a delay in orders for our PreciseType HEA FDA approved product. Net sales of our Molecular products increased in each quarter of fiscal year 2015 with reported net sales in the fourth quarter nearly double that of the first quarter of fiscal year 2015. These increases in net sales were partially offset by an unfavorable effect of changes in foreign currency exchange rates on our international operations as compared with the same period in fiscal year 2014. After adjusting for the impact of the foreign currency exchange rate fluctuations, net sales for fiscal year 2015 compared to fiscal year 2014, would have increased by 13.3%.

Gross profit decreased by $2.8 million in fiscal year 2015 as compared with fiscal year 2014, or 1.1%. Gross profit as a percentage of consolidated net sales was 63.1% in fiscal year 2015 compared with 64.0% in fiscal year 2014. And, in fiscal year 2014, gross profit included $ 2.9 million of costs for the amortization of the fair value of inventory related to the acquisition of our LIFECODES business that was not included in fiscal year 2015. The lower gross profit percentage was primarily due to a less favorable product mix and an unfavorable effect of changes in foreign currency exchange rates on the conversion of net sales from our international operations partially offset by lower destruction and medical device excise tax costs in fiscal year 2015.

Research and development expenses were $28.8 million in fiscal year 2015 as compared with $29.1 million in fiscal year 2014, a decrease of $0.3 million, or 0.9%. The decrease was primarily due to the completion of certain significant development projects in fiscal year 2014, including the development work related to the PreciseType HEA test that was completed in the fourth quarter of fiscal year 2014. This decrease in research and development expenses was partially offset by additional expenses associated with development activities from recently acquired businesses, and the development of new technologies in our transplant business as well as the development of new technologies for our transfusion products.

Selling and marketing expenses were $57.8 million in fiscal year 2015 as compared with $59.0 million in fiscal year 2014, a decrease of $1.2 million, or 2.1%. The decrease in selling and marketing expenses is due to a reduction in expenses from cost containment efforts initiated by management and a more favorable effect of changes in foreign currency exchange rates on international expenses in fiscal year 2015. These decreases were partially offset by additional marketing expenses related to business acquisitions completed since May 2014.

Distribution expenses were $20.0 million in fiscal year 2015 as compared with $20.1 million in fiscal year 2014, a decrease of $0.1 million, or 0.7%. The decrease in distribution expenses was primarily due to a more favorable effect of changes in foreign currency exchange rates on international expenses partially offset by higher distribution costs recorded in our European market. The higher distribution costs recorded in our European market were primarily driven by improvements in the packaging materials of our temperature sensitive products, and a one-time increase in costs from a strategic initiative to consolidate and outsource the distribution process in Europe. This strategic initiative is expected to reduce distribution costs on a long-term basis. Distribution costs in the fourth quarter of fiscal year 2015 were lower than any of the previous quarters in fiscal year 2015 and fiscal year 2014.

General and administrative expenses were $41.2 million in fiscal year 2015 as compared with $41.6 million in fiscal year 2014, a decrease of $0.4 million, or 1.0%. This decrease was mainly due to a more favorable effect of changes in foreign currency exchange rates on international expenses in fiscal year 2015 partially offset by higher acquisition-related costs and additional bad debt expense recorded in fiscal year 2015 and a one-time credit that was recorded in fiscal year 2014 that was not included in fiscal year 2015. The higher acquisition-related transaction costs reflect the increase in acquisition activities in fiscal year 2015 as compared with fiscal year 2014. The increase in bad debt expense in fiscal year 2015 reflects an additional allowance for international distributors with past due amounts and the one-time credit recorded in fiscal year 2014 reduced bad debt expense by $1.9 million which resulted from a change in estimate of our allowance for doubtful accounts to better reflect our actual bad debt experience.

Amortization expense was $54.5 million in the fiscal year 2015 period as compared with $52.9 million in the fiscal year 2014 period, an increase of $1.6 million, or 3.0%. The increase was primarily due to additional costs related to acquisitions completed since May 30, 2014.

Non-operating net expense was $88.4 million in fiscal year 2015 and $88.2 million in fiscal year 2014, an increase of $0.2 million, or 0.2%. The increase in non-operating net expense was mainly due to a favorable change in exchange gains and losses partially offset by an increase in interest expense in fiscal year 2015. The increase in interest expense was primarily due to higher interest accreted on the contingent consideration liabilities in 2015 resulting from the three acquisitions completed since May 30, 2014. Exchange gains and losses are recorded for foreign currency transactions denominated in a currency other than the functional currency of the reporting entity, and the ineffective portion of our interest rate swap arrangements used to hedge against interest rate exposure.

The effective tax rate for fiscal year 2015 and fiscal year 2014 was (34.6)% and 8.0%, respectively. The effective tax rate for fiscal year 2015 was lower than the effective tax rate for the corresponding period in fiscal year 2014 primarily due to the impact of discrete items recorded during the third quarter of fiscal year 2015. These discrete items primarily consisted of $23.7 million due to the Company's change in election related to its treatment of foreign tax credits ("FTCs") and a $7.6 million change in the valuation allowance for its FTC carryovers. Excluding these discrete items, the effective tax rate for fiscal year 2015 would have been 34.8%. The effective tax rate for fiscal year 2014 was primarily impacted by the impairment of goodwill which is not deductible for income tax purposes. Excluding the impairment of goodwill, the effective tax rate for fiscal year 2014 would have been 36.3%.

Liquidity and Capital Resources

Cash flow

Our principal source of liquidity is our operating cash flow. This cash-generating capability is one of our fundamental strengths and provides us with the financial flexibility to meet our operating, investing and financing requirements.

In fiscal year 2016, our cash and cash equivalents decreased by $8.1 million to $10.3 million as of May 31, 2016. The decrease was primarily due to $18.8 million of cash used for investments in new businesses and the Sirona collaboration, $9.9 million for the purchase of additional property and equipment, and $6.7 million used to repay long-term debt. These decreases in cash and cash equivalents were partially offset by $27.1 million of positive cash flow contributed by our operating activities. The cash balance at May 31, 2016 includes cash of $6.4 million that is held by our subsidiaries outside of the United States. We are not permanently reinvested in our subsidiaries and can repatriate these funds, if needed, to support future debt payments.

Operating activities

Operating activities provided cash of $27.1 million and $25.6 million in fiscal years 2016 and 2015, respectively. The increase in cash provided by operating activities was mainly due to improvements in our working capital management.

Investing activities

During fiscal year 2016, we used $9.9 million of cash to purchase property and equipment and to upgrade our enterprise resource planning system, $4.9 million to fund an additional loan to Sirona prior to its acquisition, $13.1 million to acquire 100% of the common stock of Sirona, and $0.8 million to acquire the assets of a Reference Lab. During the fiscal year 2015, we used cash of $11.7 million for investments in new businesses and the Sirona collaboration, and $11.4 million for purchases of additional property and equipment, including the upgrade of certain financial systems and the implementation of a new financial consolidation application.

Financing activities

In fiscal year 2016, we used cash for financing activities of $6.7 million for repayments of our long-term debt, and $0.4 million for a dividend related to a stock redemption and tax payments to be made by Holdings. We also borrowed and repaid $75.0 million on our Revolving Facilities during fiscal year 2016 and had no amounts outstanding under the Revolving Facilities at May 31, 2016. In fiscal year 2015, we used cash for financing activities of $6.7 million for repayments of our long-term debt and had no amounts outstanding under our Revolving Facilities.

Contingencies

We record contingent liabilities resulting from asserted and unasserted claims against us when it is probable that a liability has been incurred and the amount of the loss is reasonably estimable. We disclose contingent liabilities when there is a reasonable possibility that the ultimate loss will exceed the recorded liability. Estimating probable losses requires analysis of multiple factors, in some cases including judgments about the potential actions of third-party claimants and courts. Therefore, actual losses in any future period are inherently uncertain.

Although, from time to time, we are a party to certain legal proceedings in the ordinary course of business, one or more of such matters, or any future legal matters, may have an adverse effect on our consolidated financial position, results of operations or cash flows. We are currently not involved in any material legal proceedings (see Part I, Item 3 – Legal Proceedings for further discussion). Contingent liabilities are described in Note 24 of our consolidated financial statements.

Future Cash Requirements and Restrictions

Our Term Loan Facility requires quarterly principal payments equal to 0.25% of the original principal amount of the loan with the balance due and payable on August 19, 2018. Required principal and interest payments related to our Term Loan Facility are $6.6 million and $32.4 million, respectively, for the next 12 months. Required interest payments related to the Notes is $44.5 million for the next 12 months. The Senior Credit Facilities are secured by substantially all of the tangible and intangible assets of our U.S. subsidiaries and the pledge of 65% of the stock of our foreign subsidiaries. As of May 31, 2016, we had principal of $1,041.8 million of long-term borrowings outstanding under our Term Loan Facility and the Notes. Our net total available borrowings under our Revolving Facilities were $80.0 million as of May 31, 2016.

We expect that recurring capital expenditures during fiscal year 2017 will range from $10 million to $12 million. These expenditures will be used to purchase equipment that increases or enhances productivity, upgrade certain financial systems, and expand capacity at our Waukesha facility. These expenditures exclude the purchase of instrument assets that are used in equipment rental agreements with our customers, which is reflected in non-cash investing and financing activities in our consolidated statements of cash flows.

Management believes that existing cash and cash equivalent balances, cash provided from operations, and borrowings available under the Revolving Facilities of our Senior Credit Facilities will provide sufficient liquidity to meet the operating and capital expenditure needs for existing operations during the next twelve months.

We and our officers, directors, employees, subsidiaries, affiliates, including IVD Holdings, Inc. (our indirect parent company), or directors, subsidiaries, stockholders or affiliates of IVD Holdings, Inc., may from time to time seek to retire or purchase our outstanding debt (including publicly issued debt) through cash purchases and/or exchanges, in open market purchases, privately negotiated transactions, by tender offer or otherwise. Such repurchases or exchanges, if any, will depend on prevailing market conditions, liquidity requirements, contractual restrictions and other factors. The amounts involved may be material.

Contractual Obligations and Commercial Commitments

Contractual obligations and commercial commitments for the next five years are detailed in the table below (in thousands):

Contractual Obligations	Payments Due by Period				
	Total	Less than 1 year	1-3 years	4 - 5 years	After 5 years
Senior Credit Facilities (1) (2)	$ 641,777	6,632	635,145	-	-
Notes (2)	400,000	-	-	400,000	-
Purchase obligations	44,130	20,400	16,846	6,884	-
Operating and capital leases	27,090	5,610	7,834	5,062	8,584
Minimum royalty obligations	12,487	2,616	5,382	4,484	5
Unrecognized tax benefits (3)	15,191	-	-	-	15,191
Acquisition costs for earn-out provision (4)	40,356	3,051	16,694	14,772	5,839
Interest (5)	234,092	77,539	134,115	22,438	-
Total contractual cash obligations	$ 1,415,123	115,848	816,016	453,640	29,619

(1) The Senior Credit Facilities are comprised of a $ 641.8 million Term Loan Facility and an $80.0 million Revolving Facilities. These are minimum scheduled payments of the Term Loan Facility.
(2) Amounts shown do not include interest.
(3) Approximately $21.2 million of unrecognized tax benefits, including accrued interest of $2.5 million, have been recorded as liabilities in accordance with Accounting Standards Codification ("ASC") 740, "Income Taxes", and we are uncertain as to if or when such amounts may be settled. However, as none of these amounts are expected to be settled within the current period, all amounts are presented as due after 5 years. We recorded $6.0 million as an offset to long-term deferred tax liabilities and included $15.2 million in other long-term liabilities. In addition, certain payments related to unrecognized tax benefits would be partially offset by reductions in payments in other jurisdictions (see Note 19 to the consolidated financial statements for additional information).
(4) This earn-out provision is calculated using the present value of the expected (probability-weighted) payments based on the likelihood of achieving each of the financial performance targets. The total cash payments will total $134.3 million assuming that the full earn-out amount is achieved (see Note 16 to the consolidated financial statements for additional information).
(5) Interest on the Term Loan Facility and Notes is computed based on the scheduled loan balance multiplied by the minimum rate currently required for a LIBOR loan under the credit agreement. Interest on the Notes is computed using the stated interest rate. Also, includes expected interest on the interest rate hedge at the stated rates and the unused line fees on the Revolving Facilities, assuming that the Revolving Facilities is not used.

The expected timing of payment of the obligations discussed above is estimated based on current information. The timing of payments and actual amounts paid may differ depending on the timing of receipt of services, or, for some obligations, changes to agreed-upon amounts.

Off-Balance Sheet Arrangements

We have no off-balance sheet financial arrangements as of May 31, 2016.

Non-GAAP Disclosures

EBITDA and Adjusted EBITDA

EBITDA and Adjusted EBITDA are both non-GAAP financial measures and are presented in this report because we consider them important supplemental measures of our performance and believe that they are frequently used by interested parties in the evaluation of companies in the industry. EBITDA, as we use it, is net income (loss) before interest, taxes, depreciation and amortization. We believe that the presentation of EBITDA enhances an investor's understanding of our financial performance as the metric provides a view of the financial performance before financing and tax considerations. Adjusted EBITDA is calculated in a similar manner as EBITDA except that certain non-cash charges, unusual or non-recurring items and other items that we believe are not representative of our core business are excluded. We believe that Adjusted EBITDA is also a useful financial metric to assess our operating performance from period to period as the metric provides a view of the financial performance that is applied to valuation scenarios by investors. EBITDA and Adjusted EBITDA do not purport to be an alternative to net income (loss) as a measure of operating performance or to cash flows from operating activities as a measure of liquidity or any other performance measure derived in accordance with GAAP. EBITDA and Adjusted EBITDA have limitations as an analytical tool, and should not be considered in isolation, or as a substitute for analysis of our results as reported under GAAP. Some of these limitations are:

- EBITDA and Adjusted EBITDA do not reflect all cash expenditures, future requirements for capital expenditures or contractual commitments;

- EBITDA and Adjusted EBITDA do not reflect changes in, or cash requirements for, working capital needs;
- EBITDA and Adjusted EBITDA do not reflect the significant interest expense, or the cash requirements necessary to service interest or principal payments, on our debt; and
- EBITDA and Adjusted EBITDA can differ significantly from company to company depending on long-term strategic decisions regarding capital structure, the tax jurisdictions in which companies operate and capital investments, limiting its usefulness as a comparative measure.

Because of these limitations, EBITDA and Adjusted EBITDA should not be considered as a measure of discretionary cash available to us to invest in our business. We compensate for these limitations by relying primarily on the GAAP results and using EBITDA and Adjusted EBITDA as supplemental information. Adjusted EBITDA for the fiscal years ended May 31, 2016, 2015 and 2014 are as follows (in thousands):

	Year Ended May 31		
	2016	**2015**	**2014**
Net loss	$ (43,767)	(60,725)	(182,257)
Interest expense (income), net	90,400	89,276	88,268
Income tax (benefit) expense	(17,963)	15,600	(15,916)
Depreciation and amortization	69,487	71,271	71,287
EBITDA	98,157	115,422	(38,618)
Adjustments to EBITDA:			
Share-based compensation (i)	5,326	2,087	1,512
Acquisition expenses, net (ii)	1,450	2,272	(2,397)
Sponsor fee (iii)	3,549	3,700	3,916
Non-cash impact of purchase accounting (iv)	451	442	3,284
Impairments	3,318	-	160,150
Certain other expenses (v)	15,622	11,721	13,903
Adjusted EBITDA	$ 127,873	135,644	141,750
Adjusted EBITDA attributable to Immucor, Inc. (vi)	$ 130,207	-	-

i. Represents non-cash stock-based compensation.
ii. Represents items related to acquisition activities including legal, accounting and other costs. The items included in fiscal year 2014 also include the non-cash gains resulting from decreases in the contingent consideration liability related to the LIFECODES acquisition.
iii. Represents management fees and other charges associated with a management services agreement with TPG Capital, L.P.
iv. Represents non-cash expenses, such as inventory valuation adjustments. The items included in fiscal year 2014 were primarily incurred as a result of the LIFECODES acquisition.
v. Represents certain other non-cash items and items we believe are not representative of our core business that are not included in the adjustments above, including personnel and business optimization costs. The items included in fiscal year 2014 also included the effect in the change in estimate in the allowance for doubtful accounts recorded in fiscal year 2014 which decreased the adjustment for non-recurring expenses and non-cash items by $1.9 million for that period.
vi. Excludes adjusted EBITDA amounts attributable to Sentilus LLC.

Critical Accounting Policies and Estimates

General

We have identified the policies below as critical to our business operations and the understanding of our financial statements. The impact and any associated risks related to these policies on our business operations are discussed throughout Management's Discussion and Analysis of Financial Condition and Results of Operations where such policies affect our reported and expected financial results. For a detailed discussion on the application of these and other accounting policies, see the notes to the consolidated financial statements included with this report. We believe that our most critical accounting policies and estimates relate to the following:

i. Revenue recognition
ii. Trade accounts receivable and allowance for doubtful accounts
iii. Inventories
iv. Goodwill
v. Contingent consideration
vi. Income taxes

i) Revenue Recognition

Revenue is recognized in accordance with Accounting Standards Codification ("ASC") Topic No. 605, "Revenue Recognition," when the following four basic criteria have been met: (1) persuasive evidence of an arrangement exists; (2) delivery has occurred or services are rendered; (3) the fee is fixed or determinable; and (4) collectability is reasonably assured.

We enter into arrangements in which we commit to delivering multiple products or services to our customers. In these cases, total arrangement consideration is allocated to all deliverables, which primarily include the delivery of products such as reagents and part kits, instrument (sold and leased) and the performance of services such as training and general support services, based on their relative selling prices. The following hierarchy is used to determine the selling price to be used for allocating revenue to deliverables: (i) vendor specific objective evidence ("VSOE") of fair value for reagents and general support services, (ii) third-party evidence of selling price ("TPE"), and (iii) management's best estimate of selling price ("MBESP") for all other deliverables. VSOE generally exists only when we sell the deliverable separately and it is the price actually charged by us for that deliverable. TPE represents the selling price of a similar product or service by another vendor. MBESPs reflect management's best estimates of what the selling prices of elements would be if they were sold regularly on a stand-alone basis.

ii) *Trade Accounts Receivable and Allowance for Doubtful Accounts*

The allowance for doubtful accounts represents a reserve for estimated losses resulting from the inability of our customers to pay their debts. The collectability of trade receivable balances is regularly evaluated based on a combination of factors such as customer credit-worthiness, past transaction history with the customer, current economic industry trends and changes in customer payment patterns. If it is determined that a customer will be unable to fully meet its financial obligation, such as in the case of a bankruptcy filing or other material events impacting its business, a specific allowance for doubtful accounts is recorded to reduce the related receivable to the amount expected to be recovered.

iii) Inventories

Typically inventories are stated at the lower of cost (first-in, first-out basis) or net realizable value, net of reserves. We record adjustments to the carrying value of inventory based upon assumptions about historic usage, future demand, and market conditions.

iv) Goodwill

Consistent with ASC 350, "Intangibles – Goodwill and Other," goodwill and other intangible assets with indefinite lives are not amortized but are tested for impairment annually or more frequently if impairment indicators arise. Intangible assets that have finite lives are amortized over their useful lives.

We evaluate the carrying value of goodwill during the fourth quarter of each fiscal year and between annual evaluations if events occur or circumstances change that would more likely than not reduce the fair value of the reporting unit below its carrying amount. Such circumstances could include, but are not limited to: (1) a significant adverse change in legal factors or in business climate, (2) unanticipated competition, or (3) an adverse action or assessment by a regulator. When evaluating whether goodwill is impaired we first assesses qualitative factors to determine if it is more likely than not (defined as 50% or more) that the fair value of the reporting unit is less than its carrying amount. If it is determined that it is not more likely than not that the fair value of the reporting unit is less than its carrying amount, no additional steps are taken. If it is determined that it is more likely than not that the fair value of the reporting unit is less than its carrying amount, we then compare the fair value of the reporting unit to which the goodwill is assigned to the reporting unit's carrying amount, including goodwill. The fair value of the reporting unit is estimated using primarily the income, or discounted cash flows, approach. If the carrying amount of a reporting unit exceeds its fair value, then the amount of the impairment loss must be measured. The impairment loss would be calculated by comparing the implied fair value of the reporting unit's goodwill to its carrying amount. In calculating the implied fair value of the reporting unit's goodwill, the fair value of the reporting unit is allocated to all of the other assets and liabilities of that unit based on their fair values. The excess of the fair value of a reporting unit over the amount assigned to its other assets and liabilities is the implied fair value of goodwill. An impairment loss would be recognized when the carrying amount of goodwill exceeds its implied fair value.

v) Contingent consideration

Contingent consideration primarily consists of earn-out provisions related to acquisitions and payable by us if specified future events occur or conditions are met. This liability is measured at fair value by applying a form of the income approach based upon the probability-weighted payment amounts discounted to present value at a rate appropriate for the risk of achieving the performance targets. The present value of the expected payments considers the time at which the obligations are expected to be settled and a discount rate that reflects the risk associated with the performance payments. The fair value of the contingent consideration at each reporting date will be updated by reflecting the changes in fair value reflected in our statement of operations. Significant increases or decreases in any of the probabilities of successes or changes in expected timeliness for achievement of any of these milestones could result in a significantly higher or lower fair value of the liability.

v i) Income Taxes

Deferred income taxes are computed using the asset and liability method. We record the estimated future tax effects of temporary differences between the tax bases of assets and liabilities and amounts reported in the accompanying consolidated balance sheets, as well as operating loss and tax credit carry-forwards. The value of our deferred tax assets assumes that we will be able to generate sufficient future taxable income in applicable tax jurisdictions, based on estimates and assumptions. If these estimates and related assumptions change in the future, we may be required to record additional valuation allowances against deferred tax assets resulting in additional income tax expense in our consolidated statements of operations. In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized, and we consider the Company's history of taxable income (loss), the scheduled reversal of deferred tax liabilities, projected future taxable income, carry-back opportunities, and tax-planning strategies in making this assessment. Management assesses the need for additional valuation allowances quarterly.

The calculation of tax liabilities involves significant judgment in estimating the impact of uncertainties in the application of complex tax laws. Although ASC 740, "Income Taxes," provides clarification on the accounting for uncertainty in income taxes recognized in the financial statements, the threshold and measurement attribute will continue to require significant judgment by management. Resolution of these uncertainties in a manner inconsistent with our expectations could have a material impact on our results of operations.

Effective with the Immucor Acquisition, our taxable income or loss is included in the consolidated income tax returns of Holdings. Current and deferred income taxes are allocated to the members of the consolidated group as if each member were a separate taxpayer.

Recently Issued Accounting Standards

Refer to the section entitled, "Impact of Recently Issued Accounting Standards" in Note 1 of our consolidated financial statements.

Item 7A. — Quantitative and Qualitative Disclosures about Market Risk

We are exposed to market risks for foreign currency exchange rates. Our financial instruments that can be affected by foreign currency fluctuations and exchange risks consist primarily of cash and cash equivalents, and trade receivables and trade payables denominated in currencies other than the U.S. dollar. We attempt to manage our exposure primarily by balancing assets and liabilities and maintaining cash positions in foreign currencies only at levels necessary for operating purposes. It has not been our practice to actively hedge our foreign subsidiaries' assets or liabilities denominated in foreign currencies. To manage these risks, we regularly evaluate our exposure and, if warranted, may enter into various derivative transactions when appropriate. We do not hold or issue derivative instruments for trading or other speculative purposes. As part of accumulated other comprehensive income in shareholders' equity, we recorded a foreign currency translation loss of $0.2 million in fiscal year 2016, a loss of $26.7 million in fiscal year 2015, and a gain of $4.3 million in fiscal year 2014.

We are subject to interest rate risk in connection with our long-term debt. Our principal interest rate risk relates to the Term Loan Facility outstanding under our Senior Credit Facilities. We have approximately $641.8 million outstanding under our Senior Credit Facilities, bearing interest at variable rates. A 0.125% increase in these floating rates applicable to the indebtedness outstanding under our Senior Credit Facilities would increase our pro forma annual interest expense by approximately $0.9 million, assuming that the entire amount of our Revolving Facilities were fully drawn. We have interest rate swaps on approximately 10.9% of our outstanding Term Loan Facility. These swaps reduce the risk of variability in the interest rates by fixing a portion of the interest costs. We consider these swaps to be effective hedges and they are marked-to-market with the changes in other comprehensive income.

Item 8. — Financial Statements and Supplementary Data

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

Report of Independent Registered Public Accounting Firm

Board of Directors and Shareholders
Immucor, Inc.

We have audited the accompanying consolidated balance sheets of Immucor, Inc. (a Georgia corporation) and subsidiaries (the "Company") as of May 31, 2016 and 2015, and the related consolidated statements of operations, comprehensive (loss) income, changes in shareholders' equity, and cash flows for each of the three years in the period ended May 31, 2016. Our audits of the basic consolidated financial statements included the financial statement schedule listed in the index appearing under Item 8. These financial statements and the financial statement schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and the financial statement schedule based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of the Company's internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Immucor, Inc. and subsidiaries as of May 31, 2016 and 2015, and the results of their operations and their cash flows for each of the three years in the period ended May 31, 2016 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the related financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein.

GRANT THORNTON LLP
/s/ GRANT THORNTON LLP
Atlanta, Georgia
August 22, 2016

IMMUCOR, INC.
CONSOLIDATED BALANCE SHEETS

(Amounts in thousands, except share data)

	As of May 31	
	2016	**2015**
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 10,263	18,363
Trade accounts receivable, net of allowance for doubtful accounts of $2,114 and $1,669 at May 31, 2016 and May 31, 2015, respectively	62,043	67,674
Inventories, net	46,894	41,847
Prepaid expenses and other current assets	8,479	11,161
Total current assets	127,679	139,045
Property and equipment, net	76,015	73,574
Goodwill	857,023	842,258
Other intangible assets, net	633,097	650,294
Other assets	13,819	15,167
Total assets	$ 1,707,633	1,720,338
LIABILITIES AND EQUITY		
Current Liabilities:		
Accounts payable	$ 22,229	13,866
Accrued interest and interest rate swap liability	18,869	19,288
Accrued expenses and other current liabilities	22,009	26,132
Income taxes payable	2,585	3,496
Deferred revenue, current portion	2,864	2,703
Current portion of long-term debt	6,806	6,640
Total current liabilities	75,362	72,125
Long-term debt, excluding current portion	1,007,948	1,004,706
Deferred income tax liabilities	222,357	230,614
Other long-term liabilities	57,420	29,212
Total liabilities	1,363,087	1,336,657
Commitments and Contingencies (Note 24)		
Equity:		
Shareholders' equity of Immucor, Inc.:		
Common stock, $0.00 par value, 100 shares authorized, issued and outstanding as of May 31, 2016 and May 31, 2015, respectively	-	-
Additional paid-in capital	753,709	755,234
Accumulated deficit	(374,079)	(331,989)
Accumulated other comprehensive loss	(39,407)	(39,564)
Total shareholders' equity of Immucor, Inc.	340,223	383,681
Equity of noncontrolling interest (Note 4)	4,323	-
Total equity	344,546	383,681
Total liabilities and equity	$ 1,707,633	1,720,338

The accompanying notes are an integral part of these consolidated financial statements.

IMMUCOR, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS

(in thousands)

	Year Ended May 31		
	2016	**2015**	**2014**
Net sales	$ 379,972	389,300	388,056
Cost of sales (exclusive of amortization shown separately below)	143,969	143,659	139,634
Gross profit	236,003	245,641	248,422
Operating expenses:			
Research and development	30,255	28,791	29,070
Selling and marketing	56,655	57,833	59,057
Distribution	17,462	20,022	20,165
General and administrative	44,462	41,191	41,603
Amortization expense	54,937	54,531	52,965
Acquisition-related items	-	-	(4,638)
Impairment loss	3,318	-	160,150
Total operating expenses	207,089	202,368	358,372
Income (loss) from operations	28,914	43,273	(109,950)
Non-operating (expense) income:			
Interest income	135	145	36
Interest expense	(90,535)	(89,421)	(88,304)
Other, net	(244)	878	45
Total non-operating net expense	(90,644)	(88,398)	(88,223)
Loss before income taxes	(61,730)	(45,125)	(198,173)
(Benefit) provision for income taxes	(17,963)	15,600	(15,916)
Net loss	(43,767)	(60,725)	(182,257)
Net loss attributable to noncontrolling interest	(1,677)	-	-
Net loss attributable to Immucor, Inc.	$ (42,090)	(60,725)	(182,257)

The accompanying notes are an integral part of these Consolidated Financial Statements.

IMMUCOR, INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

(in thousands)

	Year Ended May 31		
	2016	**2015**	**2014**
Net loss	$ (43,767)	(60,725)	(182,257)
Other comprehensive (loss) income, net of tax:			
Foreign currency translation adjustment	(174)	(26,712)	4,315
Changes in fair value of cash flow hedges:			
Portion of cash flow hedges recognized in other comprehensive income	530	672	(313)
Less: reclassification adjustment for (losses) gains included in net income	(199)	(257)	653
Net changes in fair value of cash flow hedges	331	415	340
Other comprehensive income (loss)	157	(26,297)	4,655
Comprehensive loss	(43,610)	(87,022)	(177,602)
Comprehensive loss attributable to the noncontrolling interest	(1,677)	-	-
Comprehensive loss attributable to shareholders of Immucor, Inc.	$ (41,933)	(87,022)	(177,602)

The accompanying notes are an integral part of these consolidated financial statements.

IMMUCOR, INC.
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(in thousands)

	Equity accounts attributable to Immucor, Inc.						
	Common Stock		Additional Paid-In Capital (1)	Retained Earnings (Deficit) (1)	Accumulated Other Comprehensive Income (Loss) (1)	Non-controlling Interest	Total
	Shares (1)	Amount (1)					
Balance, May 31, 2013	100	$ -	751,635	(89,007)	(17,922)	-	644,706
Share-based compensation expense	-	-	1,512	-	-	-	1,512
Net loss	-	-	-	(182,257)	-	-	(182,257)
Other comprehensive income (net of taxes):							
Foreign currency translation adjustments	-	-	-	-	4,315	-	4,315
Cash flow hedges, net of tax	-	-	-	-	340	-	340
Balance, May 31, 2014	100	-	753,147	(271,264)	(13,267)	-	468,616
Share-based compensation expense	-	-	2,087	-	-	-	2,087
Net loss	-	-	-	(60,725)	-	-	(60,725)
Other comprehensive (loss) income (net of taxes):							
Foreign currency translation adjustments	-	-	-	-	(26,712)	-	(26,712)
Cash flow hedges, net of tax	-	-	-	-	415	-	415
Balance, May 31, 2015	100	-	755,234	(331,989)	(39,564)	-	383,681
Share-based compensation expense	-	-	5,326	-	-	-	5,326
Activities with IVD Holdings, Inc.	-	-	(851)	-	-	-	(851)
Non-cash dividend distributed	-	-	(6,000)	-	-	-	(6,000)
Equity of noncontrolling interest	-	-	-	-	-	6,000	6,000
Net loss	-	-	-	(42,090)	-	(1,677)	(43,767)
Other comprehensive (loss) income (net of taxes):							
Foreign currency translation adjustments	-	-	-	-	(174)	-	(174)
Cash flow hedges, net of tax	-	-	-	-	331	-	331
Balance, May 31, 2016	100	$ -	753,709	(374,079)	(39,407)	4,323	344,546

(1) - Shareholders' equity of Immucor, Inc.

The accompanying notes are an integral part of these consolidated financial statements.

IMMUCOR, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS

(in thousands)

	Year Ended May 31		
	2016	**2015**	**2014**
Operating activities:			
Net loss	$ (43,767)	(60,725)	(182,257)
Adjustments to reconcile net loss to net cash provided by operating activities:			
Depreciation and amortization	69,487	71,271	71,287
Noncash interest expense	11,541	10,222	8,761
Loss on disposition and retirement of fixed assets	1,027	374	93
Inventory fair value adjustment	-	-	2,889
Asset impairment loss	3,318	-	160,150
Provision for doubtful accounts	572	970	(1,666)
Share-based compensation expense	5,326	2,087	1,512
Deferred income taxes	(21,936)	12,127	(21,059)
Change in fair value of contingent consideration	-	-	(4,638)
Changes in operating assets and liabilities, net of effects of acquisitions:			
Accounts receivable, trade	5,443	(5,614)	2,154
Income taxes	(160)	111	(179)
Inventories	(11,967)	(3,097)	(15,589)
Other assets	1,394	(340)	(1,301)
Accounts payable	8,333	(1,375)	1,700
Deferred revenue	130	64	413
Accrued expenses and other liabilities	(1,650)	(485)	3,331
Cash provided by operating activities	27,091	25,590	25,601
Investing activities:			
Purchases of property and equipment	(9,922)	(11,393)	(9,193)
Proceeds from sale of property and equipment	352	-	-
Receipt from acquisition of business related to finalizing certain working capital adjustments	-	-	1,151
Other investments	(4,850)	(5,300)	-
Acquisitions of businesses, net of cash acquired	(13,936)	(6,396)	(17,151)
Cash used in investing activities	(28,356)	(23,089)	(25,193)
Financing activities:			
Repayments of long-term debt	(6,698)	(6,653)	(6,674)
Dividend payment	(350)	-	-
Proceeds from revolving facilities	75,000	55,500	-
Repayments of revolving facilities	(75,000)	(55,500)	-
Cash used in financing activities	(7,048)	(6,653)	(6,674)
Effect of exchange rates on cash and cash equivalents	213	(1,106)	499
Decrease in cash and cash equivalents	(8,100)	(5,258)	(5,767)
Cash and cash equivalents at beginning of period	18,363	23,621	29,388
Cash and cash equivalents at end of period	$ 10,263	18,363	23,621
Supplemental information:			
Income taxes paid, net of refunds	$ 4,519	4,571	5,423
Interest paid	78,830	79,218	79,762
Non-cash investing and financing activities:			
Movement from inventory to property and equipment of instruments placed on rental agreements	$ 6,689	8,670	10,383
Fair value of contingent consideration liabilities at the date of acquisition	20,000	6,469	11,300
Non-cash dividend	6,000	-	-

The accompanying notes are an integral part of these consolidated financial statements.

1. NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Business – Founded in 1982, Immucor, Inc., a Georgia corporation ("Immucor" or the "Company"), develops, manufactures and sells transfusion and transplantation diagnostics products used by hospitals, donor centers and reference laboratories around the world. The Company's products are used in a number of tests performed in the typing and screening of blood, organs or stem cells to ensure donor-recipient compatibility for blood transfusion, and organ and stem cell transplantations. The Company operates manufacturing facilities in North America with both direct and third-party distribution arrangements worldwide.

Basis of Presentation – The Company (Immucor, Inc. together with its wholly owned subsidiaries) was acquired on August 19, 2011 through a merger transaction with IVD Acquisition Corporation ("Merger Sub"), a wholly owned subsidiary of IVD Intermediate Holdings B Inc. (the "Parent"). The Parent is a wholly owned indirect subsidiary of IVD Holdings Inc. ("Holdings") which was formed by investment funds affiliated with TPG Capital, L.P. ("the Sponsor"). The acquisition was accomplished through a merger of the Merger Sub with and into the Company, with the Company being the surviving company (the "Immucor Acquisition"). As a result of the merger, the Company became a wholly owned subsidiary of Parent. Prior to August 19, 2011, the Company operated as a public company with common stock traded on the NASDAQ Stock Market.

The accompanying consolidated statements of operations, comprehensive loss, changes in shareholders' equity, and cash flows are presented for the fiscal years ended May 31, 2016, 2015, and 2014. Certain reclassifications have been made to the fiscal year 2015 consolidated financial statements to conform to the 2016 presentation. We have also performed an evaluation of subsequent events through the date the financial statements were issued.

Basis of Consolidation – The consolidated financial statements include the accounts of Immucor, Inc., its wholly owned subsidiaries, and a variable interest entity ("VIE") that is required to be consolidated in accordance with U.S. GAAP (Refer to Note 4 for additional information on our consolidated VIE). All significant intercompany balances and transactions have been eliminated in consolidation. There are no other entities controlled by the Company, either directly or indirectly.

Variable Interest Entities – In determining whether we are the primary beneficiary of an entity and therefore the VIE is required to be consolidated, we apply a qualitative approach that determines whether we have both (1) the power to direct the economically significant activities of the entity, and (2) the obligation to absorb losses of, or the right to receive benefits from, the entity that could potentially be significant to that entity. We continually assess whether we are the primary beneficiary of a VIE as changes to existing relationships, contractual arrangements, and business transactions occur.

Use of Estimates – The preparation of financial statements in conformity with generally accepted accounting principles in the U.S. ("GAAP") requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Share-Based Compensation – Consistent with the provisions of Accounting Standards Codification ("ASC") 718, "Compensation – Stock Compensation," compensation cost for grants of all share-based payments is based on the estimated grant date fair value. The value of share-based compensation is attributed to expense over the requisite service period using the graded-vesting method for performance-based options, and the straight-line method for service-based options.

As of fiscal year 2016, the Company uses the Black-Scholes valuation model to estimate the fair value of its share-based payment awards. Key input assumptions used to estimate the fair value of stock options and stock appreciation rights include the initial value of common stock, expected term until the exercise of the equity award, the expected volatility of the equity, risk-free rates of return and dividend yields, if any.

Prior to fiscal year 2016, the Company used the Monte Carlo simulation approach. The Monte Carlo method is used to calculate the fair value of an option with multiple sources of uncertainty by creating random price paths for the underlying share and expected future value, then discounting the average of those paths to determine the fair value. Key input assumptions used to estimate the fair value of stock options and stock appreciation rights are similar to those used in the Black-Scholes valuation model.

Concentration of Credit Risk – Financial instruments that potentially subject the Company to concentrations of credit risk consist primarily of cash and cash equivalents and trade accounts receivable. In order to mitigate the concentration of credit risk, the Company places its cash and cash equivalents with multiple financial institutions. Cash and cash equivalents were $10.3 million and $18.4 million at May 31, 2016 and 2015, respectively. Cash and cash equivalents located in the U.S. were approximately 38% and 37% at May 31, 2016 and 2015, respectively.

Concentrations of credit risk with respect to trade accounts receivable are limited because a large number of geographically diverse customers make up the Company's customer base, thus spreading the trade credit risk. At May 31, 2016, 2015 and 2014, no single customer represented 10% or more of total consolidated net sales or trade accounts receivable. The Company controls credit risk through credit limits and monitoring procedures. At May 31, 2016 and 2015, the Company's net trade accounts receivable balances were $62.0 million and $67.7 million, respectively, with about 45% of these accounts being of foreign origin, predominantly European, in both years. Companies and government agencies in some European countries require longer payment terms as a part of doing business. This may subject the Company to a higher risk of uncollectibility. This risk is considered when the allowance for doubtful accounts is evaluated. The Company generally does not require collateral from its customers.

During fiscal year 2014, the Company reviewed the valuation method used to determine the estimate of our allowance for doubtful accounts and determined that a change in estimate was needed to better reflect the actual bad debt experience. As a result, the Company revised its valuation method, effective November 30, 2013, and reduced the estimate of allowance for doubtful accounts on uncollected receivables. The effect of this change in estimate was a reduction in bad debt expense of $1.9 million, and a decrease in net loss of approximately $1.1 million in fiscal year 2014.

Cash and Cash Equivalents – The Company considers deposits and investments with an original maturity of three months or less when purchased to be cash and cash equivalents. Generally, cash and cash equivalents held at financial institutions are in excess of insurance limit. The Company limits its exposure to credit loss by placing its cash and cash equivalents in liquid investments with high quality financial institutions.

Inventories, net – Typically inventories are stated at the lower of cost (first-in, first-out basis) or net realizable value, net of reserves. The Company records adjustments to the carrying value of inventory based upon assumptions about historic usage, future demand, and market conditions.

Fair Value of Financial Instruments – The Company measures fair value using a three-level hierarchy that prioritizes the inputs used. This hierarchy maximizes the use of observable inputs and minimizes the use of unobservable inputs. The three levels of inputs used to measure fair value are explained in Note 16 of the Company's consolidated financial statements. The carrying amounts reported in the consolidated balance sheets for cash and cash equivalents, trade accounts receivable, accounts payable and other current liabilities approximate fair value because of their short-term nature.

Derivative Instruments – The Company may from time to time use derivatives as a risk management tool to mitigate the potential impact of interest rate and foreign exchange risk. All derivatives are carried at fair value in the Company's consolidated balance sheets. The Company does not enter into speculative derivatives. The derivatives are cash flow hedges which are considered effective. Changes in fair value are recognized through other comprehensive income. Any portion considered ineffective is recognized directly into operating income.

Property and Equipment, net – Property and equipment is stated at cost less accumulated depreciation. Expenditures for replacements are capitalized, and the replaced items are retired. Normal maintenance and repairs are charged to operations. Major maintenance and repair activities that significantly enhance the useful life of the asset are capitalized. When property and equipment are retired, sold, or otherwise disposed of, the asset's carrying amount and related accumulated depreciation are removed from the accounts and any gain or loss is included in operations. Depreciation is computed using the straight-line method over the estimated lives of the related assets ranging from three to thirty years. Carrying values of these assets are evaluated if impairment indicators arise.

The Company reviews the estimated useful lives of its fixed assets on an ongoing basis. During fiscal year 2014, this review indicated that the actual lives of the Company's instrument equipment were longer than the estimated useful lives used for depreciation purposes in our financial statements. As a result, the Company changed its estimates of the useful lives of its instrument equipment, effective June 1, 2013, to better reflect the estimated periods during which these assets will remain in service. As a result, the estimated useful lives of these assets increased from approximately 5 years to 10 years. The effect of this change in estimate was a reduction in depreciation expense of $6.3 million and a decrease in net loss of approximately $3.6 million for fiscal year 2014, respectively.

Deferred Financing Costs, net – Deferred financing costs are capitalized and are amortized over the life of the related debt agreements using the effective interest rate method, except the Revolving Facilities which uses the straight-line method. The amortization expense is included in interest expense in the consolidated statements of operations. The deferred financing cost asset is netted against the Company's debt obligations and included in long-term debt, excluding current portion in the consolidated balance sheets.

Goodwill – Consistent with ASC 350, "Intangibles – Goodwill and Other," goodwill and other intangible assets with indefinite lives are not amortized but are tested for impairment annually or more frequently if impairment indicators arise. Intangible assets that have finite lives are amortized on a straight line basis over their useful lives.

The Company evaluates the carrying value of goodwill as of March 1 st of each fiscal year and between annual evaluations if events occur or circumstances change that would more likely than not reduce the fair value of the reporting unit below its carrying amount. Such circumstances could include, but are not limited to: (1) a significant adverse change in legal factors or in business climate, (2) unanticipated competition, or (3) an adverse action or assessment by a regulator. When evaluating whether goodwill is impaired the Company first assesses qualitative factors to determine if it is more likely than not (defined as 50% or more) that the fair value of the reporting unit is less than its carrying amount. If it is determined that it is not more likely than not that the fair value of the reporting unit is less than its carrying amount, no additional steps are taken. If it is determined that it is more likely than not that the fair value of the reporting unit is less than its carrying amount, the Company then compares the fair value of the reporting unit to which the goodwill is assigned to the reporting unit's carrying amount, including goodwill. The fair value of the reporting unit is estimated using primarily the income, or discounted cash flows, approach. If the carrying amount of a reporting unit exceeds its fair value, then the amount of the impairment loss must be measured. The impairment loss would be calculated by comparing the implied fair value of the reporting unit's goodwill to its carrying amount. In calculating the implied fair value of the reporting unit's goodwill, the fair value of the reporting unit is allocated to all of the other assets and liabilities of that unit based on their fair values. The excess of the fair value of a reporting unit over the amount assigned to its other assets and liabilities is the implied fair value of goodwill. An impairment loss would be recognized when the carrying amount of goodwill exceeds its implied fair value. The Company's evaluation of goodwill and other intangible assets with indefinite lives completed during fiscal years 2016 and 2015 resulted in no impairment charges, and resulted in $160.0 million in impairment charges in fiscal year 2014. Refer to Footnote 9 of the Company's consolidated financial statements for additional information.

Other Intangible Assets, net – Other intangible assets primarily include customer relationships, deferred licensing costs, existing technology and trade names. These other intangible assets are amortized over their anticipated benefit period. Carrying values of these assets are evaluated when impairment indicators arise. There was no impairment charge related to other intangible assets subject to amortization in fiscal years 2016, 2015 or 2014.

In-process research and development ("IPR&D") is also included in other intangible assets. IPR&D has an indefinite life until the completion or abandonment of the individual project. When a project is completed, its value will be amortized over its estimated useful life. If a project is abandoned, its value is written-off. The carrying value of IPR&D is tested for impairment annually or more frequently if impairment indicators arise. There was no impairment charge related to IPR&D during fiscal year 2015. An impairment charge of $3.0 million and $0.2 million was recorded in fiscal years 2016 and 2014, respectively, for IPR&D projects that were determined not to be economically feasible, and therefore were written-off.

Foreign Currency Translation – The financial statements of foreign subsidiaries have been translated into U.S. Dollars in accordance with ASC 830-30, "Translation of Financial Statements". The financial position and results of operations of the Company's foreign subsidiaries are measured using the foreign subsidiary's local currency as the functional currency. Revenues and expenses of such subsidiaries have been translated into U.S. Dollars at average exchange rates prevailing during the period. Assets and liabilities have been translated at the rates of exchange on the balance sheet date. The resulting translation gain and loss adjustments are recorded directly as a separate component of shareholders' equity, unless there is a sale or complete liquidation of the underlying foreign investments.

Gains and losses that result from foreign currency transactions are included in "other non-operating (expense) income" in the consolidated statements of operations.

Revenue Recognition – The Company recognizes revenue in accordance with ASC 605, "Revenue Recognition," when the following four basic criteria have been met: (1) persuasive evidence of an arrangement exists; (2) delivery has occurred or services are rendered; (3) the fee is fixed and determinable; and (4) collectability is reasonably assured.

The Company enters into arrangements in which the Company commits to delivering multiple products or services to its customers. In these cases, total arrangement consideration is allocated to all deliverables based on their relative selling prices. The following hierarchy is used to determine the selling price to be used for allocating revenue to deliverables: (i) vender specific objective evidence ("VSOE") of fair value, (ii) third-party evidence of selling price ("TPE"), and (iii) management's best estimate of selling price ("MBESP"). VSOE generally exists only when the Company sells the deliverable separately and is the price actually charged by the Company for that deliverable. TPE represents the selling price of a similar product or service by another vendor. MBESPs reflect management's best estimates of what the selling prices of elements would be if they were sold regularly on a stand-alone basis. In determining MBESP, the Company considers the following: (1) pricing practices as they relate to future price increases and (2) the overall economic conditions.

The significant deliverables included in the Company's arrangements are the delivery of products such as reagents and part kits, instrument (sold and leased) and the performance of services such as training and general support services. Each of these significant deliverables qualify as separate units of accounting.

The Company recognizes revenue from product sales, such as reagents and part kits, when the goods are shipped or when the goods are delivered, title passes, and risk of loss passes to the customer. The product's selling price, which is used to allocate the total arrangement consideration to each deliverable, is based on either VSOE or MBESP. The revenue from instrument sales or leases is recognized when the instrument has been installed and accepted by the customer. The selling price of instrument sales or leases is based on MBESP. Training revenue is recognized as the training services are provided. The selling price of training is based on MBESP. General support service revenue is recognized over the term of the agreement. The selling price of general support services is based on VSOE by reference to the price our customers are required to pay for the general support services when sold separately as renewal agreements.

Shipping and Handling Charges and Sales Tax – The amounts billed to customers for shipping and handling of orders are classified as revenue and reported in the statements of operations as net sales. The costs of handling and shipping customer orders are reported in the operating expense section of the consolidated statements of operations as distribution expense. Sales taxes invoiced to customers and payable to government agencies are recorded on a net basis with the sales tax portion of a sales invoice directly credited to a liability account and the balance of the sales invoice credited to a revenue account.

Trade Accounts Receivable and Allowance for Doubtful Accounts –The allowance for doubtful accounts represents a reserve for estimated losses resulting from the inability of the Company's customers to pay their debts. The collectability of trade accounts receivable balances is regularly evaluated based on a combination of factors such as customer credit-worthiness, past transaction history with the customer, current economic industry trends and changes in customer payment patterns. If it is determined that a customer will be unable to fully meet its financial obligation, such as in the case of a bankruptcy filing or other material events impacting its business, a specific allowance for doubtful accounts is recorded to reduce the related receivable to the amount expected to be recovered.

Research and Development costs – Research and development costs are expensed as incurred and are disclosed as a separate line item in the consolidated statements of operations.

Loss contingencies – Certain conditions may exist as of the date the financial statements are issued that may result in a loss to the Company, but which will only be determined and resolved when one or more future events occur or fail to occur. The Company's management and its legal counsel assess such contingent liabilities, and such assessment inherently involves an exercise of judgment. In assessing loss contingencies related to legal proceedings that are pending against the Company or unasserted claims that may result in such proceedings, the Company's legal counsel evaluates the perceived merits of any legal proceedings or unasserted claims as well as the perceived merits of the amount of relief sought or expected to be sought therein.

If the assessment of a contingency indicates that it is probable that a material loss is likely to occur and the amount of the liability can be estimated, then the estimated liability is accrued in the Company's financial statements. If the assessment indicates that a potentially material loss contingency is not probable, but is reasonably possible, or is probable but cannot be estimated, then the nature of the contingent liability, together with an estimate of the range of possible loss if determinable and material, would be disclosed.

Loss contingencies considered remote are generally not accrued or disclosed unless they involve guarantees, in which case the nature of the guarantee would be disclosed. Legal costs relating to loss contingencies are expensed as incurred.

Contingent consideration liabilities resulting from a business combination are recorded at fair value at the time of acquisition. The fair value is calculated by applying a form of the income approach, based on the probability-weighted projected payment amounts discounted to a present value at a rate appropriate for the risk of achieving the performance targets according to the terms of the arrangements. Key assumptions are the earn-out period probabilities and an appropriate discount rate. Contingent consideration liabilities are then reevaluated on a quarterly basis and adjusted as needed to reflect changes in fair value, and to reflect interest accretion. The contingent consideration liability exists until the earn-out is achieved and subsequently paid or the earn-out is not achieved and the fair value of the liability is reduced.

Income Taxes – Effective with the Immucor Acquisition, the Company's taxable income or loss is included in the consolidated income tax returns of Holdings. Current and deferred income taxes are allocated to the members of the consolidated group as if each member were a separate taxpayer.

Deferred income taxes are computed using the asset and liability method. The Company records the estimated future tax effects of temporary differences between the tax bases of assets and liabilities and amounts reported in the accompanying consolidated balance sheets, as well as operating loss and tax credit carry-forwards. The value of the Company's deferred tax assets assumes that the Company will be able to generate sufficient future taxable income in applicable tax jurisdictions, based on estimates and assumptions. If these estimates and related assumptions change in the future, the Company may be required to record additional valuation allowances against its deferred tax assets resulting in additional income tax expense in the Company's consolidated statements of operations. In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized, and the Company considers the Company's history of taxable income (loss), the scheduled reversal of deferred tax liabilities, projected future taxable income, carry-back opportunities, and tax-planning strategies in making this assessment. Management assesses the need for additional valuation allowances quarterly.

The calculation of tax liabilities involves significant judgment in estimating the impact of uncertainties in the application of complex tax laws. Although ASC 740, "Income Taxes," provides clarification on the accounting for uncertainty in income taxes recognized in the financial statements, the threshold and measurement attribute will continue to require significant judgment by management. Resolution of these uncertainties in a manner inconsistent with the Company's expectations could have a material impact on its results of operations.

Business Combinations – Transactions classified as an acquisition of a business are recognized in accordance with ASC 805, "Business Combinations." Results of operations of acquired companies are included in the Company's results of operations as of the respective acquisition dates. The purchase price of each acquisition is allocated to the acquired assets and liabilities based on estimates of their fair values at the date of the acquisition. Contingent consideration is recognized at the estimated fair value on the acquisition date. Subsequent changes to the fair value of contingent consideration liabilities are recognized in earnings. Any purchase price in excess of these acquired assets and liabilities is recorded as goodwill. The allocation of purchase price in certain circumstances may be subject to revision based on the final determination of fair values during the measurement period, which may be up to one year from the acquisition date.

Impact of Recently Issued Accounting Standards –

Adopted by the Company in fiscal year 2016

In the fourth quarter of 2016, the Company adopted the Financial Accounting Standards Board ("FASB") Accounting Standards Update ("ASU") No. 2016-09, *Compensation-Stock Compensatio n: Improvements to Employee Share-Based Payment Accountin g* ("ASU 2016-09"). ASU 2016-09 simplifies several aspects of the accounting for employee share-based payments, including accounting for income taxes, forfeitures, statutory tax withholding requirements, and classification on the statement of cash flows. This standard is effective for annual periods beginning after December 15, 2016, which corresponds to the Company's first quarter of fiscal year 2018, and interim periods within annual periods beginning after December 15, 2018. Early adoption is permitted but must adopt all the amendments in the same period and reflected as of the beginning of the fiscal year that interim period. The adoption of ASU 2016-09 did not have a material impact on the Company's consolidated financial statements.

In the fourth quarter of 2016, the Company adopted the FASB ASU No. 2015-17, *Income Taxes: Balance Sheet Classification of Deferred Taxes* ("ASU 2015-17") . ASU 2015-17 requires that deferred income tax liabilities and assets be classified as noncurrent in a classified statement of financial position. This standard is effective for annual periods beginning after December 15, 2016, and interim periods within those annual periods, which corresponds to the Company's first quarter of fiscal year 2018. Earlier adoption is permitted as of the beginning of an interim or annual reporting period. We early adopted ASU 2015-17 on a retrospective basis. Adoption resulted in a $5.9 million decrease in the current portion of the Company's deferred income tax assets, and the long-term portion of the Company's deferred income tax liabilities in our consolidated balance sheet at May 31, 2015. The adoption of ASU 2015-17 had no material impact on our results of operations.

In the fourth quarter of 2016, the Company adopted the FASB ASU No. 2015-11, *Inventory: Simplifying the Measurement of Inventory* ("ASU 2015-11"). ASU 20115-11 requires that inventory within the scope of this update be measured at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less reasonable predictable costs of completion, disposal, and transportation. The amendments in this update do not apply to inventory that is measured using last-in, first-out ("LIFO") or the retail inventory method. The amendments apply to all other inventory, which includes inventory that is measured using first-in, first-out ("FIFO") or average cost. This standard is effective for annual periods beginning after December 15, 2016, and interim periods within those annual periods, which corresponds to the Company's first quarter of fiscal year 2018. Early adoption is permitted. The adoption of ASU 2015-17 did not have a material impact on the Company's consolidated financial statements.

In the fourth quarter of 2016, the Company adopted the FASB ASU No. 2015-03, *Interest – Simplifying the Presentation of Debt Issuance Costs* ("ASU 2015-03"). ASU 2015-03 changes the presentation of debt issuance costs for term debt in the balance sheet by requiring the debt issuance costs to be presented as a direct deduction from the related debt liability, rather than recorded as an asset. In August 2015, ASU 2015-15, *Presentation and Subsequent Measurement of Debt Issuance Costs Associated with Line-of-Credit Arrangements* ("ASU 2015-15"), was issued to provide clarification to ASU 2015-03. This standard specifies that the SEC would not object to an entity deferring and presenting debt issuance costs as an asset and subsequently amortizing deferred debt issuance costs ratably over the term of the line-of-credit arrangement, regardless of whether there are any outstanding balances on the line-of-credit arrangement. This standard is effective for fiscal years beginning after December 15, 2015, including interim periods within those fiscal years, which corresponds to the company's first quarter of fiscal year 2017. This standard is to be applied retrospectively and early adoption is permitted. We early adopted ASU 2015-03 on a retrospective basis. Adoption resulted in a $26.4 million decrease in the noncurrent portion the Company's assets, and the long-term portion of the Company's debt in our consolidated balance sheet at May 31, 2015. The adoption of ASU 2015-03 had no material impact on our results of operations.

In the fourth quarter of 2016, the Company adopted the FASB ASU No. 2015-16, *Business Combinations: Simplifying the Accounting for Measurement – Period Adjustments* ("ASU 2015-16"). ASU 2015-16 requires that an acquirer recognize adjustments to provisional amounts that are identified during the measurement period in the reporting period in which the adjustment amounts are determined. The amendments in this update require that the acquirer record, in the same period's financial statements, the effect on earnings of changes in depreciation, amortization, or other income effects, if any, as a result of the change to the provisional amounts, calculated as if the accounting had been completed at the acquisition date. The amendments in this update require an entity to present separately on the face of the income statement or disclose in the notes the portion of the amount recorded in current-period earnings by line item that would have been recorded in previous reporting periods if the adjustment to the provision amounts had been recognized as of the acquisition date. This standard is effective for fiscal years beginning after December 15, 2015, including interim periods within those fiscal years, which corresponds to the Company's first quarter of fiscal year 2017. Early adoption is permitted. The adoption of ASU 2015-16 did not have a material impact on the Company's consolidated financial statements.

Accounting Standards Not Yet Adopted

In February 2016, the FASB issued ASU No. 2016-02, *Leases,* which will replace most existing lease accounting guidance in U.S. GAAP. The core principle of ASU 2016-02 is that an entity should recognize the rights and obligations resulting from leases as assets and liabilities. ASU 2016-02 requires qualitative and specific quantitative disclosures to supplement the amounts recorded in the financial statements so that users can understand more about the nature of the entity's leasing activities, including significant judgements and changes in judgements. ASU 2016-02 will be effective for the Company for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years, which corresponds to the Company's first quarter of fiscal year 2020. Early adoption is permitted. The Company is evaluating the effect of the adoption of ASU 2016-02 on its consolidated financial statements.

In May 2014, the FASB and International Accounting Standards Board issued their converged standard on revenue recognition, ASU 2014-09, *Revenue from Contracts with Customers* ("ASU 2014-09"). This standard outlines a single comprehensive model for companies to use in accounting for revenue arising from contracts with customers and supersedes most current revenue recognition guidance, including industry-specific guidance. The core principle of the revenue model is that revenue is recognized when a customer obtains control of a good or service. A customer obtains control when it has the ability to direct the use of and obtain the benefits from the good or service. Transfer of control is not the same as transfer of risks and rewards, as it is considered in current guidance. The Company will also need to apply new guidance to determine whether revenue should be recognized over time or at a point in time. An amendment was made in July 2015 to change the effective date of this standard from the first interim period within annual reporting periods beginning after December 15, 2016 to December 15, 2017, which corresponds to our first quarter of fiscal year 2019. No early adoption is permitted under this standard, and it is to be applied either retrospectively or as a cumulative-effect adjustment as of the date of adoption. The Company is evaluating the effect of the adoption of ASU 2014-09 on its consolidated financial statements.

2. BUSINESS COMBINATIONS

Business combinations completed in fiscal year 2016:

Acquisition of Sirona - On March 4, 2016, the Company exercised its warrant and acquired 100% of the common stock of Sirona Genomics, Inc. ("Sirona"). The cash paid for the Sirona business was $15.0 million, of which $14.4 million was paid in the fourth quarter of fiscal year 2016. The purchase agreement included two contingent consideration arrangements, one for achieving certain revenue targets in each of the next five years and the other for achieving a certain revenue milestone during the next five years. The combined potential earn-out for these arrangements is $45.0 million in cash over the next five years. Management estimated that the fair value of the contingent consideration arrangements, as of the acquisition date, was approximately $20.0 million, which is included in Other long-term liabilities on the Company's consolidated balance sheet. Including the contingent consideration, the aggregate estimated fair value of the consideration paid was approximately $35.0 million. The fair value of the assets and liabilities acquired was $40.6 million for identifiable intangible assets (existing technologies), $14.8 million for goodwill, $2.1 million for property and equipment, $1.3 million of cash, $1.5 million for current liabilities, $9.7 million for a Promissory Note payable to Immucor, and $12.5 million for a long-term deferred tax liability. The purchase price allocation for this acquisition is preliminary and is subject to material valuation adjustments or tax matters that may be identified within the measurement period. The goodwill arising from this acquisition is not deductible for tax purposes.

The Company determines contingent consideration liabilities by applying a form of the income approach, based upon the probability-weighted projected payment amounts discounted to present value at a rate appropriate for the risk of achieving the financial performance targets. The key assumptions were the earn-out period payment probabilities, projected revenues, discount rate and the timing of payments. The present value of the expected payments considers the time at which the obligations are expected to be settled and a discount rate that reflects the risk associated with the performance payments. These assumptions are considered to be level 3 inputs by ASC Topic 820, *Fair Value Measurement* ("ASC Topic 820"), which are not observable in the market.

Immucor has been in a collaborative arrangement with Sirona since October 2014 for the development and commercialization of a next generation sequencing HLA typing product for transplant diagnostics. Refer to Note 3 for additional information.

Acquisition of reference lab – On August 3, 2015, the Company completed the asset purchase of a U.S. reference lab for a total cash purchase price of $0.8 million. This acquisition will enable the Company to deliver current Immucor products as a service to customers as well as commercialize newly developed products. The fair values of the acquired assets were $0.3 million for equipment, $0.2 million for identifiable intangible assets and $0.3 million for goodwill. The goodwill is deductible for tax purposes.

Business combinations completed in fiscal year 2015:

Acquisition of Sentilus – On October 1, 2014, the Company completed the acquisition of Sentilus, Inc. ("Sentilus"). Sentilus was a privately-held company focused on developing a novel, inkjet-printed antibody microarray-based technology, Femtoarrays ™ . Among other uses, Sentilus has been developing Femtoarrays ™ and the underlying technology for use in a variety of in vitro diagnostics areas, including transfusion diagnostics, and could potentially serve as a next generation technology platform for our transfusion diagnostics business. The total cash purchase price of the Sentilus business was $6.0 million. The purchase agreement included two contingent consideration arrangements, one for achieving certain regulatory milestones with a potential earn-out for $4.0 million in cash over the next three years, and the other in the form of performance payments based on a percentage of net future sales of the to-be-developed products over approximately the next twenty years. Management estimated that the fair value of the contingent consideration arrangements, as of the acquisition date, was approximately $6.3 million, which was included in Other long-term liabilities on the Company's consolidated balance sheet. Including the contingent consideration, the aggregate estimated fair value of the consideration paid was approximately $12.3 million. The other identifiable intangible assets include in-process research and development ("IPR&D") and a non-competition agreement, which was valued at $18.8 million in the aggregate. Goodwill was valued at $0.6 million and the long-term deferred tax liability was valued at $7.2 million. The goodwill arising from this acquisition was not deductible for tax purposes.

Acquisition of LIFECODES distribution business – The Company completed the acquisition of the LIFECODES distribution business in India effective August 1, 2014. This acquisition enables the Company to streamline the distribution of its LIFECODES products in that region. The Company acquired the assets of the India distribution business for a total cash purchase price of $0.4 million. The purchase price also included a potential earn-out of up to $0.2 million if certain financial targets were met during the two year period ending July 2016.

***Business combinations completed in fiscal year 2014* :**

Acquisition of Organ-i – On May 30, 2014, the Company completed the acquisition of Organ-i, Inc. ("Organ-i") a privately-held company focused on developing non-invasive tests to monitor and predict organ health for transplant recipients. This acquisition expands our product offering for post-transplant testing and directly complements our existing LIFECODES business. The total cash purchase price of this business was $12.0 million plus a potential earn-out of up to $18.0 million if certain product and financial targets during fiscal years 2015 through 2020 are met. Management estimated that the fair value of the contingent consideration arrangement as of the acquisition date was approximately $11.3 million. Including the contingent consideration, the aggregate estimated fair value of the consideration paid was approximately $23.3 million. The other identifiable intangible assets including existing technology, IPR&D and non-competition agreements were valued at $26.7 million. Goodwill was valued at $5.8 million and the long-term deferred tax liability was valued at $9.1 million. The contingent consideration liability is considered long-term and is included in long-term liabilities in the Company's consolidated balance sheet. In the third quarter of fiscal year 2015, the long-term deferred tax liability was revised to $8.9 million due to the Company finalizing the amount of the tax attributes acquired in the acquisition and goodwill was revised to $5.6 million. The goodwill arising from this acquisition was not deductible for tax purposes.

Acquisition of LIFECODES distribution businesses – The Company completed the acquisition of both the LIFECODES distribution businesses in the United Kingdom ("UK") and Italy on January 31, 2014. These acquisitions enable Immucor to streamline the distribution of its LIFECODES products in Europe.

The Company acquired the stock of the UK distribution business for a total cash purchase price of $4.0 million, including acquired cash of $1.2 million. The Company acquired the assets of the Italy distribution business for a total cash purchase price of $2.4 million. In total, the Company acquired other identifiable intangible assets of $3.5 million and $1.1 million of goodwill, respectively, in these acquisitions. The other identifiable intangible assets are mainly customer relationships, which represent the fair value of the existing customer base. The tangible assets acquired in these acquisitions were not material to the Company's consolidated financial statements. All of the goodwill arising from the Italy asset acquisition was deductible for income tax purposes. The goodwill arising from the UK acquisition is not deductible for tax purposes.

Financial Information

The operating results of the acquired businesses have been included in the Company's consolidated results of operations since their dates of acquisition.

3. OTHER INVESTMENTS

Sirona Collaboration – On October 3, 2014, the Company entered into a collaborative arrangement with Sirona for the commercialization of Sirona's human leukocyte antigen ("HLA") typing sample preparation and bioinformatics offering for next-generation sequencing. As part of this collaborative arrangement, the Company paid $0.7 million for a warrant with an exclusive option to acquire 100% of the common stock of Sirona and through March 2016, had loaned Sirona $9.5 million to fund development efforts of its existing projects. Of the $9.5 million loan, $4.9 million and $4.6 million were funded in fiscal years 2016 and 2015, respectively. The loan to Sirona did bear interest at a market rate. The outstanding loan and the warrant asset were both included in Other assets on the Company's consolidated balance sheet as of May 31, 2015.

Sirona was considered to be a variable interest entity ("VIE") until March 2016, when it was acquired. As a VIE, Sirona's results were not consolidated with the results of Immucor since Sirona retained sole responsibility for and control of the operations of its business, and for achieving product commercialization.

4. CONSOLIDATED VARIABLE INTEREST ENTITY

In February 2016, the Company contributed the assets acquired in the Sentilus acquisition to a newly formed company, Sentilus Holdco LLC ("Sentilus LLC"). The Company then distributed its interest in Sentilus LLC via a dividend, indirectly, to IVD Intermediate Holdings A Inc., which is the owner of Immucor's Parent company, IVD Intermediate Holdings B Inc.

Sentilus LLC will continue developing Femtoarrays ™ and the underlying technology for use in a variety of in vitro diagnostics areas. This business was spun-off from Immucor to be able to separately market the anticipated new product offerings that are expected to have application outside of the Company's current transfusion and transplant markets. The book value of the assets and liabilities transferred was $6.0 million. The book value includes assets of $1.0 million of cash, $0.5 million of equipment, $18.8 million of identifiable intangible assets, and $0.1 million of goodwill, and liabilities of $7.2 million of deferred income tax liabilities, and a $7.2 million obligation to Immucor for contingent consideration liabilities.

Sentilus LLC is considered to be a VIE. Sentilus LLC is operated as a separate business. Sentilus LLC and the Company have entered into management services agreements (the "Management Contracts") pursuant to which Immucor will provide management, financial, legal and human resource services as well as personnel, materials and business locations to Sentilus LLC in exchange for management fees at Immucor's cost plus a specified "arms-length" margin (which is subject to periodic adjustment). Immucor's executive management will control and operate the Sentilus LLC business. Immucor is considered the primary beneficiary of Sentilus LLC because it is managing the Sentilus LLC business and providing the necessary personnel and support to operate the business under the terms of the Management Contracts. Accordingly, the financial results of Sentilus LLC are included in the consolidated financial results of the Company.

The operations of Sentilus LLC will be primarily funded through either additional potential future dividends from Immucor or from additional capital contributions from IVD Holdings Inc. ("Holdings"), the Parent company of IVD Intermediate Holdings A Inc. The Company could be exposed to a loss related to the Sentilus LLC business if there are expenses that are incurred by the Company on behalf of Sentilus LLC under the terms of the Management Contracts and are not reimbursed. This risk is deemed unlikely since all of the entities involved in this arrangement are under the common control of Holdings.

The following table includes the carrying amounts and classification of the assets and liabilities of Sentilus LLC that are included in the Company's consolidated balance sheet as of May 31, 2016 that cannot be used to settle the obligations of Immucor, and are not Immucor's obligation to pay (in thousands):

ASSETS		**LIABILITIES**	
Current assets:		**Current liabilities:**	
Cash and cash equivalents	$ 36	Accounts Payable	$ 744
Total current assets	36	Accrued expenses and other current liabilities	4
		Total current liabilities	748
Noncurrent assets:		**Noncurrent liabilities:**	
Property and equipment, net	644	Deferred Income Tax	6,207
Goodwill	105		
Other intangible assets, net	18,820	Obligation to Immucor for contingent consideration liabilities	7,433
Total noncurrent assets	19,569	Total noncurrent liabilities	13,640
Total Assets	**$ 19,605**	**Total Liabilities**	**$ 14,388**

5. RELATED PARTY TRANSACTIONS

In connection with the Immucor Acquisition in fiscal year 2012, the Company entered into a management services agreement with TPG Capital, L.P. (the "Sponsor"). Pursuant to such agreement, and in exchange for on-going consulting and management advisory services that are provided to the Company, the Sponsor receives an aggregate annual monitoring fee of approximately $3.0 million. In fiscal years 2016, 2015 and 2014, approximately $3.5 million, $3.7 million, $3.9 million, respectively, was recorded for monitoring fees, additional services provided by the Sponsor, and out-of-pocket expenses and the majority is included in general and administrative expenses in the consolidated statements of operations. At May 31, 2016 and 2015, the Company owed $1.7 million and $0.7 million, respectively, to the Sponsor for these fees and expenses.

Sentilus LLC and the Company have entered into management services agreements. Refer to Note 4 of the consolidated financial statements for additional information.

6. INVENTORIES, NET

In May 2016, the Company adopted ASU No. 2015-11, *Inventory: Simplifying the Measurement of Inventory*. ASU 2015-11 requires that inventory be measured at the lower of cost or net realizable value. The adoption of this new standard did not have a material impact on our inventory valuation as of May 31, 2016. The Company measures inventories at cost using a first-in, first-out basis. Prior to May 2016, the Company measured inventories at the lower of cost or market. As of May 31, 2016 and 2015, inventories, net consist of the following (in thousands):

	As of May 31	
	2016	2015
Raw materials and supplies	$ 11,840	10,816
Work in process	11,944	9,197
Finished goods	23,110	21,834
Total inventories, net	$ 46,894	41,847

7. PREPAID EXPENSES AND OTHER CURRENT ASSETS

Prepaid expenses and other current assets consist of the following (in thousands):

	As of May 31	
	2016	2015
Income tax prepayments	$ 3,567	4,267
Prepaid expenses	2,727	3,942
Other receivables	2,185	2,952
Prepaid expenses and other current assets	$ 8,479	11,161

8. PROPERTY AND EQUIPMENT, NET

Property and equipment, net consists of the following (in thousands):

	As of May 31	
	2016	2015
Land	$ 217	250
Buildings and improvements	2,163	2,494
Leasehold improvements	26,261	25,639
Capital work-in-progress	4,275	6,897
Furniture and fixtures	3,861	3,757
Machinery, equipment and instruments	110,145	94,021
Total property and equipment	146,922	133,058
Less: Accumulated depreciation	(70,907)	(59,484)
Property and equipment, net	$ 76,015	73,574

Depreciation expense was $14.6 million, $16.8 million, and $18.3 million in fiscal years 2016, 2015, and 2014, respectively. Depreciation expense is primarily included in cost of sales in the consolidated statements of operations.

9. GOODWILL

Changes in the carrying amount of goodwill for the years ended May 31, 2016 and 2015 were as follows (in thousands):

	May 31, 2016	May 31, 2015
Balance at beginning of period	$ 842,258	851,563
Additions:		
Acquisition of businesses	15,131	432
Foreign currency translation adjustment	(366)	(9,737)
Impairment loss	-	-
Balance at end of period	$ 857,023	842,258

The Company has six reporting units with goodwill as a result of prior acquisitions which it evaluates for impairment. The Company evaluates goodwill for impairment on an annual basis as of March 1 st , and between annual tests if a triggering event or a change in circumstances indicates that a reporting unit's goodwill might be impaired. An impairment loss on goodwill is recognized to the extent that a reporting unit's carrying amount of goodwill exceeds the implied fair value of goodwill of such reporting unit, determined in accordance with ASC Topic 350, *Intangibles-Goodwill and Othe r* ("ASC 350"). ASC 350 requires that based on an initial evaluation, if the fair value of a reporting unit is less than its carrying amount, including goodwill, further analysis is required to measure the amount of the impairment loss, if any. The amount by which the reporting unit's carrying amount of goodwill exceeds the implied fair value of the reporting unit's goodwill, determined in accordance with ASC 350, is to be recognized as an impairment loss.

The annual evaluation of goodwill for impairment utilizes financial projections of the following fiscal year and the five year strategic plan that is prepared during the Company's fourth quarters and reflects Management's continuing knowledge of the operations and the markets in which the reporting units operate. The Company estimated the fair value of each of its reporting units in a manner similar to the method used in a business combination. The Company utilized the income approach in the determination of fair value. Under the income approach, estimated fair value is based on the discounted cash flow method. The key assumptions that drive the estimated fair value of the reporting units under the income approach are level 3 inputs and include future cash flows from operations and the discount rate applied to those future cash flows, determined from a weighted-average cost of capital calculation. The future cash flows include additional key assumptions relating to revenue growth rates, gross profits and costs.

During fiscal years 2016 and 2015, the estimated fair value of each of our reporting units exceeded its carrying amount, therefore no further analysis was required. For each of the six reporting units that passed step one, the percentage by which the estimated fair value exceeded the carrying amount of the reporting units ranged from 6% to 134% as of March 1, 2016, and 23% to 143% as of March 1, 2015.

During fiscal year 2014, the estimated fair value of five of the Company's six reporting units exceeded its carrying amounts. For each of the five reporting units that passed step one as of March 1, 2014, the percentage by which the estimated fair value exceeded the carrying amount of the reporting units ranged from 45% to 123%. For one of the Company's reporting units, the estimated fair value that reflects Management's continuing knowledge of the operations and the markets in which the reporting unit operates did not exceed the carrying amount. Therefore, the Company completed step two of the impairment testing process to measure the amount of the impairment loss. The impairment loss on goodwill was determined to be $160.0 million and was recorded in the fourth quarter of fiscal year 2014. This impairment loss represented 18% of the carrying amount of goodwill for this reporting unit.

The Company had $160.0 million of accumulated impairment losses on goodwill as of May 31, 2016.

10. OTHER INTANGIBLE ASSETS, NET

Other intangible assets consist of the following (in thousands):

		As of May 31					
		2016			2015		
	Weighted Average Life (years)	Cost	Accumulated Amortization	Net	Cost	Accumulated Amortization	Net
Other intangible assets subject to amortization:							
Customer relationships	20	$ 462,602	(109,260)	353,342	462,534	(86,052)	376,482
Existing technology / trade names	12	355,604	(128,530)	227,074	314,850	(99,565)	215,285
Corporate trade name	15	40,000	(12,754)	27,246	40,000	(10,088)	29,912
Below market leasehold interests	7	1,200	(631)	569	1,200	(557)	643
Other intangibles	4	428	(262)	166	428	(156)	272
Total amortizable assets		859,834	(251,437)	608,397	819,012	(196,418)	622,594
Intangible assets not subject to amortization:							
In-process research and development		24,700	-	24,700	27,700	-	27,700
Total non-amortizable assets		24,700	-	24,700	27,700	-	27,700
Other intangible assets, net		$ 884,534	(251,437)	633,097	846,712	(196,418)	650,294

In fiscal year 2016, it was determined that two in-process research and development projects were no longer economically feasible and therefore were written-off. One project related to the Transfusion business with a value of $2.5 million and the other project related to the Transplant and Molecular business with a value of $0.5 million. As a result, a loss of $3.0 million was recorded in the fourth quarter of fiscal year 2016 which was included in impairment loss on the Company's consolidated statement of operations.

A portion of the Company's customer relationships is held in functional currencies outside the U.S. Therefore, the stated cost as well as the accumulated amortization is affected by the fluctuation in foreign currency exchange rates. Amortization of other intangible assets amounted to $54.9 million in fiscal year 2016, $54.5 million in fiscal year 2015, and $53.0 million in fiscal year 2014. The following table presents an estimate of amortization expense for each of the next five fiscal years (in thousands):

Year Ending May 31:	
2017	$ 56,628
2018	56,513
2019	52,590
2020	51,482
2021	51,453

11. ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

Accrued expenses and other current liabilities consist of the following (in thousands):

	As of May 31	
	2016	2015
Accrued salaries and wages	$ 13,075	13,9
Sales and other taxes payable	2,626	3,5
Other accrued expenses	1,368	4,5
Royalty obligations	1,905	1,2
Pricing discount to dealers	440	4
Professional fees and dealer commissions	1,305	1,1
Medical claims liability	1,290	1,2
Accrued expenses and other current liabilities	$ 22,009	26,1

12. DEFERRED REVENUE

The additions to, and recognition of, deferred revenue for the years ended May 31, 2016 and 2015 were as follows (in thousands):

	For the Years Ended May 31	
	2016	2015
Balance at beginning of year	$ 2,766	2,899
Additions to deferred revenue from new contracts	14,314	9,388
Revenue recognized during the year	(14,179)	(9,293)
Foreign currency translation adjustment	(14)	(228)
Balance at end of year	2,887	2,766
Less: Current portion	(2,864)	(2,703)
Deferred revenue, net of current portion	$ 23	63

13. LONG-TERM DEBT

In May of 2016, the Company adopted ASU 2015-03, *Interest – Simplifying the Presentation of Debt Issuance Costs* . ASU 2015-03 changed the presentation of debt issuance costs on the balance sheet by requiring that they be presented as a direct deduction from the related debt liability, rather than represented as a separate asset. As a result, the Company's deferred financing costs are now reflected in the Long-term debt, excluding current portion on the Company's consolidated balance sheets for all periods presented. Long-term debt as of May 31, 2016 and 2015 consists of the following (in thousands):

	As of May 31							
	2016				2015			
	Gross	OID (1)	DFC (2)	Net	Gross	OID (1)	DFC (2)	Net
Term Loan Facility	$ 641,777	(5,210)	(11,049)	625,518	648,410	(7,381)	(15,664)	625,365
Notes	400,000	(2,648)	(7,223)	390,129	400,000	(3,291)	(8,978)	387,731
Revolving Facility	-	-	(1,125)	(1,125)	-	-	(1,757)	(1,757)
Capital lease agreements	232	-	-	232	7	-	-	7
Total long-term debt	1,042,009	(7,858)	(19,397)	1,014,754	1,048,417	(10,672)	(26,399)	1,011,346
Less: Current portion of long-term debt	6,806	-	-	6,806	6,640	-	-	6,640
Long-term debt, excluding current portion	$ 1,035,203	(7,858)	(19,397)	1,007,948	1,041,777	(10,672)	(26,399)	1,004,706

(1) - OID refers to original issue discounts on the Company's long-term debt
(2) - DFC refers to deferred financing costs related to the Company's long-term debt facilities

Senior Secured Credit Facilities, Security Agreement and Guaranty

In connection with the Immucor Acquisition on August 19, 2011, the Company entered into a credit agreement and related security and other agreements for (1) a $615.0 million senior secured term loan facility with Term B Loans (the "Term Loan Facility") and (2) a $100.0 million senior secured revolving loan facilities (the "Revolving Facilities," and together with the Term Loan Facility, the "Senior Credit Facilities") with certain lenders, Citibank, N.A., as Administrative Agent and collateral agent (the "Administrative Agent") and the other agents party thereto. In addition to borrowings upon prior notice, the Revolving Facilities include borrowing capacity in the form of letters of credit and borrowings on same-day notice, referred to as swing line loans, in each case, up to $25.0 million, and is available in U.S. dollars, Euros, British Pounds, Japanese Yen, Canadian dollars and in such other currencies as the Company and the Administrative Agent under the Revolving Facilities may agree (subject to a sublimit for such non-U.S. currencies).

The Company modified the Senior Credit Facilities through various amendments during fiscal years 2012 and 2013. Included in these amendments was the refinancing of the Senior Credit Facilities in August 2012 and in February 2013. The result of these refinancings was to lower the interest rate on the Term Loan Facility and Revolving Facilities and to extend the maturity date of the Revolving Facilities to August 19, 2017. In addition, the amendments modified the financial covenant of the Senior Credit Facilities such that the financial covenant is no longer applicable to the Term Loan Facility and is only applicable to the Revolving Facilities. In March 2013, the Company borrowed an additional $50.0 million on the Term Loan Facility in connection with the LIFECODES acquisition. These additional borrowings were on the same terms as the Term Loan Facility, as then amended.

On December 9, 2015, the Company entered into Amendment No. 5 to the credit agreement ("Amendment No. 5") to modify the financial covenant associated with the Revolving Facilities. Amendment No. 5 provides that beginning with the period ending November 30, 2015, for purposes of calculating its compliance with the senior secured leverage ratio covenant for any trailing twelve-month period for bank reporting purposes, the Company may calculate EBITDA on a constant currency basis, as defined in the amendment. The use of the constant currency adjustment is subject to the Company's compliance with certain restrictions.

On May 4, 2016, the Company entered into Amendment No. 6 to the credit agreement ("Amendment No. 6"). Amendment No. 6 extends the maturity date of the Revolving Facilities and amends certain other terms of the Revolving Facilities. The margin for borrowings under the Revolving Facilities remains unchanged by the amendment, however, a 0% LIBOR floor is imposed on future LIBOR borrowings. Amendment No. 6 extends the maturity date of the Revolving Facilities to the earlier of (i) February 19, 2020, (ii) May 19, 2018, if the maturity of the Term Loan Facility has not been extended by such date, and (iii) 90 days prior to any maturity date of certain funded material indebtedness (which maturity date shall be no earlier than October 19, 2018). Certain other Company actions would also result in a springing maturity of the Revolving Facilities as early as August 20, 2017. Amendment No, 6 also reduces the aggregate principal amount of the revolving credit commitments as follows: (1) effective on May 4, 2016, from $100.0 million to $80.0 million, (2) on August 19, 2018, to $70.0 million, (3) on February 19, 2019, to $60.0 million, and (4) on August 19, 2019, to $50.0 million. Finally, Amendment No. 6 provides that if the Term Loan Facility is amended, then certain provisions with respect to the interest rate margin and negative financial covenants will apply to the Revolving Facilities.

The Company is required to make scheduled principal payments on the last business day of each calendar quarter equal to 0.25% of the principal amount of loans under the Term Loan Facility as most recently amended with the balance due and payable on August 19, 2018. Currently scheduled principal payments are $1.7 million per quarter. The Company is also required to repay loans under the Term Loan Facility based on annual excess cash flows as defined in the credit agreement governing the Term Loan Facility and upon the occurrence of certain other events set forth in the Term Loan Facility.

Borrowings under the Senior Credit Facilities bear interest at a rate per annum equal to an applicable margin plus, at the Company's option, either (a) in the case of borrowings in U.S. dollars, a base rate determined by reference to the highest of (1) the prime rate of Citibank, N.A., (2) the federal funds effective rate plus 0.50% and (3) a LIBOR rate determined by reference to the costs of funds for U.S. dollar deposits for an interest period of one month adjusted for certain additional costs, plus 1.00% or (b) in the case of borrowings in U.S. dollars or another currency, a LIBOR rate determined by reference to the costs of funds for U.S. dollar deposits for the interest period relevant to such borrowing adjusted for certain additional costs, which, in the case of the Term Loan Facility only, shall be no less than 1.25%. The applicable margin for borrowings under the Term Loan Facility is 2.75% with respect to base rate borrowings and 3.75% with respect to LIBOR borrowings. The applicable margin for borrowings under the Revolving Facilities is 2.75% with respect to base rate borrowings and 3.75% with respect to LIBOR borrowings, subject to a 0% LIBOR floor. The applicable margin for borrowings under the Revolving Facilities is subject to a 0.25% step-down, when the Company's senior secured net leverage ratio at the end of a fiscal quarter is less than or equal to 3:00 to 1:00. The interest rate on the Term Loan Facility was 5.00% as of May 31, 2016 and 2015. Including the amortization of deferred financing costs and the original issue discount, the effective interest rate on the Term Loan Facility is 6.1% for fiscal year 2016. At May 31, 2016, there were no outstanding borrowings under the Revolving Facilities and no outstanding letters of credit.

All obligations under the Senior Credit Facilities are unconditionally guaranteed by the Parent and certain of the Company's existing and future wholly owned domestic subsidiaries (such subsidiaries collectively, the "Subsidiary Guarantors"), and are secured, subject to certain exceptions, by substantially all of the Company's assets and the assets of the Parent and Subsidiary Guarantors, including, in each case subject to customary exceptions and exclusions:

- a first-priority pledge of all of the Company's capital stock directly held by Parent and a first-priority pledge of all of the capital stock directly held by the Company and Subsidiary Guarantors (which pledge, in the case of the capital stock of each (a) domestic subsidiary that is directly owned by the Company or by any Subsidiary Guarantor and that is a disregarded entity for United States federal income tax purposes and that has no material assets other than equity interests in one or more foreign subsidiaries that are controlled foreign corporations for United States federal income tax purposes or (b) foreign subsidiary, is limited to 65% of the stock of such subsidiary); and

- a first-priority security interest in substantially all of the Parent's, the Company's and the Subsidiary Guarantor's other tangible and intangible assets. Parent has no material operations or assets other than the capital stock of the Company.

The Senior Credit Facilities include restrictions on the Company's ability and the ability of certain of its subsidiaries to, among other things, incur or guarantee additional indebtedness, pay dividends (including to Parent) on or redeem or repurchase capital stock, make certain acquisitions or investments, materially change its business, incur or permit to exist certain liens, enter into transactions with affiliates or sell its assets to, or merge or consolidate with or into, another company or prepay or amend subordinated or unsecured debt.

Although the Parent is not generally subject to the negative covenants under the Senior Credit Facilities, the Parent is subject to a passive holding company covenant that limits its ability to engage in certain activities other than (i) owning equity interests in the Company and holding cash or property received by the Company, (ii) maintaining its legal existence and engaging in administrative matters related to being a holding company, (iii) performing its obligations under the Senior Credit Facilities, the Senior Notes due 2019 ("Notes") and other financings not prohibited by the Senior Credit Facilities, (iv) engaging in public offerings of its securities and other equity issuances and financing activities permitted under the Senior Credit Facilities, (v) providing indemnifications to officers and directors and (vi) engaging in activities incidental to the activities described above.

The financial covenant of the Senior Credit Facilities is only applicable to the Revolving Facilities. The Company is required to comply on a quarterly basis with a maximum senior secured net leverage ratio covenant of 5.25 to 1.00 only if there are amounts outstanding under the Revolving Facilities. Remedies for default under such covenant may only be exercised by the lenders under the Revolving Facilities.

The credit agreement governing the Senior Credit Facilities also contains certain customary representations and warranties, affirmative covenants and provisions relating to events of default, including upon change of control and a cross-default to any other indebtedness with an aggregate principal amount of $20 million or more.

Indenture and the Senior Notes Due 2019

The Company has also issued $400 million in principal amount of Senior Notes (the "Notes"). The Notes bear interest at a rate of 11.125% per annum, and interest is payable semi-annually on February 15 and August 15 of each year. Including the amortization of deferred financing costs and the original issue discount, the effective interest rate on the Notes is 11.7% for the year ended May 31, 2016. The Notes mature on August 15, 2019.

Subject to certain exceptions, the Notes are guaranteed on a senior unsecured basis by each of Immucor's current and future wholly owned domestic restricted subsidiaries (and non-wholly owned subsidiaries if such non-wholly owned subsidiaries guarantee the Company's or another guarantor's other capital market debt securities) that is a guarantor of certain debt of the Company or another guarantor, including the Senior Credit Facilities. The Notes are the Company's senior unsecured obligations and rank equally in right of payment with all of the Company's existing and future indebtedness that is not expressly subordinated in right of payment thereto. The Notes will be senior in right of payment to any future indebtedness that is expressly subordinated in right of payment thereto and effectively junior to (a) the Company's existing and future secured indebtedness, including the Senior Credit Facilities described above, to the extent of the value of the collateral securing such indebtedness and (b) all existing and future liabilities of the Company's non-guarantor subsidiaries.

The Indenture governing the Notes contains certain customary provisions relating to events of default and covenants, including without limitation, a cross-payment default provision and cross-acceleration provision in the case of a payment default or acceleration according to the terms of any indebtedness with an aggregate principal amount of $25 million or more, restrictions on the Company's and certain of its subsidiaries' ability to, among other things, incur or guarantee indebtedness; pay dividends on, redeem or repurchase capital stock; prepay, redeem or repurchase certain debt; sell or otherwise dispose of assets; make investments; issue certain disqualified or preferred equity; create liens; enter into transactions with the Company's affiliates; designate the Company's subsidiaries as unrestricted subsidiaries; enter into agreements restricting the Company's restricted subsidiaries' ability to (1) pay dividends, (2) make loans to the Company or any restricted subsidiary that is a guarantor or (3) sell, lease or transfer assets to the Company or any restricted subsidiary that is a guarantor; and consolidate, merge, or transfer all or substantially all of the Company's assets. The covenants are subject to a number of exceptions and qualifications. Certain of these covenants, excluding without limitation those relating to transactions with the Company's affiliates and consolidation, merger, or transfer of all or substantially all of the Company's assets, will be suspended during any period of time that (1) the Notes have investment grade ratings and (2) no default has occurred and is continuing under the Indenture. In the event that the Notes are downgraded to below an investment grade rating, the Company and certain subsidiaries will again be subject to the suspended covenants with respect to future events.

The Company is not aware of any violations of the covenants pursuant to the terms of the indenture governing the Notes or the credit agreement governing the Senior Credit Facilities.

Future Commitments

The following is a summary of the combined principal maturities of all long-term debt and principal payments to be made under the Company's capital lease agreements for each of the fiscal years presented in the table below (in thousands):

Year Ended May 31:		
2017	$	6,806
2018		6,690
2019		628,513
2020		400,000
Total	$	1,042,009

Interest Expense

The significant components of interest expense are as follows (in thousands):

	Year Ended May 31		
	2016	2015	2014
Notes, including OID amortization	$ 45,143	45,071	45,008
Term Loan Facility, including OID amortization	34,948	35,078	35,298
Amortization of deferred financing costs	7,120	6,717	6,333
Interest rate swaps and other interest	612	915	1,024
Revolving facilities fees and interest	887	726	507
Interest accreted on contingent consideration liability	1,825	914	134
Interest expense	$ 90,535	89,421	88,304

Deferred financing costs

Changes in deferred financing costs for the fiscal years ending May 31, 2016 and 2015 were as follows (in thousands):

	As of May 31	
	2016	2015
Balance at beginning of period	$ 26,399	33,116
Debt issuance costs (1)	118	-
Amortization	(7,120)	(6,717)
Balance at end of period	$ 19,397	26,399

(1) Debt issuance costs are related to Amendment No. 6 of our credit agreement

Deferred financing costs are capitalized and are amortized over the life of the related debt agreements using the effective interest rate method, except for the costs associated with the Revolving Facilities which uses the straight-line method.

14. OTHER LONG-TERM LIABILITIES

Other long-term liabilities consist of the following (in thousands):

	As of May 31	
	2016	2015
Contingent consideration liability	$ 40,350	18,526
Unrecognized tax benefits	15,191	9,066
Severance indemnity for employees	1,273	1,223
Deferred leasehold improvement incentive	-	145
Other liabilities	606	252
Other long-term liabilities	$ 57,420	29,212

15. DERIVATIVE FINANCAL INSTRUMENTS

Interest Rate Swaps

In August 2011, the Company entered into floating-to-fixed interest rate swap agreements for an aggregate notional amount of $320 million related to a portion of the Company's floating rate indebtedness. The Company's strategy is to use a pay fixed, receive floating swap to convert the current or any replacement floating rate credit facility where LIBOR is consistently applied into a USD fixed rate obligation. These swap agreements, effective in August 2011, hedged a portion of contractual floating rate interest commitments through the expiration of the agreements in September of each year 2013 through 2016.

In August 2012, the Company amended the interest rate swap agreements noted above effective on September 28, 2012. The purpose of entering into these swap agreements is to match the LIBOR floor in the swaps with the terms of the Term Loan Facility, as amended. Consistent with the terms of the Company's Term Loan Facility, these amended swaps include a LIBOR floor of 1.25%. These swap agreements hedge a portion of contractual floating rate interest commitments through the expiration of the agreements in September of each year through 2016. As a result of the amended swap agreements, the LIBOR rate associated with the hedged amount of the Company's indebtedness was fixed at 1.59% after September 28, 2012.

As of May 31, 2016, the Company has an interest rate swap agreement to hedge $70.0 million of its future interest commitments resulting from the Company's Term Loan Facility, and to protect the Company from variability in cash flows attributable to changes in LIBOR interest rates. As of May 31, 2015, the Company had interest rate swap agreements to hedge $155.0 million of its future interest commitments resulting from the Company's Term Loan Facility. The purpose of entering into a swap agreement is to match the LIBOR floor in the swaps with the terms of the Term Loan Facility. Consistent with the terms of the Company's Term Loan Facility, the swaps include a LIBOR floor of 1.25%. The swap agreements hedge a portion of contractual floating rate interest commitments through the expiration of the agreement in September of each year through 2016

Prior to October 1, 2014, the Company had swap agreements that hedged $240.0 million of its floating rate interest commitments at a weighted average fixed LIBOR rate of 1.67%. Effective October 1, 2014 through September 30, 2015, the Company has swap agreements that hedge $155.0 million of the Company's floating rate interest commitments at a weighted average fixed LIBOR rate of 1.77%. Effective October 1, 2015 through September 30, 2016, the Company will have a swap agreement to hedge $70.0 million of the Company's floating rate interest commitments at a fixed LIBOR rate of 1.91%.

The Company designated the interest rate swap agreements as cash flow hedges. As cash flow hedges, unrealized gains are recognized as assets while unrealized losses are recognized as liabilities. The interest rate swap agreements are highly correlated to the changes in interest rates to which the Company is exposed. Unrealized gains and losses on these swaps are designated as effective or ineffective. The effective portion of such gains or losses is recorded as a component of accumulated other comprehensive income or loss, while the ineffective portion of such gains or losses will be recorded as a component of interest expense. Future realized gains and losses in connection with each required interest payment will be reclassified from accumulated other comprehensive income or loss to interest expense.

The changes in fair values of derivatives that have been designated and qualify as cash flow hedges are recorded in accumulated other comprehensive income or loss and are reclassified into interest expense in the same period the hedged item affects earnings. Due to the high degree of effectiveness between the hedging instruments and the underlying exposures being hedged, fluctuations in the value of the derivative instruments are generally offset by changes in the fair values or cash flows of the underlying exposures being hedged. The changes in the fair values of derivatives that do not qualify as effective are immediately recognized in earnings.

The gains and losses on derivative contracts that are reclassified from accumulated other comprehensive income or loss to current period earnings are included in the line item in which the hedged item is recorded in the same period the forecasted transaction affects earnings. As of May 31, 2016, approximately $0.2 million of the deferred net loss on derivative instruments accumulated in other comprehensive income or loss is expected to be reclassified as interest expense during the next twelve months. This expectation is based on the expected timing of the occurrence of the hedged forecasted transactions.

The fair values of the interest rate swap agreements are estimated using industry standard valuation models using market-based observable inputs, including interest rate curves (level 2). A summary of the recorded liabilities included in the consolidated balance sheets is as follows (in thousands):

	As of May 31	
	2016	2015
Interest rate swaps (included in other liabilities)	$ (155)	(686)

The loss from accumulated other comprehensive income (loss) ("AOCI") was reclassified to the consolidated statement of operations and appears as follows (in thousands):

	Year Ended May 31	
Location of (loss) gain reclassified from AOCI into income	2016	2015
(Losses) gains on cash flow hedges:		
Interest expense (effective portion)	$ (615)	(907)
Interest income (expense) (ineffective portion)	$ (2)	(3)

16. FAIR VALUE

The Company uses a three-level fair value hierarchy that prioritizes the inputs used to measure fair value. This hierarchy requires entities to maximize the use of observable inputs and minimize the use of unobservable inputs. The three levels of inputs used to measure fair value are as follows:

- Level 1—Quoted prices in active markets for identical assets or liabilities.
- Level 2—Observable inputs, other than quoted prices included in Level 1, such as quoted prices for markets that are not active; or other inputs that are observable or can be corroborated by observable market data.
- Level 3—Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. This includes certain pricing models, discounted cash flow methodologies and similar techniques that use significant unobservable inputs.

Assets and Liabilities Measured at Fair Value on a Recurring Basis

	As of May 31, 2016			
	Fair Value Measurements of Assets (Liabilities) Using			Carrying
	(Level 1)	(Level 2)	(Level 3)	Amount
	(in thousands)			
Derivative instruments	$ -	(155)	-	(155)
Contingent consideration liabilities	$ -	-	(40,356)	(40,356)

	As of May 31, 2015			
	Fair Value Measurements of Assets (Liabilities) Using			Carrying
	(Level 1)	(Level 2)	(Level 3)	Amount
	(in thousands)			
Derivative instruments	$ -	(686)	-	(686)
Contingent consideration liability	$ -	-	(18,596)	(18,596)

The carrying amounts of cash and cash equivalents, trade accounts receivable, accounts payable and accrued expenses approximate their fair values because of the short-term maturity of these instruments. Of the $10.3 million and $18.4 million of cash and cash equivalents as of May 31, 2016 and 2015, respectively, approximately 38% and 37% was located in the U.S., respectively.

The Company uses derivative financial instruments, primarily in the form of floating-to-fixed interest rate swap agreements, in order to mitigate the risks associated with interest rate fluctuations on the Company's floating rate indebtedness. The estimated fair value of the Company's derivative instruments is based on quoted market prices for similar instruments (a level 2 input) and are reflected at fair value in the consolidated balance sheets. The level 2 inputs used to calculate fair value were interest rates, volatility and credit derivative markets. The Company's current and long-term derivative financial instrument liabilities are included in accrued interest and interest rate swap liability and other long-term liabilities in the Company's consolidated balance sheets.

The fair value of the Company's Notes and the Term Loan Facility (collectively referred to as the Company's debt instruments) is estimated to be $364.3 million and $614.5 million at May 31, 2016, respectively, based on recent trades of these debt instruments. The fair value of the Notes and the Term Loan Facility was estimated to be $424.3 million and $653.3 million at May 31, 2015, respectively, based on the fair value of these debt instruments at that time.

Management believes that these liabilities can be liquidated without restriction.

As of May 31, 2016, the Company had $40.4 million in contingent consideration liabilities for earn-out provisions resulting from acquisitions included in Other long-term liabilities on the Company's consolidated balance sheet. As of May 31, 2015, the Company had $18.6 million in contingent consideration liabilities for earn-out provisions, of which $0.1 million was included in Accrued expenses and other current liabilities and $18.5 million was included in Other long-term liabilities on the Company's consolidated balance sheet.

The fair value of these contingent consideration liabilities was determined by applying a form of the income approach (a level 3 input), based upon the probability-weighted projected payment amounts discounted to present value at a rate appropriate for the risk of achieving the performance targets. The key assumptions included in the calculations were the earn-out period payment probabilities, projected revenues, discount rate and the timing of payments. The present value of the expected payments considers the time at which the obligations are expected to be settled and a discount rate that reflects the risk associated with the performance payments.

The changes in the Company's current and long-term contingent consideration liabilities are summarized in the following table (in thousands):

	Year Ended May 31	
	2016	2015
Balance at the beginning of the period	$ (18,596)	(11,300)
Additions due to acquisitions	(20,000)	(6,469)
Payments	65	87
Accretion of fair value	(1,825)	(914)
Balance at the end of the period	$ (40,356)	(18,596)

17. ACCUMULATED OTHER COMPREHENSIVE LOSS

Total accumulated other comprehensive loss is included in the Consolidated Statement of Changes in Equity. The changes in accumulated other comprehensive loss are as follows (in thousands):

	Pretax	Tax	After Tax
Year Ended May 31, 2016			
Foreign exchange translation adjustment	$ (282)	(108)	(174)
Changes in fair value of cash flow hedges	530	199	331
Accumulated other comprehensive income	$ 248	91	157
Year Ended May 31, 2015			
Foreign exchange translation adjustment	$ (30,276)	(3,564)	(26,712)
Changes in fair value of cash flow hedges	698	283	415
Accumulated other comprehensive loss	$ (29,578)	(3,281)	(26,297)
Year Ended May 31, 2014			
Foreign exchange translation adjustment	$ 4,528	213	4,315
Changes in fair value of cash flow hedges	550	210	340
Accumulated other comprehensive income	$ 5,078	423	4,655

The components of accumulated other comprehensive loss are as follows (in thousands):

	As of May 31		
	2016	2015	2014
Cumulative foreign currency translation adjustment	$ (39,313)	(39,139)	(12,427)
Change in fair value of cash flow hedges, net of tax	(94)	(425)	(840)
Accumulated other comprehensive loss	$ (39,407)	(39,564)	(13,267)

18. SHARE-BASED COMPENSATION

Plan summary

The IVD Holdings Inc. 2011 Equity Incentive Plan (the "2011 Plan") was established in December 2011 by Holdings. Under the 2011 Plan, awards of stock options, stock appreciation rights, restricted stock, unrestricted stock, stock units, performance awards and any other awards that are convertible into or based on stock can be granted as incentive or compensation to employees, non-employee directors, consultants or advisors of the Company and Holdings. The share-based compensation expense relating to awards to those persons has been pushed down from Holdings to the Company.

A maximum of 808,444 shares of Holdings stock may be delivered in satisfaction of, or may underlie, awards under the 2011 Plan. During fiscal year 2016, the Compensation Committee approved an increase in the shares eligible for grant under the Company's 2011 Equity Incentive Plan from 514,631 shares to 808,444 shares.

Restricted stock units typically vest over a two-year period (50% per year) and do not expire. Upon vesting, and in some cases, certain other triggers, restricted stock units are settled in shares of IVD Holdings Inc.'s common stock. Stock option awards are granted with service-based vesting conditions ("service-based options"), and performance-based or market-based vesting conditions ("performance-based options"). The service-based options contain tiered vesting terms over the service period. The performance-based options vest in tranches upon the achievement of certain performance or market objectives, which are measured over a three or four year period.

During fiscal year 2014 and in the first quarter of fiscal year 2015, stock option awards were measured based upon the achievement of the market condition since the Company believed that the achievement of the performance conditions were not probable. Effective on September 2, 2014, the Company amended its 2011 Equity Incentive Plan to (1) modify the financial targets for all unvested performance-based option grants, and (2) specify that the unvested options will vest on each of August 19, 2015 and August 19, 2016 if the financial targets are achieved or exceeded for the immediately preceding fiscal years, or will vest on the later date if the financial targets are not achieved for fiscal year 2015 but are achieved for the combined fiscal years 2015 and 2016 periods. As a result of this plan amendment, the Company believed that the achievement of the performance conditions was probable and therefore the stock-based compensation cost was revalued as of September 2, 2014 for all unvested performance-based option grants. During the fourth quarter of fiscal year 2015, management reviewed the Company's forecasted results and determined that the financial targets were no longer likely to be achieved for the combined fiscal years 2015 and 2016 periods, and the stock-based compensation costs that were revalued as of September 2, 2014 were reversed.

On September 24, 2015, the Company's Compensation Committee approved a modification to the Company's 2011 Equity Incentive Plan ("Plan") effective November 1, 2015. This modification added an alternative service-based vesting opportunity to all previously granted but unvested performance-based options. On October 16, 2015, the Company's Compensation Committee approved an additional modification to its Plan that converted all stock appreciation rights granted prior to November 1, 2015 to service-based option awards and performance-based option awards. These awards will vest from the original grant date through May 31, 2021. This modification resulted in a total increase in stock-based compensation expense of $4.6 million.

Valuation method and assumptions used

As of fiscal year 2016, the Company estimates the fair value of stock options using the Black-Scholes valuation model. Key assumptions used to estimate the fair value of stock options include the initial value of common stock, expected term until the exercise of the equity award, the expected volatility of the equity value, risk-free rates of return and dividend yields, if any. Prior to fiscal year 2016, the Company used the Monte Carlo simulation approach to estimate the fair value of its stock options as well as its stock appreciation rights. There were no stock appreciation rights after the Plan modification in October of fiscal year 2016. The Company estimated the fair value of options and stock appreciation rights at the grant date using the following weighted average assumptions:

	Year Ended May 31		
	2016	**2015**	**2014**
Risk-free interest rate (1)	1.05%	0.50%	0.42%
Expected volatility (2)	30.00%	35.00%	45.00%
Expected life (years) (3)	3.0	2.0	3.5
Expected dividend yield (4)	None	None	None

1. Based on the U.S. Constant Maturity Treasury (CMT) curve in effect at the time of award.
2. Expected stock price volatility is based on the average historical volatility of the Company when it was publicly traded and weekly stock returns of comparable companies during the period corresponding to the expected life of the options and stock appreciation rights.
3. Represents the period of time options are expected to remain outstanding.
4. Except for a $6.0 million dividend related to the Sentilus LLC spin-off, and a $0.4 million dividend related to a stock redemption and tax payments to be made by Holdings issued in fiscal year 2016, the Company has not paid dividends on its common stock.

Stock options

Service-based vesting conditions

The Company has granted awards that contain service-based vesting conditions. These awards contain tiered vesting terms over the service period. The compensation cost for these options is recognized on a straight-line basis over the vesting periods. Activity for the service-based vesting options was as follows for the year ended May 31, 2016:

	Number of Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (years)	Aggregate Intrinsic Value (1)
Service-based options outstanding at May 31, 2015	158,329	$ 100.00		
Granted	546,572	100.00		
Exercised	-	-		
Forfeited	(31,743)	100.00		
Expired or cancelled	(3,190)	100.00		
Service-based options outstanding at May 31, 2016	669,968	100.00	7.8	$ -
Exercisable at May 31, 2016	197,524	$ 100.00	6.2	$ -

(1) The aggregate intrinsic value in the above table represents the total pre-tax amount that a participant would receive if the option had been exercised on the last day of the respective fiscal year. Options with a market value less than its exercise value are not included in the intrinsic value amount.

The weighted-average grant-date fair value of share options granted during the fiscal years ended May 31, 2016, 2015, and 2014 were $25.21, $13.75, and $26.93, respectively.

As of May 31, 2016, there was $10.1 million of total unrecognized compensation cost related to nonvested service-based stock option awards. This compensation cost is expected to be recognized over a weighted average period of approximately 3.0 years.

Performance-based or market-based vesting conditions

The Company has granted awards that contain either performance-based or market-based conditions. Compensation cost for the performance-based or market-based stock options is recognized based on either the achievement of the performance conditions, if they are considered probable, or if they are not considered probable, on the achievement of the market-based condition. Awards granted which vest upon either the satisfaction of the performance or market conditions were measured based upon the achievement of the market condition during fiscal year 2016 since the Company believes that the achievement of the performance conditions are not probable. Activity for the performance-based or market-based options was as follows for the year ended May 31, 2016:

	Number of Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (years)	Aggregate Intrinsic Value (1)
Performance or market-based options outstanding at May 31, 2015	149,329	$ 100.00		
Granted	6,538	100.00		
Exercised	-	-		
Forfeited	(20,183)	100.00		
Expired or cancelled	(101,327)	100.00		
Performance or market-based options outstanding at May 31, 2016	34,357	100.00	5.6	$ -
Exercisable at May 31, 2016	34,357	$ 100.00	5.6	$ -

(1) The aggregate intrinsic value in the above table represents the total pre-tax amount that a participant would receive if the option had been exercised on the last day of the respective fiscal year. Options with a market value less than its exercise value are not included in the intrinsic value amount.

The weighted-average grant-date fair value of share options granted during the fiscal years ended May 31, 2016, 2015, and 2014 were $23.82, $4.86, and $16.79, respectively.

As of May 31, 2016, there was $0.1 million of total unrecognized compensation cost related to nonvested performance-based or market-based stock option awards. This compensation cost is expected to be recognized over a weighted average period of approximately 0.2 years.

Restricted stock units

As of fiscal year 2016, the Company estimated the fair value of its restricted stock units by using the Black-Scholes valuation model as described above. Prior to fiscal year 2016, the Company used the Monte Carlo simulation approach then applied a discount due to non-marketability. The following is a summary of the changes in unvested restricted stock units for the fiscal year ended May 31, 2016:

	Number of Shares	Weighted-Average Grant-Date Fair Value
Nonvested restricted stock units outstanding at May 31, 2015	2,400	$ 84.55
Granted	34,566	104.24
Vested	(1,600)	86.28
Forfeited	-	-
Nonvested restricted stock units outstanding at May 31, 2016	35,366	$ 103.73

As of May 31, 2016, there was $2.9 million of total unrecognized compensation cost related to nonvested restricted stock awards. This compensation cost is expected to be recognized over the weighted average period of approximately 3.0 years.

Stock appreciation rights

As of November 1, 2015, the Company canceled all of its existing stock appreciation rights and converted them to service-based and performance-based option awards.

	Number of Shares	Weighted-Average Grant-Date Fair Value
Stock appreciation rights outstanding at May 31, 2015	167,000	$ 1.98
Granted	3,000	1.98
Vested	-	-
Forfeited	(2,600)	1.98
Cancelled/Expired	(167,400)	1.98
Stock appreciation rights outstanding at May 31, 2016	-	$ -

Shares available for future grants

As of May 31, 2016, a total of 62,653 shares were available for future grants under the 2011 Plan.

A summary of share-based compensation recorded in the statements of operations is as follows (in thousands):

	Year Ended May 31		
	2016	2015	2014
Share-based compensation	$ 5,326	2,087	1,512
Tax benefit	(1,550)	(806)	(584)
Share-based compensation, net	$ 3,776	1,281	928

19. INCOME TAXES

The Company is included in the consolidated income tax returns of Holdings. In accordance with GAAP, allocation of the consolidated income tax expense (benefit) is necessary when separate financial statements are prepared for affiliates. The Company uses a method that allocates current and deferred taxes to members of the consolidated group by applying the liability method to each member as if it were a separate taxpayer. As of May 31, 2016 and 2015, the Company had no amounts due to or from Holdings related to income taxes.

The following is a geographic breakdown of (loss) income before income taxes (in thousands):

	Year Ended May 31		
	2016	2015	2014
Domestic operations	$ (71,109)	(57,043)	(210,354)
Foreign operations	9,379	11,919	12,181
Loss before income taxes	$ (61,730)	(45,125)	(198,173)

The provision (benefit) for income taxes is summarized as follows (in thousands):

	Year Ended May 31		
	2016	2015	2014
Current:			
Federal	$ 73	(642)	321
State and Local	710	740	914
Foreign	3,654	4,058	4,107
Current provision for income taxes	4,437	4,156	5,342
Non-Current:			
Federal	3,959	46	(298)
State and Local	(256)	(729)	-
Foreign	(5,163)	-	-
Non-Current benefit for income taxes	(1,460)	(683)	(298)
Deferred:			
Federal	(21,467)	14,344	(19,030)
State and Local	1,459	(1,944)	(1,092)
Foreign	(932)	(273)	(838)
Deferred (benefit) provision for income taxes	(20,940)	12,127	(20,960)
(Benefit) provision for income taxes	$ (17,963)	15,600	(15,916)

The Company's effective tax rate differs from the federal statutory rate as follows:

	Year Ended May 31		
	2016	2015	2014
Federal statutory tax rate	35.0%	35.0	35.0
State income taxes, net of federal tax benefit	(0.3)	5.9	0.8
Foreign taxes, including rate differential	(1.6)	1.6	(0.1)
Incremental U.S. impact of foreign dividends	(2.9)	(2.1)	0.4
Tax Credits	2.4	2.5	0.2
Permanent items	(1.3)	(1.5)	(0.3)
Change in estimate related to foreign tax credits	-	(69.4)	-
Unremitted Subsidiary earnings	0.3	(4.7)	-
Impairment of Goodwill	-	-	(28.3)
Acquistion-related items	-	-	0.8
Change in analysis of uncertain income tax positions	(3.0)	0.3	(0.1)
Valuation Allowance	(1.7)	(1.7)	(0.4)
Other	2.2	(0.5)	-
Effective tax rate	29.1%	(34.6)	8.0

The difference between the federal statutory rate of 35% and the effective tax rate for fiscal year 2016 primarily relates to the U.S. tax impact of foreign dividends, the foreign tax rate differential, changes in uncertain income tax positions and changes in the valuation allowance. The Company is currently engaged in discussions with the Internal Revenue Service ("IRS") and the Canada Revenue Agency regarding a transfer pricing agreement under the terms of a Bilateral Advanced Pricing Agreement ("BAPA") in connection with intercompany transactions between Immucor and its subsidiary in Canada. As a result, during the fourth quarter of fiscal year 2016, the Company recognized additional income tax expense related to the tax liability for unrecognized tax benefits and a corresponding change in the competent authority asset related to the expected settlement of the BAPA.

The difference between the federal statutory rate of 35% and the effective tax rate for fiscal year 2015 primarily relates to the Company's change in election related to the treatment of foreign tax credits ("FTCs") and the change in the valuation allowance for its FTC carryovers. Excluding these items, the effective tax rate would have been 34.8%.

The effective tax rate for fiscal year 2015 was significantly impacted by the Company's decision during the third quarter of fiscal year 2015 to change its election with regard to the treatment of its foreign tax credits. This decision is expected to generate a significant reduction in cash tax payments related to subsequent fiscal years as a result of the Company changing from the credit method to the deduction method for its FTCs in various tax periods. As a result, the Company elected the deduction method for FTCs for all fiscal years beginning after fiscal year 2012. The Company filed its fiscal year 2014 and fiscal year 2015 income tax returns reflecting this change. The Company will amend its fiscal year 2012 and fiscal year 2013 income tax returns to reflect this change. The Company will not amend the income tax return for the period ended August 19, 2011. As a result of this change in election, the Company recognized a discrete charge of additional income tax expense of $23.7 million during the third quarter of fiscal year 2015. In addition, the Company recorded a valuation allowance of $7.6 million during the same period related to uncertainties in the Company's ability to utilize the FTC carryovers prior to their expiration. These items have been combined in the Company's reconciliation of the effective tax rate.

The difference between the federal statutory rate of 35% and the effective tax rate for fiscal year 2014 primarily relates to the following: (1) the impairment of goodwill is not deductible for income tax purposes, (2) the gain on acquisition-related item is not taxable, (3) a portion of the Company's income is subject to tax in various tax jurisdictions with tax rates which differ from the U.S. statutory tax rate, (3) the impact of recording U.S. income taxes associated with current and future distributions of foreign earnings, (4) changes in discrete tax items recognized during the period based on enacted tax laws, and (5) the expiration of the statute of limitations for the benefits associated with uncertain tax positions.

Deferred income taxes reflect the net tax effects of: (a) temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and income tax purposes; and (b) net operating losses and tax credit carry-forwards. In accounting for the Organ-i acquisition, the Company recorded deferred tax liabilities of approximately $10.2 million primarily associated with acquired intangible assets that have no income tax basis. These liabilities were offset by deferred tax assets primarily associated with net operating loss carry-forwards. In accounting for the Sentilus acquisition, the Company recorded deferred tax liabilities of approximately $7.1 million primarily associated with acquired intangible assets that have no income tax basis. In accounting for the Sirona acquisition, the Company recorded deferred tax liabilities of approximately $16.5 million primarily associated with acquired intangible assets that have no income tax basis. These liabilities were offset by deferred tax assets primarily associated with net operating loss carry-forwards.

The significant items comprising the Company's net deferred tax liabilities as of May 31, 2016 and 2015 are as follows (in thousands):

	Year Ended May 31	
	2016	2015
Deferred tax liabilities:		
Intangibles	$ (240,966)	(244,319)
Unremitted Subsidiary earnings	(10,046)	(10,375)
Interest expense	(6,119)	(8,704)
Property and equipment	(4,901)	(3,157)
Transfer pricing	-	(342)
Prepaids	(489)	(744)
Deferred tax assets:		
Net operating loss carry-forwards	18,207	18,508
Tax credit carry-forwards	17,085	15,352
Compensation expense	6,801	5,186
Capitalized research	4,692	5,431
Inventory	3,763	1,939
Reserves not currently deductible	2,064	1,726
Other	788	1,062
Net deferred tax liabilities before valuation	(209,121)	(218,437)
Valuation Allowance	(13,236)	(12,177)
Net deferred tax liabilities	$ (222,357)	(230,614)

As of May 31, 2016 and 2015, net deferred tax liabilities located in countries outside the U.S. were $7.6 million and $10.6 million, respectively.

The Company is subject to taxation in the U.S. and various states and foreign jurisdictions. The Company's largest foreign tax jurisdictions are Canada, Germany and Italy. The Company's income tax returns for substantially all fiscal years beginning after May 31, 2009 remain subject to examination by various tax authorities. The Company's U.S. Federal income tax return for fiscal year 2011 is currently under IRS examination. Although the outcome of tax examinations is always uncertain, the Company believes that adequate amounts of tax, including interest and penalties, if any, have been provided for any adjustments that are expected to result from the Company's tax positions.

As of May 31, 2016, $46.5 million of Federal net operating loss ("NOL") carry-forwards were available to reduce future U.S. Federal taxable income. These net operating loss carry-forwards begin to expire in fiscal year 2025. The Company has $7.6 million of FTC carry-forwards which expire in fiscal year 2021. The Company has $6.9 million of Federal research and development credits which expire between fiscal year 2019 and fiscal year 2036 and Federal alternative minimum tax credit carryovers of $0.5 million with no expiration period. Certain portions of the Federal net operating loss and certain tax credit carry-forwards are subject to annual limitations on their usage resulting from the BioArray acquisition in fiscal year 2009, the Organ-i acquisition in fiscal year 2014, the Sentilus acquisition in fiscal year 2015 and the Sirona acquisition in fiscal year 2016.

The Company does not consider itself to be permanently reinvested with respect to its accumulated and unrepatriated earnings as well as the future earnings of each foreign subsidiary. During fiscal years 2016 and 2015, the Company recorded a deferred tax liability associated with unremitted foreign earnings of certain subsidiaries. The amount of the deferred tax liability significantly increased as a result of the change in estimate for FTCs during fiscal year 2015. The Company considers its equity investment in each foreign subsidiary to be permanently reinvested and thus has not recorded a deferred tax liability on such amounts.

The Company has NOL carry-forwards of $2.4 million in Belgium and $0.3 million in France. The NOL carry-forwards for Belgium and France do not expire. The Company has recorded a full valuation allowance related to the Belgium NOLs due to uncertainties regarding the realization of this deferred tax asset.

Valuation allowances are established when necessary to reduce deferred tax assets to the amounts expected to be realized. The Company's valuation allowances are primarily related to deferred tax assets generated from certain foreign net operating losses, state net operating losses and tax credit carry-forwards. Current evidence does not suggest the Company will realize sufficient taxable income of the appropriate character within the carry-forward period to allow us to realize these deferred tax benefits. If the Company were to identify tax planning strategies that become available in the future to recover these deferred tax assets or generate sufficient income of the appropriate character in these jurisdictions in the future, it could lead to the reversal of these valuation allowances and a reduction of income tax expense. The Company believes that it will generate sufficient future taxable income to realize the tax benefits related to the remaining deferred tax assets.

An analysis of the Company's deferred tax asset valuation allowance is as follows (in thousands):

	Year Ended May 31	
	2016	2015
Balance, beginning of period	$ 12,177	3,962
Change due to acquisitions	-	-
Additions	1,070	8,381
Reductions	(11)	(166)
Balance, end of period	$ 13,236	12,177

The following is a tabular reconciliation of the total tax liability for unrecognized tax benefits for the years ended May 31, 2016 and 2015 (in thousands):

	Year Ended May 31	
	2016	2015
Balance, beginning of period	$ 12,467	12,863
Change due to Acquisitions	188	-
Gross increases(decreases) in unrecognized tax benefits as a result of tax positions taken during a prior period	4,925	(337)
Gross increases(decreases) in unrecognized tax benefits as a result of tax positions taken during current period	1,100	1,180
Reductions to unrecognized tax benefits as a result of the applicable statute of limitations	-	(1,239)
Balance, end of period	$ 18,680	12,467

The Company does not anticipate that within the next twelve months the total amount of unrecognized tax benefits will significantly increase or decrease. The total balance of unrecognized tax benefits at May 31, 2016 is $21.2 million, including accrued interest. Of this amount, the amount of unrecognized tax benefits that would impact the effective tax rate, if recognized, is $20.8 million.

Approximately $15.2 million of the unrecognized tax benefit is reflected as a non-current liability as it is unlikely to require payment during the twelve-month period ending May 31, 2017. The remaining $6.0 million is included in non-current deferred tax liabilities. At May 31, 2015, the liability for unrecognized tax benefits, including accrued interest, of $9.1 million was included as a non-current liability and $4.7 million was included in non-current deferred tax liabilities.

As of May 31, 2016 and 2015, the Company recorded accrued interest related to the unrecognized tax benefits of $2.5 million and $1.4 million, respectively. During fiscal year 2016, 2015, and 2014, the Company recognized an income tax (benefit) expense of $1.1 million, ($0.3) million, and $0.3 million, respectively, due to changes in the reserves for interest. The Company has not accrued penalties since adoption of the update to ASC 740, "Income Taxes."

At May 31, 2016 and 2015, other assets in the consolidated balance sheets include $13.7 million and $6.1 million, respectively, of competent authority offsets related to transfer pricing. Competent authority offsets represent anticipated refunds from bilateral agreements between the taxing authorities of two countries which eliminates double taxation by treaty. For Immucor, this competent authority offset represents anticipated refunds by taxing authorities that will offset potential uncertain tax positions related to transfer pricing.

20. SEGMENT AND GEOGRAPHIC INFORMATION

The Company determines operating segments in accordance with its internal operating structure, which is organized based upon product groups. Each segment is separately managed and is evaluated primarily upon operating results. The Company has two operating segments, the Transfusion segment and the Transplant & Molecular segment, which have been aggregated into one reportable segment.

The Company manufactures and markets a complete line of diagnostics products and automated systems used primarily by hospitals, donor centers and reference laboratories in a number of tests performed to detect and identify certain properties of human blood and human tissue to enable the most compatible match available between patient and donor. These tests are performed for the purpose of blood transfusions and organ and stem cell transplantations.

The Company operates in various geographies. These geographic markets are comprised of the United States, Europe, Canada and other international markets. The majority of the other international markets are considered emerging markets for our business. These products are marketed globally, both directly to the end user and through established distributors.

Accounting policies for segments are the same as those described in the summary of significant accounting policies.

The following segment data is presented for the years ended May 31, 2016, 2015, and 2014 as follows (in thousands):

	Year Ended May 31		
	2016	2015	2014
Net sales by product group:			
Transfusion	$ 317,345	326,850	330,547
Transplant & Molecular	62,627	62,450	57,509
Total	$ 379,972	389,300	388,056

Following is a summary of enterprise-wide information (in thousands):

	Year Ended May 31		
	2016	2015	2014
Net sales to customers by geography are as follows:			
United States	$ 241,199	238,639	239,204
Europe (A)	70,630	77,820	79,219
Canada	15,576	19,260	19,127
Other	52,567	53,581	50,506
Total	$ 379,972	389,300	388,056

Net sales are attributed to individual countries based on the customer's country of origin at the time of the sale and where the Company has an operating entity.

	As of May 31	
	2016	2015
Long-lived assets (excluding goodwill and intangibles) by geography:		
United States	$ 55,080	52,764
Europe (B)	14,729	14,542
Canada	3,543	4,029
Other (C)	2,663	2,239
Total	$ 76,015	73,574

	As of May 31	
	2016	2015
Concentration of net assets by geography:		
United States	$ 200,226	241,522
Europe	102,593	100,071
Canada	28,617	30,274
Other (C)	13,110	11,814
Total	$ 344,546	383,681

(A) - Net sales to any individual country within Europe were not material to the Company's consolidated net sales.
(B) - Long-lived assets located in any individual country within Europe were not material to the Company's consolidated long-lived assets.
(C) - Primarily Japan and India

Sales to an individual customer did not exceed 10% or more of our annual net sales during any of the years ended May 31, 2016, 2015, or 2014.

21. RETIREMENT PLANS

The Company maintains a 401(k) retirement plan covering its U.S. employees who meet the plan requirements. The Company matches a portion of employee contributions, which vest immediately. The Company matched contributions to the plan of $2.4 million during fiscal year 2016, $2.1 million during fiscal year 2015, and $1.9 million during 2014 fiscal year.

The Company’s Canadian affiliate maintains a defined contribution pension plan covering all Canadian employees, except temporary employees. The Company matches a portion of employee contributions to the plan, and each employee vests in the Company’s matching contributions once they have been a participant continuously for two years. The Company’s matching contributions to the plan were $0.1 million for fiscal year 2016, $0.1 million for fiscal year 2015, and $0.1 million for fiscal year 2014.

In January 2016, the Company’s Japanese affiliate began a defined contribution pension plan covering all Japanese employees, except temporary and contracted employees. The Company matches a portion of employee contributions to the plan, and each employee vests in the Company’s matching contributions immediately after three years of service. The Company’s matching contributions to the plan were $0.1 million for fiscal year 2016.

22. CONDENSED CONSOLIDATING FINANCIAL INFORMATION OF GUARANTOR SUBSIDIARIES

The Company has certain outstanding indebtedness that is guaranteed by its U.S. subsidiaries. However, the indebtedness is not guaranteed by the Company’s foreign subsidiaries or its consolidated variable interest entity. The guarantor subsidiaries are all wholly owned and the guarantees are made on a joint and several basis and are full and unconditional. Separate consolidated financial statements of the guarantor subsidiaries have not been presented because management believes that such information would not be material to investors. However, condensed consolidating financial information is presented.

Refer to Note 4 for information on assets and liabilities of Sentilus LLC, a consolidated variable interest entity, that are included in the Company's consolidated balance sheet as of May 31, 2016. These assets and liabilities cannot be used to settle the obligations of Immucor, and are not Immucor's obligation to pay. Accordingly, the condensed consolidated financial information reflects the activity of Sentilus LLC and its related eliminations under the VIE and VIE Eliminations heading. The condensed consolidating financial information of the Company is as follows:

Balance Sheets

IMMUCOR, INC.
CONDENSED CONSOLIDATING BALANCE SHEETS
May 31, 2016

(in thousands)

	Immucor, Inc.	Guarantors	Non-Guarantors	Eliminations	Immucor, Inc. and Subsidiaries	VIE and VIE eliminations	Total
ASSETS							
Current Assets:							
Cash and cash equivalents	$ 4,058	(187)	6,356	-	10,227	36	10,263
Accounts receivable, net	28,314	5,866	27,863	-	62,043	-	62,043
Intercompany receivable	98,375	26,311	24,710	(148,502)	894	(894)	-
Inventories, net	19,853	17,321	11,415	(1,695)	46,894	-	46,894
Prepaid expenses and other current assets	3,381	449	4,649	-	8,479	-	8,479
Total current assets	153,981	49,760	74,993	(150,197)	128,537	(858)	127,679
Property and equipment, net	39,724	14,713	20,934	-	75,371	644	76,015
Investment in subsidiaries	211,451	20,033	3,019	(234,503)	-	-	-
Goodwill	744,044	62,771	50,103	-	856,918	105	857,023
Other intangible assets, net	489,871	92,500	31,906	-	614,277	18,820	633,097
Other assets	30,346	274	360	(9,728)	21,252	(7,433)	13,819
Total assets	$ 1,669,417	240,051	181,315	(394,428)	1,696,355	11,278	1,707,633
LIABILITIES AND SHAREHOLDERS' EQUITY							
Current Liabilities:							
Accounts payable	$ 10,622	5,517	5,346	-	21,485	744	22,229
Intercompany payable	18,293	117,516	12,693	(148,502)	-	-	-
Accrued interest and interest rate swap liability	18,869	-	-	-	18,869	-	18,869
Accrued expenses and other current liabilities	10,700	5,230	6,075	-	22,005	4	22,009
Income taxes payable	30,190	(29,838)	2,233	-	2,585	-	2,585
Deferred revenue, current portion	1,785	-	1,079	-	2,864	-	2,864
Current portion of long-term debt	6,634	172	-	-	6,806	-	6,806
Total current liabilities	97,093	98,597	27,426	(148,502)	74,614	748	75,362
Long-term debt, excluding current portion	1,007,888	60	-	-	1,007,948	-	1,007,948
Deferred income tax liabilities	201,489	7,070	8,245	(654)	216,150	6,207	222,357
Other long-term liabilities	22,724	43,099	1,325	(9,728)	57,420	-	57,420
Total liabilities	1,329,194	148,826	36,996	(158,884)	1,356,132	6,955	1,363,087
Equity:							
Shareholders' equity of Immucor, Inc.	340,223	91,225	144,319	(235,544)	340,223	-	340,223
Noncontrolling interest	-	-	-	-	-	4,323	4,323
Total equity	340,223	91,225	144,319	(235,544)	340,223	4,323	344,546
Total liabilities and equity	$ 1,669,417	240,051	181,315	(394,428)	1,696,355	11,278	1,707,633

IMMUCOR, INC.
CONDENSED CONSOLIDATING BALANCE SHEETS
May 31, 2015

(in thousands)

	Immucor, Inc.	Guarantors	Non-Guarantors	Eliminations	Total
ASSETS					
Current Assets:					
Cash and cash equivalents	$ 7,080	(263)	11,546	-	18,363
Accounts receivable, net	30,442	6,014	31,218	-	67,674
Intercompany receivable	68,815	24,201	8,861	(101,877)	-
Inventories, net	18,361	13,706	11,830	(2,050)	41,847
Prepaid expenses and other current assets	5,178	426	5,557	-	11,161
Total current assets	129,876	44,084	69,012	(103,927)	139,045
Property and equipment, net	38,915	13,849	20,810	-	73,574
Investment in subsidiaries	220,412	5,021	3,019	(228,452)	-
Goodwill	744,149	47,640	50,469	-	842,258
Other intangible assets, net	557,133	59,164	33,997	-	650,294
Other assets	14,533	310	324	-	15,167
Total assets	$ 1,705,018	170,068	177,631	(332,379)	1,720,338
LIABILITIES AND SHAREHOLDERS' EQUITY					
Current Liabilities:					
Accounts payable	$ 6,297	2,604	4,965	-	13,866
Intercompany payable	2,389	91,547	7,941	(101,877)	-
Accrued interest and interest swap liability	19,288	-	-	-	19,288
Accrued expenses and other current liabilities	13,758	5,131	7,243	-	26,132
Income taxes payable	30,061	(30,074)	3,509	-	3,496
Deferred revenue, current portion	1,498	7	1,198	-	2,703
Current portion of long-term debt	6,633	7	-	-	6,640
Total current liabilities	79,924	69,222	24,856	(101,877)	72,125
Long-term debt, excluding current portion	1,004,706	-	-	-	1,004,706
Deferred income tax liabilities	220,720	1,386	9,299	(791)	230,614
Other long-term liabilities	15,987	11,908	1,317	-	29,212
Total liabilities	1,321,337	82,516	35,472	(102,668)	1,336,657
Shareholders' Equity:					
Total shareholders' equity	383,681	87,552	142,159	(229,711)	383,681
Total liabilities and shareholders' equity	$ 1,705,018	170,068	177,631	(332,379)	1,720,338

Statements of Operations Year to Date

IMMUCOR, INC.
CONSOLIDATING STATEMENTS OF OPERATIONS
For the Year Ended May 31, 2016

(in thousands)

	Immucor, Inc.	Guarantors	Non-Guarantors	Eliminations	Immucor, Inc. and Subsidiaries	VIE and VIE eliminations	Total
Net sales	$ 248,717	58,163	139,959	(66,867)	379,972	-	379,972
Cost of sales (exclusive of amortization shown separately below)	84,442	35,159	91,235	(66,867)	143,969	-	143,969
Gross profit	164,275	23,004	48,724	-	236,003	-	236,003
Operating expenses:							
Research and development	12,500	16,296	679	-	29,475	780	30,255
Selling and marketing	25,983	9,850	20,822	-	56,655	-	56,655
Distribution	9,548	1,405	6,509	-	17,462	-	17,462
General and administrative	30,367	5,326	8,745	-	44,438	24	44,462
Amortization expense	47,887	4,919	2,129	-	54,935	2	54,937
Impairment loss	818	2,500	-	-	3,318	-	3,318
Total operating expenses	127,103	40,296	38,884	-	206,283	806	207,089
Income (loss) from operations	37,172	(17,292)	9,840	-	29,720	(806)	28,914
Non-operating (expense) income:							
Interest income	415	-	189	(225)	379	(244)	135
Interest expense	(89,534)	(1,174)	(52)	225	(90,535)	-	(90,535)
Other, net	5,261	505	(4,327)	-	1,439	(1,683)	(244)
Total non-operating expense	(83,858)	(669)	(4,190)	-	(88,717)	(1,927)	(90,644)
(Loss) income before income taxes	(46,686)	(17,961)	5,650	-	(58,997)	(2,733)	(61,730)
(Benefit) provision for income taxes	(12,548)	(6,619)	2,260	-	(16,907)	(1,056)	(17,963)
Net (loss) income before earnings of consolidated subsidiaries	(34,138)	(11,342)	3,390	-	(42,090)	(1,677)	(43,767)
Net income (loss) of consolidated subsidiaries	(7,952)	-	-	7,952	-	-	-
Net (loss) income	(42,090)	(11,342)	3,390	7,952	(42,090)	(1,677)	(43,767)
Net loss attributable to noncontrolling interest	-	-		-	-	(1,677)	(1,677)
Net loss attributable to Immucor, Inc.	$ (42,090)	(11,342)	3,390	7,952	(42,090)	-	(42,090)

IMMUCOR, INC.
CONSOLIDATING STATEMENTS OF OPERATIONS
For the Year Ended May 31, 2015

(in thousands)

	Immucor, Inc.	Guarantors	Non-Guarantors	Eliminations	Total
Net sales	$ 250,714	56,844	153,768	(72,026)	389,300
Cost of sales (exclusive of amortization shown separately below)	80,606	37,470	97,609	(72,026)	143,659
Gross profit	170,108	19,374	56,159	-	245,641
Operating expenses:					
Research and development	11,633	16,331	827	-	28,791
Selling and marketing	24,878	10,133	22,822	-	57,833
Distribution	10,814	1,612	7,596	-	20,022
General and administrative	27,438	4,520	9,233	-	41,191
Amortization expense	47,887	4,309	2,335	-	54,531
Total operating expenses	122,650	36,905	42,813	-	202,368
Income (loss) from operations	47,458	(17,531)	13,346	-	43,273
Non-operating (expense) income:					
Interest income	64	-	192	(111)	145
Interest expense	(88,957)	(507)	(68)	111	(89,421)
Other, net	3,000	(552)	(1,570)	-	878
Total non-operating net expense	(85,893)	(1,059)	(1,446)	-	(88,398)
(Loss) income before income taxes	(38,435)	(18,590)	11,900	-	(45,125)
Provision (benefit) for income taxes	17,631	(5,806)	3,775	-	15,600
Net (loss) income before earnings of consolidated subsidiaries	(56,066)	(12,784)	8,125	-	(60,725)
Net (loss) income of consolidated subsidiaries	(4,659)	-	-	4,659	-
Net (loss) income	$ (60,725)	(12,784)	8,125	4,659	(60,725)

IMMUCOR, INC.
CONSOLIDATING STATEMENTS OF OPERATIONS
For the Year Ended May 31, 2014

(in thousands)

	Immucor, Inc.	Guarantors	Non-Guarantors	Eliminations	Total
Net sales	$ 251,079	55,457	149,725	(68,205)	388,056
Cost of sales (exclusive of amortization shown separately below)	82,485	32,936	92,418	(68,205)	139,634
Gross profit	168,594	22,521	57,307	-	248,422
Operating expenses:					
Research and development	13,514	15,180	376	-	29,070
Selling and marketing	24,701	9,188	25,168	-	59,057
Distribution	11,199	1,484	7,482	-	20,165
General and administrative	25,412	7,362	8,829	-	41,603
Amortization expense	47,883	2,700	2,382	-	52,965
Acquisition-related items	(4,638)	-	-	-	(4,638)
Impairment loss	160,000	150	-	-	160,150
Total operating expenses	278,071	36,064	44,237	-	358,372
(Loss) income from operations	(109,477)	(13,543)	13,070	-	(109,950)
Non-operating (expense) income:					
Interest income	-	8	84	(56)	36
Interest expense	(88,314)	-	(46)	56	(88,304)
Other, net	819	153	(927)	-	45
Total non-operating net (expense) income	(87,495)	161	(889)	-	(88,223)
(Loss) income before income taxes	(196,972)	(13,382)	12,181	-	(198,173)
(Benefit) provision for income taxes	(14,381)	(5,060)	3,525	-	(15,916)
Net (loss) income before earnings of consolidated subsidiaries	(182,591)	(8,322)	8,656	-	(182,257)
Net income (loss) of consolidated subsidiaries	334	-	-	(334)	-
Net (loss) income	$ (182,257)	(8,322)	8,656	(334)	(182,257)

Statements of Cash Flows

IMMUCOR, INC.
CONDENSED CONSOLIDATING CASH FLOW INFORMATION
For the Year Ended May 31, 2016

(in thousands)

	Immucor, Inc.	Guarantors	Non-Guarantors	Eliminations	Immucor, Inc. and Subsidiaries	VIE and VIE eliminations	Total
Net cash provided by (used in) operating activities	$ 34,344	1,637	(47)	(3,610)	32,324	(5,233)	27,091
Net cash (used in) provided by investing activities	(24,539)	(1,497)	(1,581)	(6,008)	(33,625)	5,269	(28,356)
Net cash (used in) provided by financing activities	(12,984)	(64)	(3,517)	9,517	(7,048)	-	(7,048)
Effect of exchange rate changes on cash and cash equivalents	157	-	(45)	101	213	-	213
(Decrease) increase in cash and cash equivalents	(3,022)	76	(5,190)	-	(8,136)	36	(8,100)
Cash and cash equivalents at beginning of period	7,080	(263)	11,546	-	18,363	-	18,363
Cash and cash equivalents at end of period	$ 4,058	(187)	6,356	-	10,227	36	10,263

IMMUCOR, INC.
CONDENSED CONSOLIDATING CASH FLOW INFORMATION
For the Year Ended May 31, 2015

(in thousands)

	Immucor, Inc.	Guarantors	Non-Guarantors	Eliminations	Total
Net cash provided by (used in) operating activities	$ 20,299	2,814	4,548	(2,071)	25,590
Net cash used in investing activities	(11,487)	(2,648)	(8,954)	-	(23,089)
Net cash (used in) provided by financing activities	(6,633)	(20)	(556)	556	(6,653)
Effect of exchange rate changes on cash and cash equivalents	38	-	(2,659)	1,515	(1,106)
Increase (decrease) in cash and cash equivalents	2,217	146	(7,621)	-	(5,258)
Cash and cash equivalents at beginning of period	4,863	(409)	19,167	-	23,621
Cash and cash equivalents at end of period	$ 7,080	(263)	11,546	-	18,363

IMMUCOR, INC.
CONDENSED CONSOLIDATING CASH FLOW INFORMATION
For the Year Ended May 31, 2014

(in thousands)

	Immucor, Inc.	Guarantors	Non-Guarantors	Eliminations	Total
Net cash provided by (used in) operating activities	$ 15,530	(1,540)	12,221	(610)	25,601
Net cash provided by (used in) investing activities	1,209	(14,972)	(11,233)	(197)	(25,193)
Net cash (used in) provided by financing activities	(6,633)	(40)	(786)	785	(6,674)
Effect of exchange rate changes on cash and cash equivalents	(179)	-	656	22	499
Increase (decrease) in cash and cash equivalents	9,927	(16,552)	858	-	(5,767)
Cash and cash equivalents at beginning of period	6,971	4,107	18,310	-	29,388
Cash and cash equivalents at end of period	$ 16,898	(12,445)	19,168	-	23,621

23. OTHER EQUITY MATTERS

In the fourth quarter of fiscal year 2016, the Company issued a dividend of $6.0 million related to the Sentilus LLC spin-off, and a $0.4 million dividend related to a stock redemption and tax payments to be made by Holdings. Other than potential periodic dividends to fund Sentilus LLC activities and tax payments, the Company does not expect to pay dividends on its common stock in the near future.

24. COMMITMENTS AND CONTINGENCIES

Lease Commitments

In the U.S., the Company leases office, warehousing and manufacturing facilities under several operating lease agreements expiring at various dates through fiscal year 2026 with a right to renew for an additional term in the case of most of the leases. Certain of these leases contain escalation clauses. Outside the U.S., the Company leases foreign office and warehouse facilities under operating lease agreements expiring at various dates through fiscal year 2022. The total leasing expense for the Company was $5.8 million in fiscal year 2016, $5.5 million in fiscal year 2015, and $5.5 million in fiscal year 2014 periods.

The following is a schedule of the approximate future annual lease payments under all operating leases that have initial or remaining non-cancelable lease terms as of May 31, 2016 (in thousands):

Year ended May 31:		
2017	$	5,610
2018		4,291
2019		3,543
2020		2,594
2021		2,468
Thereafter		8,584
Total	$	27,090

Purchase Commitments

Purchase commitments made in the normal course of business were $44.1 million as of May 31, 2016 . These purchases were primarily for inventory items. The following is a schedule of the approximate future payments for purchase commitments as of May 31, 2016 (in thousands):

Year ended May 31:		
2017	$	20,400
2018		8,760
2019		8,086
2020		4,308
2021		2,576
Thereafter		-
Total	$	44,130

Legal Proceedings

Immucor and BioArray Solutions Limited (“BioArray”), a wholly owned subsidiary of Immucor, are defendants in an action brought in August 2014 by Rutgers, the State University of New Jersey (“Rutgers”), in the Superior Court of New Jersey for Middlesex County, alleging breach of contract and fraud claims under a patent license between Rutgers and BioArray. The Company believes the claims are without merit and that it has meritorious defenses. The Company believes that liability is unlikely and that the amount of any liability is not currently reasonably estimable. Further, the Company believes that any potential liability would not be material to the Company’s operations or to its financial condition.

From time to time the Company is a party to certain legal proceedings in the ordinary course of business. However, the Company is not currently subject to any legal proceedings expected to have a material adverse effect on its consolidated financial position, result of operations or cash flow.

Self-Insurance Costs

In fiscal year 2014, the Company entered into a program to self-insure its costs related to U.S. medical employee benefits. Liabilities are recognized based on claims filed and an estimate of claims incurred but not reported. The liabilities for medical claims are accounted for on an undiscounted basis. The Company has purchased stop-loss coverage to limit its exposure on a per claim and on an aggregate basis. The Company is insured for covered costs in excess of these per claim limits. As of May 31, 2016 and May 31, 2015, the self-insured liability was approximately $1.3 million and $1.2 million, respectively, and was included in Accrued expenses and other current liabilities on the Company's consolidated balance sheet.

Royalty Payments

The Company is required to pay royalty payments on the sales of specific products. These royalty payments are based on the net selling price of the specific products and are mainly calculated at fixed percentages. On certain products, a minimum annual royalty fee is applicable. In total, the Company incurred costs of $4.8 million, $4.6 million and $4.2 million related to royalty fees in fiscal years 2016, 2015 and 2014, respectively. As of May 31, 2016, the Company had a minimum royalty payment obligation of approximately $12.5 million. The following is a schedule of the approximate future payments for royalty payment commitments as of May 31, 2016 (in thousands):

Year ended May 31:		
2017	$	2,616
2018		2,666
2019		2,716
2020		2,786
2021		1,698
Thereafter		5
Total	$	12,487

25. SELECTED QUARTERLY FINANCIAL DATA (unaudited)

The quarterly financial data included in the tables below are in thousands:

Fiscal Year Ended		Net Sales	Gross Profit	Income from Operations	Net Loss	Net loss attributable to noncontrolling interest	Net loss attributable to Immucor, Inc.
May 31, 2016							
First Quarter	$	96,712	62,070	12,510	(7,217)	-	(7,217)
Second Quarter		96,249	58,361	8,188	(11,796)	-	(11,796)
Third Quarter		88,893	54,763	5,093	(8,660)	(237)	(8,423)
Fourth Quarter		98,118	60,809	3,123	(16,094)	(1,440)	(14,654)
Total	$	379,972	236,003	28,914	(43,767)	(1,677)	(42,090)

Fiscal Year Ended	Net Sales	Gross Profit	Income from Operations	Net Loss
May 31, 2015				
First Quarter	$ 102,441	65,614	13,874	(5,479)
Second Quarter	96,277	60,504	8,351	(9,077)
Third Quarter	95,605	61,634	12,878	(39,440)
Fourth Quarter	94,977	57,889	8,170	(6,729)
Total	$ 389,300	245,641	43,273	(60,725)

Item 8. — Financial Statements and Supplementary Data

B. Supplementary Financial Information

Consolidated Financial Statement Schedule

Schedule II – Valuation and Qualifying Accounts
Years Ended May 31, 2016, 2015, and 2014
(in thousands)

	Beginning Balance	Additions to Expense	Deductions (1)	Other (2)	Ending Balance
2016					
Allowance for doubtful accounts	$ 1,669	572	(127)	-	2,114
Deferred income tax valuation allowance	12,177	1,070	(11)	-	13,236
2015					
Allowance for doubtful accounts	898	970	(199)	-	1,669
Deferred income tax valuation allowance	3,962	8,381	(166)	-	12,177
2014					
Allowance for doubtful accounts	815	268	(1,934)	1,749	898
Deferred income tax valuation allowance	3,234	1,111	(383)	-	3,962

(1) Includes deductions, allowances written-off during the period less recoveries of accounts previously written-off, as well as the effect of changes in foreign exchange rates and changes in estimates.
(2) Represents valuation allowance to show gross receivables and related allowances at their net fair value at the time of acquisition, now reversed as the related receivables have been collected.

Item 9. — Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

Not applicable.

Item 9A. — Controls and Procedures

(a) Evaluation of Disclosure Controls and Procedures

Based on their evaluation as of May 31, 2016, the Chief Executive Officer and Chief Financial Officer have concluded that the Company's disclosure controls and procedures are effective to ensure that the information required to be disclosed by the Company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in SEC rules and forms and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosures.

(b) Changes in Internal Control

There were no changes in our internal control over financial reporting during the quarter ended May 31, 2016 that have materially affected, or are reasonably likely to materially affect our internal control over financial reporting.

***(c)* Management's Report on Internal Control over Financial Reporting**

The management of Immucor is responsible for establishing and maintaining adequate internal control over financial reporting, as such is defined in Rules 13a-15(f) promulgated under the Securities Exchange Act of 1934, as amended, and for performing an assessment of the effectiveness of internal control over financial reporting as of May 31, 2016. The Company's internal control over financial reporting is a process that is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.

Internal control systems, no matter how well designed, have inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation, and may not prevent or detect misstatements. In addition, projections of any evaluation of effectiveness to future periods are subject to risks that controls may become inadequate because of changes in conditions, or that the degree of compliance with policies or procedures may deteriorate.

Immucor's management performed an assessment of the effectiveness of the Company's internal control over financial reporting as of May 31, 2016 using the criteria described in "Internal Control—2013 Integrated Framework" issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"). The objective of this assessment is to determine whether the Company's internal control over financial reporting was effective as of May 31, 2016. Immucor's management has concluded that, as of May 31, 2016, its internal control over financial reporting was effective to provide reasonable assurance regarding the reliability of its financial reporting and the preparation of its financial statements for external purposes in accordance with U.S. generally accepted accounting principles.

Item 9B. — Other Information

Equity Compensation Plan

On September 24, 2015, our Compensation Committee approved a modification to our 2011 Equity Incentive Plan (our "Plan") effective November 1, 2015. This modification added an alternative service-based vesting opportunity to all previously granted but unvested performance-based options. On October 16, 2015, our Compensation Committee approved an additional modification to our Plan that converted all stock appreciation rights granted prior to November 1, 2015 to service-based option awards and performance-based option awards. These awards will vest from the original grant to May 31, 2018.

PART III

Item 10. — Directors, Executive Officers and Corporate Governance

Board of Directors

The board of directors of IVD Holdings Inc. ("Holdings"), the indirect parent of the Company, manages the affairs of the Company. All references to the "Board of Directors" refer to the board of directors of Holdings. Set forth below are the names, ages and biographical information of the current directors of Holdings. Jeffrey Binder, Jeffrey Rhodes, and Todd Sisitsky are also directors of the Company.

Name of Director	Age	Position and Biographical information
Jeffrey K. Rhodes	41	Mr. Rhodes has been a director of Holdings and the Company since August 2011. Mr. Rhodes was a Principal at the Sponsor beginning 2005 and became a Partner in 2014. He serves on the board of directors of EnvisionRX, Par Pharmaceutical Companies, IMS Health and Surgical Care Affiliates. We believe Mr. Rhodes is qualified to serve on our Board of Directors because of his financial expertise as well as his experience as a director of other privately held companies in the healthcare industry.
Todd B. Sisitsky	44	Mr. Sisitsky is a Partner of the Sponsor, the Managing Partner of the Sponsor Capital North America, head of the firm's global healthcare investing platform, and a member of the firm's Executive Committee. He has played leadership roles in connection with the Sponsor's investments in Adare Pharma, Aptalis Pharma, Biomet, Fenwal Transfusion Therapies, IASIS Healthcare, Surgical Care Affiliates, HealthScope, IMS Health, Immucor, and Par Pharmaceutical. Mr. Sisitsky also serves on the board of directors of the global not-for-profit organization, the Campaign for Tobacco Free Kids, as well as on the Dartmouth Medical School Board of Overseers. Prior to joining the Sponsor in 2003, Mr. Sisitsky worked at Forstmann Little & Company and Oak Hill Capital Partners. We believe Mr. Sisitsky is qualified to serve on our Board of Directors because of his financial expertise as well as his experience in the healthcare industry.
Jeffrey R. Binder	53	Mr. Binder has been a director of Holdings and the Company since June 2015. Mr. Binder joined the Company from Biomet, Inc. where he served as President and Chief Executive Officer from February 2007 to June 2015. Prior to that role, Mr. Binder served as Senior Vice President of Diagnostic Operations of Abbott Laboratories from January 2006 to February 2007. We believe Mr. Binder is qualified to serve on our Board of Directors because of his extensive experience, executive leadership and management experience in other companies in the healthcare industry.
William A. Hawkins	62	Mr. Hawkins is Lead Director of Holdings, and has been a director since October 2011. Mr. Hawkins served as the Company's former President and Chief Executive Officer from October 2011 to June 2015. From 2002 to June 2011, Mr. Hawkins served in a variety of executive capacities, including Chairman and CEO, at Medtronic, Inc. Mr. Hawkins serves on the board of KeraNetics, Halyard Health (NYSE:HYH), Bioventus, Trice Medical, Baebies, Medical Device Innovation Consortium, and AIMBE. Mr. Hawkins also serves on the Duke University Board of Trustees and the board of the Duke University Health System. We believe Mr. Hawkins is qualified to serve on our Board of Directors because of his extensive experience, executive leadership and management experience in other companies in the healthcare industry.

Scott Garrett	66	Mr. Garrett has been a director of Holdings since January 2012. Mr. Garrett is a Senior Operating Partner with Water Street Healthcare Partners, a strategic private equity firm focused exclusively on the healthcare industry. From 2005 to 2010 Mr. Garrett was the Chief Executive Officer of Beckman Coulter, a leading biomedical testing company. Mr. Garrett currently serves on the boards of Hologic, Inc., Oregentec, Inc., MarketLab, Inc. and AdvaMedDx. Until 2010 Mr. Garrett served on the boards of Beckman Coulter, AdvaMed and InHealth. We believe Mr. Garrett is qualified to serve as a director given his extensive healthcare and industry experience.
David A. Kessler, M.D.	65	Dr. Kessler has been a director of Holdings since January 2012. Dr. Kessler is currently Professor of Pediatrics and Epidemiology and Biostatistics at the School of Medicine, University of California, San Francisco (UCSF). Dr. Kessler was Commissioner of the FDA from 1990-1997. He was Dean of the School of Medicine and the Vice Chancellor for Medical Affairs at UCSF from 2003 through 2007. Dr. Kessler has served on the board of directors of Tokai Pharmaceuticals, Inc. since 2009. We believe Dr. Kessler is qualified to serve on our Board of Directors because of his extensive healthcare and regulatory experience.
Sean Murphy	63	Mr. Murphy, a director of Holdings since January 2012, serves as a senior advisor to Evercore Partner, a New York based investment bank. Mr. Murphy served in a variety of executive capacities, including Vice President of Strategy and Business Development at Abbott from 1979 to 2010. Mr. Murphy serves on the board of directors for Brandon Point Industries, Malin Life Science, Melinta Pharma, Novan Therapeutics, and Altan Pharma. We believe Mr. Murphy is qualified to serve on our Board of Directors because of his extensive healthcare experience and because of his background in finance and accounting.
Sharad Mansukani	47	Dr. Mansukani, a Director of Holdings since January 2012, serves as a senior advisor of the Sponsor. He was appointed to the Medicare's Program Advisory and Oversight Committee, a committee established by Congress. Dr. Mansukani previously served as a senior advisor to the Administrator of CMS from 2003 to 2005. Dr. Mansukani serves on the board of directors of Envision RX, IASIS Healthcare, Surgical Care Affiliates, Health Spring Inc., Children's Hospital of Philadelphia, and IMS Health. He is also a strategic advisor to the board of directors at Cigna. We believe Dr. Mansukani is qualified to serve on our Board of Directors because of his medical expertise and leadership experience.

Audit Committee Financial Expert

Mr. Murphy and Mr. Rhodes are the current members of the Company's Audit Committee. In light of our status as a privately held company and the absence of a public listing or trading market for our common stock, we are not required to have an "audit committee financial expert." However, we have determined that Messrs. Murphy and Rhodes are each an "audit committee financial expert" as defined by applicable SEC rules. Although the Board of Directors has not made an official determination, Mr. Murphy would likely be considered independent under the listing standards of the NASDAQ Stock Market. The Audit Committee performs its duties pursuant to a written Audit Committee Charter adopted by the Board of Directors.

Code of Business Conduct and Ethics

We have adopted a Code of Conduct that applies to all our employees, including our executive officers. A copy of the Code of Conduct is available on the Company's website at www.immucor.com . Certain amendments to or waivers of the Code of Conduct will be promptly posted on the Company's website or in a report on Form 8-K, as required by applicable laws.

Executive Officers

Set forth below are the names, ages, existing positions and biographical information of the current executive officers.

Name of Executive Officer	Age	Position and Biographical information	Since
Jeffrey R. Binder	53	Mr. Binder has served as President and Chief Executive Officer since June 2015. Please see biography above under " *Board of Directors* ."	2015
Dominique Petitgenet	54	Mr. Petitgenet has served as Chief Financial Officer and Vice President and of the Company since February 2012. In December 2015, his role was expanded to include responsibilities for leading worldwide operations. In May 2014, his role was expanded to include oversight of the international operations for the Company's Transfusion Diagnostics business as well as the finance function for the Company. From 2008 to 2012, Mr. Petitgenet was the Chief Financial Officer of Merial, Inc. Mr. Petitgenet was the Executive Director of Planning & Financial Evaluations at Merial, Inc. from 2005 to 2008.	2012

Section 16(a) Beneficial Ownership Reporting Compliance

None.

Item 11. — Executive Compensation

Compensation Discussion and Analysis

This Compensation Discussion and Analysis describes the material elements of compensation awarded to Named Executive Officers for our 2016 fiscal year. It should be read in conjunction with the Summary Compensation Table, related tables and the narrative disclosure under the heading "Executive Compensation." The compensation committee of the Board of Directors (the "Committee") is primarily responsible for overseeing and designing our executive compensation program. As a private company, Immucor is not subject to director independent requirements.

The Named Executive Officers for fiscal year 2016 were:

- Jeffrey Binder, President and Chief Executive Officer from June 2015 to the present;
- Dominique Petitgenet, Chief Financial Officer from March 2012 to present, and Vice President, Operations from December 2015 to present; and
- William W. Hawkins, Director, President and Chief Executive Officer from October 2011 to June 2015.

Overview

The Committee has responsibility over matters relating to compensation of executives, including cash incentive and other compensation and benefit arrangements, including reviewing the performance of management in achieving the Company's goals and objectives and for setting the annual compensation of the Company's executive officers. The Committee also has responsibility over the administration of the IVD Holdings Inc. 2011 Equity Incentive Plan (the "2011 Plan").

Cash bonuses paid to executive officers for fiscal year 2016 were conditioned on the achievement of certain revenue and Adjusted EBITDA targets and Company objectives and on meeting individual goals. Long-term equity incentives are awarded to executive officers when they are hired, but are not generally awarded on an annual or other periodic basis.

No independent executive compensation consultants advised the Committee on fiscal year 2016 compensation matters. The Committee has sought input from management, but no executive officer has participated directly in any Committee meetings relating to his or her compensation.

Our Compensation Philosophy

Immucor Executive Compensation Philosophy and Objectives

Immucor's executive compensation program is designed to help achieve superior performance of Immucor's executive officers and management team by accomplishing the following objectives:

- Attracting, retaining and rewarding highly-qualified employees;
- Relating compensation to both company and individual performance;
- Encouraging and rewarding the achievement of our short and long-terms goals and operating plans;
- Establishing compensation levels that are internally equitable and externally competitive; and
- Aligning the interest of our executives with the financial strategic objectives of our shareholders.

Total Compensation

We seek to achieve the objectives of our executive compensation program by offering a compensation package that uses three key elements: (1) base salary, (2) annual cash incentives, and (3) long-term equity incentives.

- *Base Salaries* . We seek to provide competitive base salaries factoring in the responsibilities associated with the executive's position, the executive's skills and experience, and the executive's performance as well as other factors

- *Annual Cash Incentives.* The aim of this element of compensation is to reward individual and group contributions to the Company's annual operating performance based upon the achievement of pre-established performance standards in the most recent completed fiscal year.

- *Long-Term Equity Incentives.* The long-term element of our compensation program consists of the opportunity for our executive officers to participate directly as equity owners of the Company, combined with an up-front grant of stock options. The equity component is the most significant element of our executive compensation program because we believe that a meaningful equity interest by our executive officers and management team will provide a strong incentive to drive top line growth, increase margins and pursue growth opportunities, which we believe will lead to increased equity value and returns to our Sponsors. While we do not generally make annual grants, all of our named executive officers are awarded a sufficient number of shares to align their interests with our long-term objectives.

Elements of Compensation for Fiscal Year 2016

The following section outlines the components of compensation and how we established pay levels for each of these components in fiscal year 2016.

Each of our Named Executive Officers has an employment contract or offer letter that provided for a minimum base salary and a target annual bonus while he remained employed by us and the agreement was in effect. The terms of those agreements were negotiated with each of the Named Executive Officers at the time he joined the Company. In negotiating those agreements, the Committee relied on the experience of its members in setting compensation in other business settings to determine the level of compensation for the Named Executive Officer.

Base Salary

The base salary paid to Mr. Binder for fiscal year 2016 was governed by the terms of his employment agreement with us. The base salary paid to Mr. Petitgenet was governed by the terms of the Offer Letter between Mr. Petitgenet and the Company dated February 12, 2012. These agreements contain the general terms of each Named Executive Officer's employment and establish the minimum compensation that such Named Executive Officers are entitled to receive, but do not prohibit, limit or restrict our ability to pay additional compensation, whether in the form of base salary, bonus, stock options or otherwise. The Committee reviews base salaries of our executive officers annually.

The table below shows the base salary for each Named Executive Officer for fiscal year 2016.

Jeffrey Binder	President and Chief Executive Officer	$800,000
Dominique Petitgenet	Vice President, Chief Financial Officer	$475,000 (1)
William Hawkins	President and Chief Executive Officer	$800,000 (2)

(1) Mr. Petitgenet's salary was increased to $475,000 from $440,000 in December 2015, and increased to $484,500 in August 2016.
(2) Mr. Hawkins was an employee of the Company and was paid his salary until December 31, 2015. He was President and Chief Executive Officer until June 29, 2015 and served in an advisor capacity through December 31, 2015.

Annual Cash Incentives --- Annual Bonus Plan

The purpose of our annual cash bonus plan is to motivate and reward executives for achieving our shorter-term financial goals and strategic goals, and to provide competitive total compensation opportunities. Each executive's annual bonus opportunity has been designed by the Committee based on knowledge of, and experience with, compensation levels for other executives at other broadly similar companies, including other portfolio companies of the Sponsor.

The Committee first approved the Annual Bonus Plan in August 2013. Under the terms of the Annual Bonus Plan, the Committee may establish performance goals and award opportunities at its discretion. For fiscal year 2016, the Committee determined that the Company's executive officers were eligible for bonuses based on three components:

- Revenue Component (40%): actual revenue compared to fiscal year 2016 target net revenue;
- Adjusted EBITDA Component (40%): actual Adjusted EBITDA compared to fiscal year 2016 target Adjusted EBITDA;
- Unlevered Free Cash Flow Component (20%): actual unlevered free cash flow compared to fiscal year 2016 target unlevered free cash flow.

For the bonus plan, Adjusted EBITDA is consistent with how this measure is calculated for our credit facilities and the Unlevered Free Cash Flow metric is meant to approximate the net cash generated by the business before cash interest payments and excluding certain items. The Committee retains the ability to provide for bonuses for outstanding individual performance even when targeted metrics for overall Company performance are not achieved. Annual bonuses can increase if we exceed targeted revenue, Adjusted EBITDA and corporate or individual goals.

The table below shows the performance factors that could be applied depending on the extent to which each of the components listed above are achieved. Executive officers can earn bonus awards on a prorated basis for levels of achievement in between the performance factors listed below. No annual bonuses are paid with respect to a particular bonus component if achievement of that bonus component is less than 50% of target.

	Below Minimum	Minimum	Slightly Below Target	Target	Slightly Above Target	Maximum
Performance Factor	0%	50%	90%	100%	120%	150%

The target bonus for each Named Executive Officer's is equal to a percentage of his base compensation as follows:

Jeffrey Binder	100%
Dominique Petitgenet	70%

For fiscal year 2016, actual revenue and adjusted EBITDA achieved were less than 50% of target amounts and cash flow was slightly below target. Accordingly, the Company achieved 18.5% of the bonus targets but the Compensation Committee approved funding the bonus at 50% achievement. The Compensation Committee awarded Mr. Petitgenet an annual bonus of $170,000 and Mr. Binder an annual bonus of $ 400,000.

Stock-Based Long-Term Incentives --- 2011 Equity Incentive Plan

Our Named Executive Officers' compensation is heavily weighted in long-term equity because we believe that a meaningful equity interest by our executive officers and management team will provide a strong incentive to drive top line growth, increase margins and pursue growth opportunities, which we believe will lead to increased equity value and returns to our Sponsors.

On December 12, 2011 Holdings adopted the 2011 Plan pursuant to which shares of the stock of Holdings were reserved for issuance to senior management of the Company, the non-employee directors of Holdings and other consultants or advisors to the Company. Consistent with the Board's view of long-term equity incentives as an important part of an ownership culture that encourages a focus on long-term performance by our Named Executive Officers and other key associates, each of the Named Executive Officers were awarded stock options and/or restricted stock units when they joined the Company. The number of options or restricted stock units awarded to each individual was "front-loaded" and intended to represent a long-term equity opportunity. The options and restricted stock units will vest upon meeting certain time- and performance-based conditions. The Committee does not expect to make equity awards on an annual basis, but the Committee has discretion to grant awards at any time. The grant date fair value of these options is shown in the Grants of Plan-Based Awards table below.

In fiscal year 2016, Mr. Binder received an initial grant of 34,566 shares restricted stock units and 259,247 stock options.

Mr. Hawkins forfeited all stock options that were unvested on June 29, 2015, when he resigned as Chief Executive Officer.

Benefits and Perquisites

Our executives receive benefits consistent with our general employee population. All of our Named Executive Officers receive certain perquisites and personal benefits in connection with their employment with us, which are described below in note 3 to the Summary Compensation Table for 2016. We believe the value of these perquisites and personal benefits are reasonable relative to their value to our Named Executive Officers.

Compensation Committee Interlocks and Insider Participation

The members of the Committee who served during fiscal year 2016 are Messrs. Sisitsky, Murphy, and Garrett. None of these committee members were officers or employees of the Company during fiscal year 2016, were formerly Company officers or had any relationship otherwise requiring disclosure. There were no interlocks or insider participation between any member of the Board of Directors or compensation committee and any member of the Board or compensation committee of another company.

Report of the Compensation Committee

The Committee has reviewed the Compensation Discussion and Analysis and discussed it with management. Based on its review and discussions with management, the Committee recommended to our Board that the Compensation Discussion and Analysis be included in this report for filing with the SEC.

Submitted by the Compensation Committee of the Board of Directors:

Todd Sisitsky
Scott Garrett
Sean Murphy

Executive Compensation

Summary Compensation Table for 2016

The following table sets forth the compensation earned by the Named Executive Officers for services rendered in all capacities to the Company for each of the fiscal years presented.

Name and Principal Position	Year	Salary (1)	Bonus (2)	Option Awards (3)	Non-Equity Incentive Plan Compensation (4)	All Other Compensation (5)	Total
		($)	($)	($)	($)	($)	($)
Jeffrey R. Binder	2016	780,035	-	11,341,683	400,000	64,616	12,586,334
President and	2015	-	-	-	-	-	-
Chief Executive Officer	2014	-	-	-	-	-	-
Dominique G. Petitgenet	2016	469,333	-	105,500	170,000	11,315	756,148
Vice President	2015	423,229	150,000	87,238	161,040	10,954	832,461
Chief Financial Officer	2014	412,468	150,000	-	105,000	16,478	683,946
William A. Hawkins	2016	493,902	-	-	-	1,108	495,010
Director, former President and	2015	808,083	-	-	585,600	290,600	1,684,283
Chief Executive Officer	2014	808,146	-	-	340,000	150,800	1,298,946

(1) Mr. Hawkins was an employee of the Company and was paid his salary until December 31, 2015. He was President and Chief Executive Officer until June 29, 2015 and served in an advisory capacity through December 31, 2015.

(2) Pursuant to his Offer Letter, Mr. Petitgenet was paid a series of retention bonuses of $150,000 each in July of 2013 and 2014 for still being employed by the Company on each of June 30, 2013 and June 30, 2014.

(3) The amount shown in this column with respect to stock option awards reflects the aggregate grant date fair value of such awards as computed in accordance with Accounting Standards Codification 718. Assumptions used in the calculation of these amounts are included in Note 18, "Share-Based Compensation." The awards listed above are classified as equity awards in accordance with Accounting Standards Codification 718 and consequently their aggregate grant date fair value is fixed.

(4) Represents the discretionary bonus and annual cash incentive awards earned under the Annual Bonus Plan. We will pay bonuses for fiscal year 2016 at the beginning of fiscal year 2017 based on the achievement of financial, corporate and individual goals established under the Company's Annual Bonus Plan. The Annual Bonus Plan is described in greater detail in the Compensation Discussion and Analysis section of this report.

(5) All Other Compensation consisted of the following:

Name	Year	Perquisites and Other Personal Benefits	Company Contributions to Retirement and 401(k) Plans	Total
		($)	($)	($)
Jeffrey R. Binder	2016	55,385	9,231	64,616
President and	2015	-	-	-
Chief Executive Officer	2014	-	-	-
Dominique G. Petitgenet	2016	-	11,315	11,315
Vice President	2015	-	10,954	10,954
Chief Financial Officer	2014	5,855	10,623	16,478
William A. Hawkins (1)	2016	-	1,108	1,108
Director, former President and	2015	280,000	10,600	290,600
Chief Executive Officer	2014	140,000	10,800	150,800

(1) Mr. Hawkins is a party to an agreement with the Sponsor dated December 12, 2011, pursuant to which Mr. Hawkins was entitled to at least $140,000 per calendar year from the Sponsor or its portfolio companies for services. The Company paid Mr. Hawkins $140,000 for calendar year 2012 in June 2013 and $140,000 payments for calendar years 2013 and 2014 in March of 2013 and 2014, respectively. The agreement automatically terminated in June 2015 when Mr. Hawkins' employment as president and Chief Executive officer of the Company ended.

Grants of Plan-Based Awards

The following table includes information with respect to grants of plan-based awards to our Named Executive Officers during the fiscal year ended May 31, 2016.

Name	Grant Date	Estimated Possible Non-Equity Incentive Plan Awards (1)		All Other Stock Awards: Number of Shares of Stock or Units (2)	All Other Option Awards: Number of Securities Underlying Options	Grant Date Fair Value of Stock and Option Awards
		Target ($)	Maximum ($)	(#)	(#)	($ / Sh)
Jeffrey R. Binder President and Chief Executive Officer	6/29/15	800,000	1,200,000	34,566	259,247	29.85
Dominique G. Petitgenet Vice President Chief Financial Officer		332,500	498,750	-	-	-
William A. Hawkins Director, former President and Chief Executive Officer		-	-	-	-	-

(1) Actual payouts in fiscal year 2016 to the Named Executive Officers under the Annual Bonus Plan are reported under the Non-Equity Incentive Plan Compensation column in the Summary Compensation Table. The Annual Cash Incentive –Annual Bonus Plan section of this report explains in greater detail the methodology used for calculating bonuses.

Narrative Disclosure to Summary Compensation Table and Grants of Plan-Based Awards Table

The Company and Holdings has a written employment agreement with Mr. Binder, the Company has a written offer letter with Mr. Petitgenet and the Company had a written employment agreement with Mr. Hawkins.

Employment Agreement with Mr. Binder. Mr. Binder assumed the role of President and Chief Executive Officer of the Company and Holdings on June 29, 2015 and, in connection with his commencement of employment, the Company and Holdings entered into an employment agreement with him. Mr. Binder's compensation arrangements are designed to incentivize Mr. Binder's performance in a manner that is consistent with the Company's general approach to executive compensation as described above in the Compensation Discussion and Analysis. The level of Mr. Binder's compensation was determined by the Committee and the Holdings board of directors based on Mr. Binder's experience, including his success as Chief Executive Office for another portfolio company of the Sponsor, and the needs of the Company. The employment agreement provides him with an annual salary of $800,000 and an annual cash bonus with a target of 100% of his annual base salary. He is also entitled to receive a one-time grant of 34,566 restricted stock units payable in Holdings common stock, and options to purchase 259,247 shares of Holdings common stock, in each case, subject to time-based vesting over four years and other terms set forth in the applicable award agreements. The employment agreement also permits Mr. Binder to serve as a senior advisor to the Sponsor and its affiliates.

Employment Agreement with Mr. Hawkins . Mr. Hawkins entered into an employment agreement with the Company and Holdings on October 17, 2011. The agreement provided Mr. Hawkins with a minimum annual salary of $800,000 and an annual cash bonus with a target of 100% and a maximum of 200% of his annual base salary, based on the achievement of annual individual and Company performance objectives. Mr. Hawkins was an employee of the Company until December 31, 2015. He was President and Chief Executive Officer until June 29, 2015 and served in an advisor capacity through December 31, 2015.

Offer Letter with Mr. Petitgenet . Mr. Petitgenet has a written offer letter with the Company dated April 10, 2012. The offer letter provides that Mr. Petitgenet's starting annual salary was $375,000 (which has been subsequently increased over time to $475,000 as of December 2015). The offer letter also specifies that Mr. Petitgenet is eligible to receive an annual cash bonus with a target of 50% and a maximum of 100% of his annual base salary, based on the achievement of Company financial performance and individual performance. In December of 2015, the Compensation Committee increased Mr. Petitgenet's target bonus amount to 70% and his maximum bonus amount to 105%. The offer letter also provides that Mr. Petitgenet was entitled to retention bonuses of $150,000 each, payable annually over three years, subject to his having remained employed through the applicable payment dates in June 2012, 2013 and 2014.

While Mr. Petitgenet's offer letter does not provide for severance, he separately participates in the Company severance plan and will be bound by restrictive covenants in connection with his receipt of benefits under that plan, as described below in the "Potential Payments upon Termination or Change of Control" section.

Outstanding Equity Awards at Fiscal Year-End

The following table shows outstanding equity awards to the Named Executive Officers at May 31, 2016:

	Option Awards (1)				Stock Awards (2)	
Name	**Number of Securities Underlying Unexercised Options Exercisable (#)**	**Number of Securities Underlying Unexercised Options Unexercisable (#)**	**Option Exercise Price ($)**	**Option Expiration Date**	**Number of Shares or Units Of Stock That Have Not Vested (#)**	**Market Value of Shares or Units of Stock That Have Not Vested ($)**
Jeffrey R. Binder President and Chief Executive Officer	-	259,247	100.00	6/29/2025	34,566	3,456,600
Dominique G. Petitgenet	12,975	7,025	100.00	03/01/2022		
Vice President	1,161	1,339	100.00	04/25/2023		
Chief Financial Officer	1,986	5,514	100.00	08/07/2024		
William A. Hawkins Director, former President and Chief Executive Officer	67,545	-	100.00	12/12/2021		

(1) In connection with the closing of the Immucor Acquisition and the hiring of Mr. Petitgenet, respectively, each of Mr. Hawkins and Mr. Petitgenet were granted stock options (expiring on December 12, 2021 in the case of Mr. Hawkins and on March 1, 2022 in the case of Mr. Petitgenet). Half of each award consists of time-based options called "Tranche 1 Options", which vest in equal installments over the five-year period following the closing of the Immucor Acquisition, subject to the Named Executive Officer's continued employment or other service through the vesting date. The other half of the award consists of performance-based options called "Tranche 2 Options" that are eligible to vest based on achievement of operational, financial and/or investment performance metrics. Mr. Petitgenet's option grants expiring on April 25, 2023 and August 7, 2024 are subject to similar vesting conditions. At the termination of his employment as President and Chief Executive Officer on June 29, 2015, Mr. Hawkins forfeited all unvested stock options.

(2) In connection with the hiring of Mr. Binder on June 29, 2015, Mr. Binder was granted restricted stock units and stock options expiring on June 29, 2025. Mr. Binder's restricted stock units and stock options are time-based which vest ratably over approximately four years on the anniversary of the grant date.

Option Exercises and Stock Vested

There were no options exercised or restricted shares or other stock awards that vested during the 2016 fiscal year for any of the Named Executive Officers.

Severance and Restrictive Covenants

Mr. Binder

As defined in Mr. Binder's employment agreement, if his employment is terminated without cause (which includes a non-renewal of the agreement by the Company) or if he resigns for good reason, subject to the execution of a release in favor of the Company and compliance with the restrictive covenants, he will be entitled to receive severance in an aggregate amount equal to (i) two times (a) his annual base salary, and (b) the average of the annual bonus received by Mr. Binder for the fiscal year prior to the termination (or his target annual bonus, if the termination occurs during the first fiscal year of his employment) and his target annual bonus (the "Bonus Component" and the amount described in this clause (i), the "Severance Payment"), payable over the 18-month period following the termination of his employment, (ii) a pro-rata portion of the annual bonus Mr. Binder would have received based on actual performance through the date the termination occurs, payable at the time annual bonuses are paid generally, and (iii) if Mr. Binder elects to continue coverage under the Company's health plan following his termination of employment, Company-paid COBRA premiums for up to 18 months following the date of termination. If the termination occurs within two years following a change in control, Mr. Binder will receive the same severance as is described above, except that the Bonus Component will be based solely on Mr. Binder's target annual bonus, the Severance Payment will generally be paid in a lump sum, Mr. Binder's pro-rata bonus for the year of termination will be based on his target annual bonus, and the stock options and restricted stock units described above (or cash or property for which they are exchanged in connection with the change in control) would be treated as having vested in full upon such termination. Under the terms of the agreement, Mr. Binder may not compete or solicit customers or employees during and for 18 months following the termination of his employment with the Company and may not disclose confidential information at any time.

Mr. Petitgenet

Mr. Petitgenet is a participant in the Company's Key Employee Severance Plan (the "Severance Plan"). The Severance Plan provides that if the Company terminates the employee's employment without cause or the employee terminates his employment for good reason (each, a "qualifying termination"), then the Company must pay the employee an amount equal to his base salary plus the employee cost of twelve (12) months of health benefits. Upon a qualifying termination, the portion of the severance that meets the requirements of Treasury Regulation 1.409A-1(b)(9)(iii)(A) will be paid in approximately equal monthly installments over the one year following a qualifying termination and the excess will be paid in a lump sum within sixty (60) days after the qualifying termination.

If a qualifying termination occurs within two (2) years after a change in control and the employee was not a party to an employment agreement with the Company on the date of the Immucor Acquisition, then the Company must pay the employee a lump sum cash payment equal to two times his base salary plus twelve (12) months of health benefits.

The Severance Plan includes a "best net" provision, pursuant to which benefits will be reduced or "cut back" to the extent necessary to avoid an excise tax, if that would result in a better net after-tax benefit for the employee (taking into account the excise taxes the employee would pay on an unreduced benefit).

A separation agreement and release of claims is required to receive the payments under the Severance Plan. The separation agreement must include an 18 month post-employment non-solicitation and non-competition restriction.

Mr. Hawkins

On June 29, 2015, the Company announced that Mr. Hawkins' employment as President and CEO of the Company terminated. Mr. Hawkins remains on the board of directors of Parent, which manages the affairs of the Company. Mr. Hawkins remained an employee of the Company in an advisory capacity until December 31, 2015.

The termination of Mr. Hawkins' employment was not a qualifying involuntary termination and the severance provisions of his employment do not apply. Under the terms of his employment agreement, during the 18-month period that follows his employment with the Company, Mr. Hawkins is prohibited from competing with the Company and its affiliates or soliciting Company employees. Mr. Hawkins is also bound by restrictions on the disclosure of confidential and proprietary information and from disparaging the Company and its affiliates at any time following his employment.

Mr. Hawkins became a non-employee director on January, 2016.

Effect of Change in Control on Outstanding Equity Awards.

If Mr. Petitgenet's employment is terminated without "cause" by us or for "good reason" by him, in each case, within two years after a "change of control", all unvested time-based stock options (Tranche 1 Options) held by Mr. Petitgenet would become vested and exercisable. However, all unvested performance-based stock options (Tranche 2 Options) held by Mr. Petitgenet would be forfeited upon a termination for any reason. For this purpose, the terms "cause", "good reason" and "change in control" are defined in the 2011 Plan or the applicable stock option agreements.

Quantification of Potential Amounts Payable on Termination

The table below sets forth the estimated payments that would have been made to Messrs. Petitgenet and Binder upon a qualifying involuntary termination before or after a change of control based on his base salary as of May 31, 2016. The information set forth in
the table assumes, as necessary:

- The termination and/or the qualified change in control event occurred on May 31, 2016 (the last business day of our last completed fiscal year);
- The estimate market value per share of our common stock on the date of termination is less than $100.

Name	Benefit	Before Change in Control Termination w/o Cause	After Change in Control Termination w/o Cause
Jeffrey R. Binder President and Chief Executive Officer	Severance	$ 2,433,578	3,233,578
	Stock Options (1)	-	-
	TOTAL	$ 2,433,578	3,233,578
Dominique G. Petitgenet Vice President Chief Financial Officer	Severance	$ 497,385	972,385
	Stock Options (1)	-	-
	TOTAL	$ 497,385	972,385

(1) As of May 31, 2016, the estimated market value of each stock option was less than the exercise price and therefore would have no value when vested upon termination.

Compensation of Directors

The following tables provide information concerning the compensation of the Company's non-employee directors for fiscal year 2016. Directors who are employees of the Company and directors affiliated with the Sponsor receive no compensation for their services as directors.

Name	Fees Earned or Paid in Cash (1)	All Other Compensation (1)	Total
	($)	($)	($)
Scott Garrett	40,000	3,409	43,409
David Kessler	40,000	8,491	48,491
Sharad Mansukani	40,000	-	40,000
Sean Murphy	40,000	1,873	41,873
William A. Hawkins (3)	16,667	-	16,667
Jeffrey Rhodes (2)	-	-	-
Todd Sisitsky (2)	-	-	-

(1) Non-employee directors receive an annual retainer of $40,000 and are reimbursed for all travel expenses to and from meetings of the Board of Directors. Mr. Hawkins retainer represents prorated payment.

(2) Our Board includes representatives from the Sponsors and these directors do not receive compensation for their service on the Board.

(3) Mr. Hawkins became a non-employee director on January 1, 2016.

Name	Stock Awards	Option Awards	Total Awards
	($)	($)	($)
Scott Garrett	131,932	27,730	159,662
David Kessler	131,932	27,730	159,662
Sharad Mansukani	131,932	27,730	159,662
Sean Murphy	131,932	27,730	159,662

Directors serving on the Company's board of directors (rather than Holdings' board of directors) do not receive separate compensation for such service. The Board of Directors and Compensation Committee determine Director compensation.

Item 12. — Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

All outstanding shares of common stock of the Company are held indirectly by Holdings.

The following table describes the beneficial ownership of Holdings' common stock as of May 31, 2016 by (i) each director, (ii) each Named Executive Officer of the Company, (iii) each person known to the Company to own more than 5% of the outstanding shares,
and (iv) all of the executive officers and directors of the Company as a group. This information provided is as of May 31, 2016, and the beneficial ownership percentages are based on a total of 7,783,616 shares issued and outstanding on May 31, 2016.

Name of Beneficial Owner (and address for those owning more than five percent)	Amount and Nature of Beneficial Ownership (1)	Percent of Class
5% Shareholders		
TPG Partners VI, L.P.	6,217,231	79.9%
Affiliates of TPG	1,524,635	19.6%
Directors and Executive Officers		
Scott Garrett	6,400	*
David Kessler	1,400	*
Sharad Mansukani	1,400	*
Sean Murphy	3,900	*
Jeffrey Rhodes	- (2)	*
Todd Sisitsky	- (2)	*
Jeffrey Binder	-	*
Dominique Petitgenet	-	*
William A. Hawkins	10,000	*

* Represents less than one percent of the Company's outstanding Common Stock

(1) Unless otherwise indicated, the address of each of our directors and executive officers is c/o Immucor, Inc., 3130 Gateway Drive, Norcross, Georgia, 30071. A person is considered to beneficially own any shares: (a) over which the person exercises sole or shared voting or investment power, or (b) of which the person has the right to acquire beneficial ownership at any time within 60 days (such as through the exercise of stock options). Unless otherwise indicated, voting and investment power relating to the above shares is exercised solely by the beneficial owner or shared by the owner and the owner's spouse or children. Amounts include restricted shares, both vested and unvested, which have voting rights.

(2) Jeffrey K. Rhodes is a Principal and Todd Sisitsky is a Partner of TPG Capital, L.P., an affiliate of the TPG Funds. Neither Mr. Rhodes nor Mr. Sisitsky has voting or investment power over and disclaims beneficial ownership of the shares held by the TPG Funds. The business address of each of Messrs. Rhodes and Sisitsky is c/o TPG Capital, L.P., 301 Commerce Street, Suite 3300, Fort Worth, TX 76102.

Item 13. — Certain Relationships and Related Transactions, and Director Independence

Related Party Transactions

The Audit Committee of the Board of Directors monitors the occurrence of related party transactions in connection with its general responsibility to oversee the adequacy and effectiveness of the Company's accounting, financial controls and internal controls over financial reporting, including the Company's systems to monitor and manage business risk and legal and ethical compliance programs. The Committee relies principally on the Company's management to identify transactions that are related party transactions. Any such transactions identified are considered not later than the Audit Committee's next regularly-scheduled meeting, at which meeting the Audit Committee will determine what, if any, action may be warranted. The Audit Committee's responsibilities are generally stated in its Charter, although its practices concerning potentially-reportable transactions are not specifically stated in the Charter.

The Company's Code of Conduct requires that employees avoid conflicts of interest, which are defined broadly to include transactions between the Company and the employee, a family member or an affiliated company. Any conflict of interest is required to be brought to the immediate attention of the Company's General Counsel. A violation of the Code of Conduct may result in disciplinary action up to and including dismissal. A copy of the Code of Conduct is available on the Company's website at www.immucor.com .

Management Services Agreement

Sentilus LLC and the Company have entered into management services agreements (the "Management Contracts") pursuant to which Immucor will provide management, financial, legal and human resource services as well as personnel, materials and business locations to Sentilus LLC in exchange for management fees at Immucor's cost plus a specified "arms-length" margin (which is subject to periodic adjustment). Immucor's executive management will control and operate the Sentilus LLC business. Immucor is considered the primary beneficiary of Sentilus LLC because it is managing the Sentilus LLC business and providing the necessary personnel and support to operate the business under the terms of the Management Contracts.

In connection with the Immucor Acquisition, we entered into a management services agreement with the Sponsor (the "Manager"), pursuant to which the Manager will provide us with certain management services until December 31, 2021, with evergreen one year extensions thereafter. The management services agreement provides that the Manager will receive an aggregate annual retainer fee equal to approximately $3 million. The management services agreement provides that the Manager will be entitled to receive fees in connection with certain subsequent financing, acquisition, disposition and change of control transactions equal to customary fees charged by internationally-recognized investment banks for serving as financial advisor in similar transactions. The management agreement also provides for reimbursement for out-of-pocket expenses incurred by the Manager or its designees after the consummation of the Immucor Acquisition. A dditional services may also be provided by the Sponsor and charged to the Company.

The management services agreement includes customary exculpation and indemnification provisions in favor of the Manager, its designees and its affiliates. The management services agreement may be terminated by the Manager, the board of directors of Holdings or upon an initial public offering or change of control unless the Manager determines otherwise. In the event the management services agreement is terminated, we expect to pay the Manager or its designees all unpaid fees plus the sum of the net present values of the aggregate annual retainer fees that would have been payable with respect to the period from the date of termination until the expiration date in effect immediately prior to such termination.

Management Stockholders' Agreement

In connection with the Immucor Acquisition, Holdings entered into a Management Stockholders' Agreement with management stockholders, including all of the current executive officers. The stockholders' agreement contains certain restrictions on such stockholders' transfer of Holdings' equity securities, contains rights of first refusal upon disposition of shares, contains standard tag-along and drag-along provisions, and generally sets forth the respective rights and obligations of the stockholders who are parties to that agreement.

Director Independence

Although the Board of Directors has not made an official determination, Messrs. Garrett and Murphy and Dr. Kessler would likely be considered independent under the listing standards of the NASDAQ Stock Market.

Item 14. — Principal Accountant Fees and Services

Audit Fees and Services

The following table summarizes certain fees billed by Grant Thornton, LLP for the fiscal years 2016 and 2015:

Fee Category:	2016	2015
Audit fees	$ 1,096,291	1,123,152
Audit-related fees	16,550	16,430
Tax fees	-	-
All other fees	-	-
Total fees	$ 1,112,841	1,139,582

Set forth below is a description of the nature of the services that Grant Thornton provided to us in exchange for such fees.

Audit Fees

Audit fees represent fees Grant Thornton billed us for the audit of our annual financial statements and the review of our quarterly financial statements and for services normally provided in connection with statutory and regulatory filings.

Audit-Related Fees

Audit-related fees represent fees Grant Thornton billed us for audit-related services, including services relating to the audit of employee benefit plan financial statements.

The Audit Committee pre-approved all of the above audit and audit-related fees of Grant Thornton, as required by the pre-approval policy described below. The Audit Committee concluded that the provision of the above services by Grant Thornton was compatible with maintaining Grant Thornton's independence.

Tax Fees

During fiscal year 2016 and fiscal year 2015 there were no fees billed to us for professional services rendered by Grant Thornton for tax compliance, tax advice and tax planning.

All Other Fees

During fiscal year 2016 and fiscal year 2015, there were no fees billed to us for professional services rendered by Grant Thornton for other products or services.

Policy for Pre-Approval of Independent Registered Public Accounting Firm

Pursuant to our policy on Pre-Approval of Audit and Non-Audit Services, we discourage the retention of our independent registered public accounting firm for non-audit services. We will not retain our independent registered public accounting firm for non-audit work unless:

- In the opinion of senior management, the independent registered public accounting firm possesses unique knowledge or technical expertise that is superior to that of other potential providers;
- The approval of the Chair of the Audit Committee is obtained prior to the retention; and
- The retention will not affect the status of the independent registered public accounting firm as "independent accountants" under applicable rules of the SEC, PCAOB and NASDAQ Stock Market.

During fiscal year 2016 and 2015, all of the services provided by Grant Thornton for the services described above under the heading "Audit-Related Fees" were pre-approved using the above procedures, and none were provided pursuant to any waiver of the pre-approval requirement.

PART IV

Item 15. — Exhibits and Financial Statement Schedules

(a) Documents filed as part of this report:

1. Consolidated Financial Statements.

   The Consolidated Financial Statements, Notes thereto, and Report of Independent Registered Public Accounting Firm thereon are included in Part II, Item 8 of this report.

2. Consolidated Financial Statement Schedule included in Part II, Item 8 of this report.

   Schedule II — Valuation and Qualifying Accounts.

   Other financial statement schedules are omitted as they are not required or not applicable.

3. Exhibits.

   See Item 15(b) below.

(b) Exhibits

The following exhibits are filed as part of this report or hereby incorporated by reference to exhibits previously filed with the SEC:

2.1	Stock Purchase Agreement by and between the Company and Gen-Probe Incorporated dated January 3, 2013 (incorporated by reference to Exhibit 10.1 to the Form 8-K filed on January 3, 2013).
3.1.1	Amended and Restated Articles of Incorporation dated August 19, 2011 (incorporated by reference to Exhibit 3.1 to the Form 8-K filed on August 25, 2011).
3.2.1	Amended and Restated Bylaws dated August 19, 2011 (incorporated by reference to Exhibit 3.2 to the Form 8-K filed on August 25, 2011).
4.1	Indenture, dated as of August 19, 2011 among IVD Acquisition Corporation, which on August 19, 2011 was merged with and into the Company and Deutsche Bank Trust Company Americas, as Trustee (incorporated by reference to Exhibit 4.1 of the Form S-4 filed November 22, 2011).
4.2	Supplemental Indenture, dated as of August 19, 2011 among the Company, BioArray Solutions Ltd. and Deutsche Bank Trust Company Americas, as Trustee (incorporated by reference to Exhibit 4.1 of the Form S-4 filed November 22, 2011).
4.4	Form of 11.125% Senior Notes due 2019 (included in Exhibit 4.1) (incorporated by reference to Exhibit 4.1 of the Form S-4 filed November 22, 2011).
4.5	Registration Rights Agreement, dated as of August 19, 2011 among IVD Acquisition Corporation, which on August 19, 2011 was merged with and into the Company, J.P. Morgan Securities LLC, as representative of the several Initial Purchasers listed in Schedule 1 to the Purchase Agreement (as defined therein) (incorporated by reference to Exhibit 4.1 of the Form S-4 filed November 22, 2011).
4.6	Registration Rights Agreement Joinder, dated as of August 19, 2011 among the Company, BioArray Solutions Ltd. and J.P. Morgan Securities LLC, as representative of the several Initial Purchasers listed in Schedule 1 to the Purchase Agreement (as defined therein) (incorporated by reference to Exhibit 4.1 of the Form S-4 filed November 22, 2011).
10.1	Credit Agreement dated as of August 19, 2011 among IVD Acquisition Corporation, which on August 19, 2011 was merged with and into the Company, with the Company surviving such merger as the Borrower, IVD Intermediate Holdings B Inc., as Holdings, Citibank, N.A., as Administrative Agent, Swing Line Lender and L/C Issuer, and the other Lenders and Agents party thereto (incorporated by reference to Exhibit 10.1 of the Form S-4 filed November 22, 2011).

10.2 Amendment No. 1 to Credit Agreement, dated as of August 21, 2012, by and among Immucor, Inc., IVD Intermediate Holdings B Inc., the Subsidiary Guarantor party thereto, CitiBank, N.A., as Administrative Agent, and the lenders party thereto (incorporated by reference to Exhibit 10.1 to the Form 8-K filed on August 24, 2012).

10.3 Amendment No. 2 to Credit Agreement, dated as of January 25, 2013, by and among Immucor, Inc., IVD Intermediate Holdings B Inc., the Subsidiary Guarantor party thereto, CitiBank, N.A., as Administrative Agent, and the lenders party thereto (incorporated by reference to Exhibit 10.1 to the Form 8-K filed on January 31, 2013).

10.4 Amended and Restated Amendment No. 2 to Credit Agreement, dated as of February 19, 2013, by and among Immucor, Inc., IVD Intermediate Holdings B Inc., the Subsidiary Guarantor party thereto, CitiBank, N.A., as Administrative Agent, and the lenders party thereto (incorporated by reference to Exhibit 10.1 to the Form 8-K filed on February 22, 2013).

10.5 Amendment No. 3 to Credit Agreement, dated as of February 19, 2013, by and among Immucor, Inc., IVD Intermediate Holdings B Inc., the Subsidiary Guarantor party thereto, CitiBank, N.A., as Administrative Agent, and the lenders party thereto (incorporated by reference to Exhibit 10.2 to the Form 8-K filed on February 22, 2013).

10.6 Amendment No. 4 to Credit Agreement, dated as of February 19, 2013, by and among Immucor, Inc., IVD Intermediate Holdings B Inc., the Subsidiary Guarantor party thereto, CitiBank, N.A., as Administrative Agent, and the lenders party thereto (incorporated by reference to Exhibit 10.3 to the Form 8-K filed on February 22, 2013).

10.7 Amendment No. 5 to Credit Agreement, dated as of December 9, 2015, by and among Immucor, Inc., IVD Intermediate Holdings B Inc., the Subsidiary Guarantor party thereto, CitiBank, N.A., as Administrative Agent, and the lenders party thereto (incorporated by reference to Exhibit 10.1 to the Form 8-K filed on December 15, 2015).

10.8 Amendment No. 6 to Credit Agreement, dated as of May 4, 2016, by and among Immucor, Inc., IVD Intermediate Holdings B Inc., the Subsidiary Guarantor party thereto, CitiBank, N.A., as Administrative Agent, and the lenders party thereto (incorporated by reference to Exhibit 10.1 to the Form 8-K filed on May 10, 2016).

10.9 Security Agreement dated as of August 19, 2011 among IVD Acquisition Corporation, which on August 19, 2011 was merged with and into the Company, with the Company surviving such merger as the Borrower, IVD Intermediate Holdings B Inc., as Holdings, the subsidiary guarantors party thereto from time to time, and Citibank, N.A., as Administrative Agent (incorporated by reference to Exhibit 10.2 of the Form S-4 filed November 22, 2011).

10.10 Guaranty dated as of August 19, 2011 among IVD Intermediate Holdings B Inc., as Holdings, the other guarantors party thereto from time to time, and Citibank, N.A., as Administrative Agent (incorporated by reference to Exhibit 10.3 of the Form S-4 filed November 22, 2011).

10.11 Management Services Agreement, entered into as of August 19, 2011, between IVD Acquisition Corporation, IVD Intermediate Holdings A Inc., IVD Intermediate Holdings B Inc., IVD Holdings Inc. and TPG Capital, L.P. (incorporated by reference to Exhibit 10.4 of the Form S-4 filed November 22, 2011).

10.12 Lease Agreement dated August 1, 2013 between the Company and Kennesaw Wall I, LLC. (incorporated by reference to Exhibit 10.12-2 to the Annual Report on Form 10-K for the fiscal year ended May 31, 2014).

10.13* Employment Agreement by and among the Company, IVD Holdings Inc. and William Hawkins, executed as of December 8, 2011 and effective as of October 17, 2011 (incorporated by reference to Exhibit 10.11 to Amendment No. 1. to Form S-4 filed on December 9, 2011).

10.14* Letter Agreement between TPG Capital, L.P. and William Hawkins, dated December 12, 2011 (incorporated by reference to Exhibit 10.14 to the Annual Report on Form 10-K for the fiscal year ended May 31, 2014).

10.15* Offer Letter between Immucor, Inc. and Dominique Petitgenet dated February 12, 2012 (incorporated by reference to the Quarterly Report on Form 10-Q filed on April 11, 2012).

10.16* Form of Management Stockholders' Agreement, by and among the Company, Holdings and the Managers and Investors named therein (incorporated by reference to Exhibit 10.11 to Amendment No. 1. to Form S-4 filed on December 9, 2011).

10.17* 2012 Key Employee Severance Plan (incorporated by reference to Exhibit 10.5 to Form 10-K filed on July 27, 2012).

10.18* Annual Bonus Plan, executed as of August 6, 2013 and effective as of June 1, 2013 (incorporated by reference to Exhibit 10.1 to Form 8-K filed on August 6, 2013).

10.19* Employment Agreement by and among the Company, IVD Holdings Inc. and Jeffrey R. Binder, effective as of June 29, 2015 incorporated by reference to Exhibit 10.19 to the Annual Report on Form 10-K filed on August 21, 2015.

14 Immucor Code of Conduct (available at Immucor.com/compliancehotline).

21** Subsidiaries of the Registrant.

31.1** Certification of Principal Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

31.2** Certification of Principal Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

32.1** Certification of Chief Executive Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

32.2** Certification of Chief Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

101.INS XBRL Instance Document **
101.SCH XBRL Taxonomy Extension Schema **
101.CAL XBRL Taxonomy Extension Calculation **
101.DEF XBRL Taxonomy Extension Definition **
101.LAB XBRL Taxonomy Extension Label **
101.PRE XBRL Taxonomy Extension Presentation **

* Denotes a management contract or compensatory plan or arrangement.

** Filed or furnished herewith

(c) Financial Statement Schedule

No financial statement schedules are filed herewith because (1) such schedules are not required or (2) the information has been presented in Item 8 of this annual report on Form 10-K.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

IMMUCOR, INC.

By: /s/ Jeff r ey R. Binder
Jeffrey R. Binder, President and Chief Executive Officer
(Principal Executive Officer)
August 22, 2016

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

/s/ Jeff r ey R. Binder
Jeffrey R. Binder, President and Chief Executive Officer
August 22, 2016

/s/ Dominique Petitgenet
Dominique Petitgenet, Chief Financial Officer and Vice President, Operations
(Principal Financial and Accounting Officer)
August 22, 2016

/s/ Jeffrey K. Rhodes
Jeffrey K. Rhodes, Director
August 22, 2016

/s/Todd B. Sisitsky
Todd B. Sisitsky, Director
August 22, 2016

Exhibit 21

Subsidiaries of Registrant

Subsidiary	Jurisdiction of Organization
Immucor Medizinische Diagnostik GmbH	Germany
Immucor Italia S.p.A.	Italy
Immucor Diagnosticos Medicos Lda.	Portugal
Dominion Biologicals Limited	Canada
Immucor, S.L.	Spain
Immucor Gamma Benelux SPRL	Belgium
Immucor K. K.	Japan
Immucor France S.A.S.	France
IBG Immucor Limited	United Kingdom
BioArray Solutions Limited	United States (Delaware)
Immucor India Private Ltd	India
Immucor GTI Diagnostics Holdings Company	United States (Delaware)
Immucor Transplant Diagnostics, Inc.	United States (Delaware)
Immucor GTI Diagnostics, Inc.	United States (Wisconsin)
Immucor LIFECODES BVBA	Belgium
GTI Diagnostics GmbH	Germany
Quest Biomedical Ltd	United Kingdom
Immucor Ltd	United Kingdom
Sirona Genomics, Inc.	United States (Delaware)

The Company owns, directly or indirectly, 100% of each of the above entities.

Exhibit 31.1

I, Jeffrey R. Binder, certify that:

1. I have reviewed this annual report on Form 10-K of Immucor, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 22, 2016

/s/ Jeffrey R. Binder
Jeffrey R. Binder
President and Chief Executive Officer

Exhibit 31.2

I, Dominique Petitgenet, certify that:

1. I have reviewed this annual report on Form 10-K of Immucor, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-l5(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 22, 2016

/s/ Dominique Petitgenet
Dominique Petitgenet,
Chief Financial Officer (Principal Financial Officer)

Exhibit 32.1

Certification Pursuant to 18 U.S.C. 1350,
As Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Annual Report on Form 10-K for the period ended May 31, 2016 (the "Report") of Immucor, Inc. (the "Registrant"), as filed with the Securities and Exchange Commission on the date hereof, I certify, to the best of my knowledge, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Registrant.

August 22, 2016

/s/ Jeffrey R. Binder
Jeffrey R. Binder
President and Chief Executive Officer

Exhibit 32.2

Certification Pursuant to 18 U.S.C. 1350,
As Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Annual Report on Form 10-K for the period ended May 31, 2016 (the "Report") of Immucor, Inc. (the "Registrant"), as filed with the Securities and Exchange Commission on the date hereof, I certify, to the best of my knowledge, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Registrant.

August 22, 2016

/s/ Dominique Petitgenet
Dominique Petitgenet
Chief Financial Officer