Reference Document And Financial Annual Report 2009

BIOMÉRIEUX

A French limited liability company ("*société anonyme*") with a share capital of €12,029,370
Registered Office: Marcy l'Etoile (69280)
Lyon Trade and Companies Register number 673 620 399

This Reference Document ("*document de référence*") was filed with the French Financial Markets Authority ("*Autorité des Marchés Financiers*") on 26 April 2010 in accordance with Article 212-13 of the General Regulation of the Financial Markets Authority. This document may be used in support of a financial transaction if it is supplemented by a notice endorsed by the French Financial Markets Authority.

As prescribed by article 28 of European Commission Regulation (EC) no. 809/2004 of April 29, 2004 and by article 212-11 of the General Regulation of the French Financial Markets Authority ("*Règlement Général de l'Autorité des Marchés Financiers"*), the information below is included by reference in this document:

– The information for fiscal year 2007 corresponding to item 9.1 of appendix 1 of Regulation (EC) no. 809/2004 is presented in § 5.2, 5.3 and 5.5 of the reference document filed with the AMF on June 2, 2008 under number D.08-0456 (hereinafter referred to as the «2007 Reference Document») and the information for fiscal year 2008 is presented in § 5.2, 5.3 and 5.5 of the reference document filed on June 10, 2009 with the AMF under number D.09-0495 (hereinafter referred to as the «2008 Reference Document) ;

– The information corresponding to item 11 of appendix 1 of Regulation (EC) no. 809/2004 for fiscal year 2007 is presented in § 4.4 and 4.7 of the 2007 Reference Document and the information for fiscal year 2008 is presented in § 4.4 and 4.7 of the 2008 Reference Document;

– The information corresponding to item 20.1 of appendix 1 of Regulation (EC) no. 809/2004 for fiscal year 2007 is presented in § 5.3 and 5.5 of the 2007 Reference Document and the information for fiscal year 2008 is presented in § 5.3 and 5.5 of the 2008 Reference Document;

– The information corresponding to item 20.3 of appendix 1 of Regulation (EC) no. 809/2004 for fiscal year 2007 is presented in § 5.3 and 5.5 of the 2007 Reference Document and the information for fiscal year 2008 is presented in § 5.3 and 5.5 of the 2008 Reference Document;

– The information corresponding to item 20.4.1 of appendix 1 of Regulation (EC) no. 809/2004 for fiscal year 2007 is presented in § 5.4 and 5.6 of the 2007 Reference Document and the information for fiscal year 2008 is presented in § 5.4 and 5.6 of the 2008 Reference Document;

– The information corresponding to item 20.4.2 of appendix 1 of Regulation (EC) no. 809/2004 for fiscal year 2007 is presented in § 1.2 and 5.10 of the 2007 Reference Document and the information for fiscal year 2008 is presented in § 1.2, 5.7 and 5.10 of the 2008 Reference Document;

The other information contained in the 2007 and 2008 Reference Documents is not incorporated by reference.

Both of the Reference Documents mentioned above are available on the *Autorité des Marchés Financiers* website, http://www.amf-france.org, and on the Company website http://www.biomerieux.com

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SECTION 1

PERSONS RESPONSIBLE FOR THE REFERENCE DOCUMENT – PERSONS RESPONSIBLE FOR THE FINANCIAL AUDIT

1.1 PERSONS RESPONSIBLE FOR THE REFERENCE DOCUMENT

Mr Alain Mérieux, Chairman of the Board of Directors and Chief Executive Officer of bioMérieux and Mr Alexandre Mérieux, Deputy Managing Director of bioMérieux.

1.2 DECLARATION BY THE PERSONS RESPONSIBLE FOR THE REFERENCE DOCUMENT INCLUDING THE ANNUAL FINANCIAL REPORT

« We hereby certify that, based on all reasonable care taken in this respect, the information contained in this Reference Document is, to our knowledge, consistent with the facts and does not omit anything likely to affect its significance.

We certify that, to the best of our knowledge, the financial statements are drawn up in accordance with applicable accounting standards and accurately reflect the assets, the financial position and the results of the company and of all the consolidated companies, and that the management report appearing in Schedule 2 to this reference document presents an accurate table of the developments, the results and the financial position of the company and of all the consolidated companies as well as a description of the main risks and uncertainties that they face.

We have received an audit letter from the statutory auditors, in which they report having examined the information on the financial position and the financial statements contained herein, as well as read this entire Reference Document.

The consolidated financial statements presented in this reference document have been reviewed by the statutory auditors, whose report is included under Section 5.4 and which contains a technical observation.

Segment financial information for previous periods contained in this Reference Document has been verified by the statutory auditors, whose reports are referenced herein as indicated on page 2."

Marcy l'Etoile, 26 April 2010

Alain Mérieux
Chairman of the Board of Directors
Chief Executive Officer

Alexandre Mérieux
Deputy Managing Director

1.3 PERSONS RESPONSIBLE FOR THE 2007, 2008 AND 2009 FINANCIAL AUDITS

Statutory Auditors	Alternate Auditors
◆ **Deloitte et Associés** 81 boulevard Stalingrad, 69100 Villeurbanne Appointed by the shareholders' meeting of March 2, 1988 and reappointed by the shareholders' meetings of March 17, 1994, March 23, 2000 and June 8, 2006 for a term expiring at the end of the shareholders' meeting called to approve the financial statements for the fiscal year ending December 31, 2011. Deloitte et Associés is a registered audit firm, member of Compagnie Régionale des Commissaires aux Comptes de Versailles.	◆ **BEAS** 7-9 villa Houssay, 92200 Neuilly-sur-Seine Appointed by the shareholders' meeting of December 19, 2000 and reappointed by the shareholders' meetings of June 9, 2005 and June 8, 2006 for a term expiring at the end of the shareholders' meeting called to approve the financial statements for the fiscal year ending December 31, 2011. BEAS is a registered audit firm, member of Compagnie Régionale des Commissaires aux Comptes de Versailles.
◆ **Commissariat Contrôle Audit CCA** 43 rue de la Bourse, 69002 Lyon Appointed by the shareholders' meeting of June 9, 2005 for a term expiring at the end of the shareholders' meeting called to approve the financial statements for the fiscal year ending December 31, 2010. Commissariat Contrôle Audit CCA is a registered audit firm, member of Compagnie Régionale des Commissaires aux Comptes de Lyon.	◆ **Diagnostic Révision Conseil (DRC)** 112 rue Garibaldi, 69006 Lyon Appointed by the shareholders' meeting of June 9, 2005 for a term expiring at the end of the shareholders' meeting called to approve the financial statements for the fiscal year ending December 31, 2010. Diagnostic Révision Conseil (DRC) is a registered audit firm, member of Compagnie Régionale des Commissaires aux Comptes de Lyon.

1.4 PERSON RESPONSIBLE FOR INFORMATION

Mr Stéphane Bancel, C.E.O. et,
Mr Henri Thomasson, Chief Financial Officer and Legal
bioMérieux
Marcy l'Etoile (Rhône)
Telephone : (+33) (0)4 78 87 20 00

SECTION 2

Note: in case of a transaction subject to an endorsement ("*visa*") by the AMF, the information in this chapter would be supported by a specific notice ("*note d'opération*").

SECTION 3

GENERAL INFORMATION CONCERNING THE COMPANY AND ITS CAPITAL

3.1 GENERAL INFORMATION CONCERNING THE COMPANY

3.1.1 Company name and registered office (Articles 3 and 4 of the bylaws)

The Company's name is bioMérieux. No trade name has been registered.

The Company's head office is at Marcy l'Etoile (Rhône).

The Company has been established in France since its incorporation.

Registered office telephone number: +33(0) 4 78 87 20 00

3.1.2 Legal form and applicable law (Article 1 of the bylaws)

bioMérieux is a French limited liability company ("*société anonyme*") with a Board of Directors, governed by the French Commercial Code ("*Code de commerce*") and all other applicable laws and regulations.

In this document, bioMérieux is referred to as the "**Company**", "**bioMérieux**", or the "**Group**".

3.1.3 Incorporation date and duration (Article 5 of the bylaws)

The Company was incorporated on December 13, 1967[(1)], for a duration of 50 years from its registration in the Trade and Companies Register, unless dissolved or extended.

The shareholders' meeting of April 16, 2004 resolved to extend the Company's duration to 99 years, expiring April 15, 2103.

3.1.4 Company's object (Article 2 of the bylaws)

The Company's object, in France and elsewhere, is to:

– manufacture, produce, process, package, distribute, buy, sell, import and export any products and devices and any techniques and know-how used in particular for diagnostics, prevention and treatment, notably in the field of healthcare;

– carry out all studies and research and develop, acquire, grant, keep, control, use, improve, including through the use of licenses and sublicenses, all trademarks, brand names, patents, techniques, inventions, improvements, formulas, designs, processes, etc. in any way related to the above mentioned products or to the manufacturing and trading of such products;

– participate, either directly or indirectly, in all trading and manufacturing transactions related to any whatsoever above purposes or likely to promote them, either by way of incorporation of new companies, contribution or subscription or purchase of securities or company rights, merger, alliance, association of interests, or by any other means;

(1) See footnote (3) to subsection 3.2.5 below.

– perform all transactions in its line of business, either alone and for its own account or for third parties' account, on commission, as a broker, for a fee, on a cost basis, as representative or attorney of any entity or in any other capacity and;

– generally, perform all business, industrial, financial or other transactions directly or indirectly related to the above purposes or to any similar purposes, including the development of means for expanding, promoting, advertising, trading or freighting raw materials, semi-finished or finished products, as well as the ability to purchase, acquire, hold, transfer, lease, mortgage or dispose of goods, either movable or immovable, real or intangible, related to the above purposes or likely to develop them.

3.1.5 Trade and companies register

The Company is registered in the Trade and Companies Register of Lyon under number 673 620 399.

The Company's APE industry code is 2120 Z.

3.1.6 Examination of legal documents

During the period of validity of this Reference Document, the Company's articles of incorporation and bylaws ("*acte constitutif et statuts*") as well as the minutes of shareholders' meetings, the Company's financial records for each of the two years preceding the publication of this Reference Document, the auditors' reports and all other Company documents may be examined at the Company's Registered office at Marcy l'Etoile, Rhône.

Company news releases, annual reports including historical financial information on the Company and the annual information document are available on the Company's website at the following address: http://www.biomerieux.com.

3.1.7 Fiscal year (Article 21 of the bylaws)

The Company's fiscal year is from January 1 to December 31 of every year.

3.1.8 Distribution of earnings (Articles 10, 22 and 23 of the bylaws)

Each share entitles its holders to a proportionate portion of earnings corresponding to the percentage of capital it represents.

The year's income, less accumulated losses, if any, is subject to a deduction of (i) five percent or more for the legal reserve, which deduction ceases to be mandatory once the reserve is equal to ten percent of the capital but becomes mandatory again if that percentage is no longer met for any reason whatsoever, and (ii) any sums required by law to be set aside as reserves.

The balance, plus any retained earnings from previous periods, represents distributable earnings that the shareholders' meeting may, at the suggestion of the Board of Directors, distribute in whole or in part as dividends, or may allocate to reserve accounts, capital amortization or retained earnings.

The shareholders' meeting may allow shareholders the option to receive all or part of dividends or interim dividends distributed in either cash or shares, in accordance with the law. The reserves the shareholders' meeting is entitled to allocate may be used by it to pay dividends to shareholders. If this occurs, the relevant resolution must expressly state from which accounts funds are to be withdrawn.

In addition, the shareholders' meeting may resolve to use earnings or reserves, other than the legal reserve, to pay off some or all of the shares and to repay them up to their par value.

The terms of payment of dividends are set by the shareholders' meeting or failing that by the Board of Directors. Dividends must be paid no more than nine months after the end of a fiscal year, unless otherwise authorized by a court. The Board of Directors may, subject to the provisions of the law, distribute one or more interim dividends prior to the approval of the financial statements for the year.

3.1.9 Board of Directors and Management of the Company (Articles 11 to 17 of the bylaws) (see also § 5.8 and 6.1 below)

The Company is managed by a Board of Directors with at least three members and up to the maximum membership permitted by law.

The Board of Directors elects a chairman among its members. The chairman must be an individual for the election to be valid. The Board of Directors sets the chairman's compensation.

The Board of Directors may also appoint one or more vice-chairmen among its members.

The chairman of the Board of Directors organizes and coordinates the Board of Directors' work and reports thereon to the shareholders' meeting.

The members of the Board of Directors are elected for terms of six years, expiring at the end of the annual shareholders' meeting called during the year in which the term of the director expires to approve the financial statements for the year ended. All directors may always be reelected.

While in office, each member of the Board of Directors must own at least one share of the Company.

The shareholders' meeting may decide to allocate to the Board of Directors a fixed annual sum to be allocated as directors' fees, until a later shareholders' meeting decides otherwise.

Directors' fees are allocated among the members as the Board deems appropriate. Directors who are members of board committees may receive higher fees than other directors.

The Company's chief executive officer is the Chairman of the Board of Directors.

3.1.10 Shareholders' meetings (Articles 19 and 20 of the bylaws)

3.1.10.1 Notice of Meetings

Shareholders' meetings are convened and deliberate in accordance with the law. They meet at the Company's Registered office or at any other location indicated in the convening notice.

Shareholders' resolutions may be voted at ordinary and/or extraordinary or special general meetings, depending on the decisions concerned.

3.1.10.2 Participation in Meetings

All shareholders are entitled to take part in ordinary and extraordinary shareholders' meetings and in deliberations, either in person or by proxy, as provided by law.

Shareholders may be represented by their spouse or by another shareholder at all meetings. They may also vote by mail, using a form, which the convening notice explains how to obtain, in accordance with applicable laws and regulations. Forms or proxies of shareholders attending meetings in person will be declared null and void.

Finally, shareholders may take part in meetings by videoconference or other telecommunications means approved under applicable laws and regulations and referred to in the meeting notice or the convening notice.

Minutes of shareholders' meetings are prepared, and copies are certified and delivered in accordance with the law.

3.1.10.3 Voting rights (Article 20 of the bylaws)

Voting rights attached to shares are proportional to the capital these shares represent and each share entitles its holder to at least one vote.

All paid-up shares, considering the percentage of capital they represent and regardless of their class, which have been held in registered form by the same shareholder for five years or more, are entitled to twice the voting rights of other shares.

Shares converted to bearer form or whose ownership changes, subject to the exceptions provided by law, automatically lose their double voting rights. Exceptions include transfers by inheritance, the liquidation of community property and *inter vivos* gifts to a spouse or relatives who can inherit, which do not cause the loss of double voting rights or interrupt the five-year period.

The Company's merger or split-up would not affect double voting rights, which may be exercised with the successor entities if their bylaws so permit.

Bonus shares resulting from the capitalization of reserves, earnings or other paid-in capital are entitled to double voting rights from their date of issue if they are attributed to shares already enjoying such rights.

The system of double voting rights was introduced by decision of the extraordinary shareholders' meeting of March 30, 1999.

3.1.11 Form of shares and identification of shareholders (Article 8 of the bylaws)

Fully paid-up shares may be held in registered or bearer form, at the shareholder's option, subject to applicable laws and regulations; shares must be held in registered form until they are fully paid up.

The Company may apply statutory and regulatory provisions relating to the identification of holders of securities carrying a present of future right to vote at shareholders' meetings.

3.1.12 Reporting requirement thresholds (Article 10 of the bylaws)

The shareholders have a statutory obligation to give notice by letter to the Company and the *"Autorité des Marchés Financiers"* (***AMF***) whenever statutory thresholds are crossed, specifying in particular their fractional ownership of the Company's shares and voting rights, all within statutory deadlines.

Furthermore, Article 10 of the Company's bylaws requires individuals or legal entities, acting alone or jointly, who directly or indirectly own (within the meaning of Articles L. 233-7 *et seq*. of the French Commercial Code) 1% of the Company's shares or voting rights, and thereafter for each additional 1%, to report to the Company by registered letter, with acknowledgement of receipt, within five trading days of crossing the threshold, the total number of shares and voting rights they hold, as well as the number of securities carrying an immediate or future entitlement to shares and the potential voting rights attached to them.

The same obligation applies whenever ownership of shares or voting rights declines below the above thresholds.

Failure to comply with the foregoing obligation shall, at the request of one or more shareholders owning five percent or more of the Company's shares or voting rights, which request shall be recorded in the minutes of the shareholders' meeting, cause the portion of shares or related rights in excess of the number that should have been reported to be barred from voting at any shareholders' meeting held until expiry of a period of two years starting from the date on which they were properly reported.

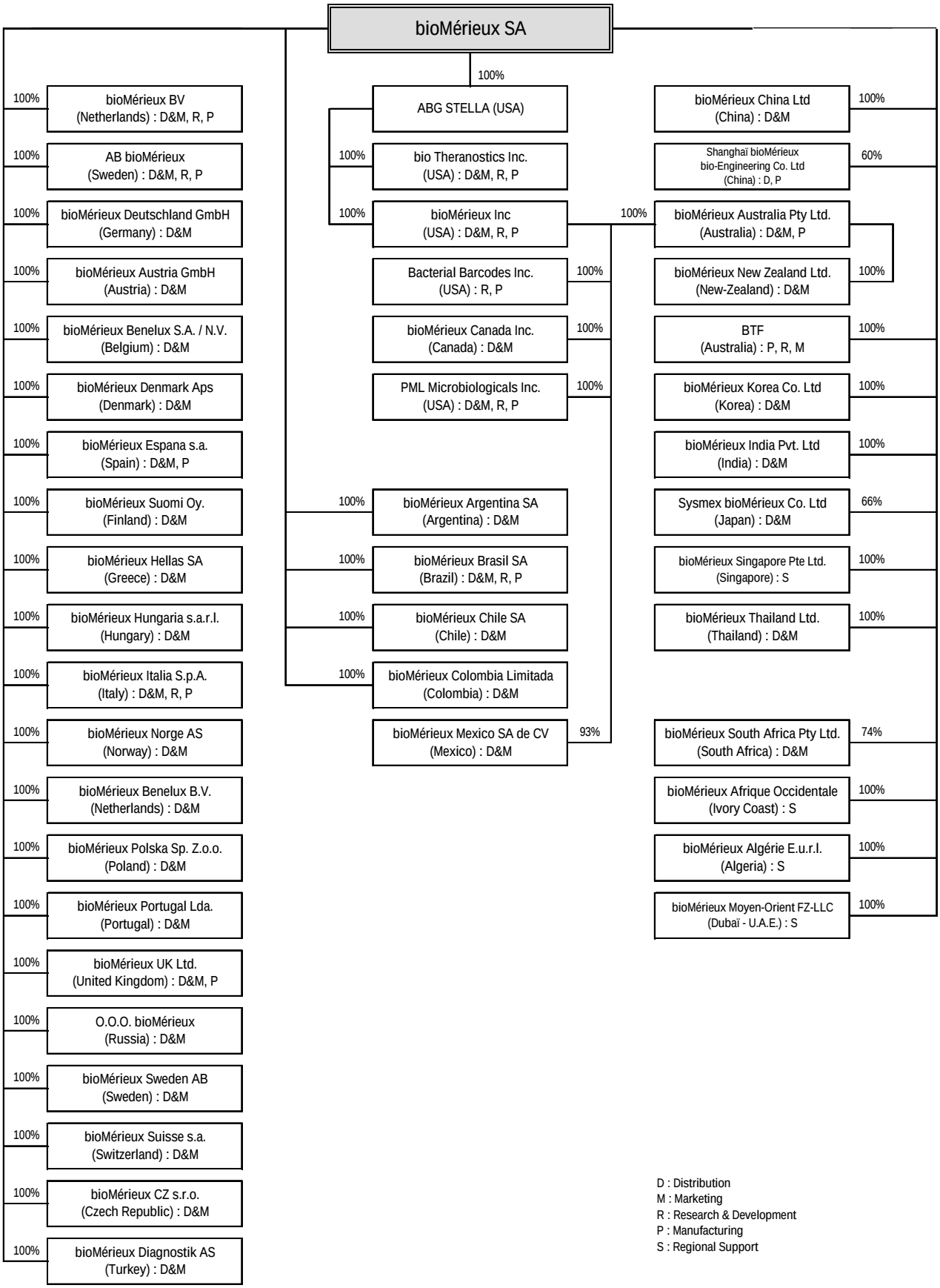
Intermediaries acting as holders of securities for non-resident shareholders, pursuant to article L. 228-1 of the French Commercial code, are required to report increases or decreases if their aggregate holdings exceed or fall below the above thresholds, without prejudice to the reporting obligations of the securities holders.

3.1.13 Amendments to the articles of incorporation and bylaws

As provided for by law, the Company's bylaws may only be amended by a two-thirds majority of the voting rights of the shareholders present or represented at extraordinary shareholders' meetings.

3.1.14 Organization chart of the bioMérieux Group of companies as at December 31, 2009

The chart below shows the relationship between the Company's principal subsidiaries (in percentage of capital).



bioMérieux SA is part of the Institut Mérieux group of companies, as set forth in section 3.3.1 below. The contractual relationships between those entities are explained in sections 5.7 and 6.2.2.1 below. Most of the subsidiaries above are distribution and/or marketing entities (see 4.3.8.1 below); some also carry out research and development activities (see 4.4.3 below) and/or have manufacturing operations (see 4.5.2.1 below).

3.1.15 Other information concerning subsidiaries and acquisitions of equity interests

Sales of equity interests / dilution during the fiscal year ended

bioMérieux has sold its entire financial shareholding held in ExonHit Therapeutics S.A. This shareholding had been acquired in November 2005, at the time of the ExonHit Therapeutics initial public offering, and this sale has occurred as part of the day-to-day management of bioMérieux's equity investment portfolio. bioMérieux and ExonHit Therapeutics continue to cooperate towards the development of blood biomarkers for the detection of prostate cancer.

In September 2009, bioMérieux sold its shareholding in Bergerie de la Combe au Loup, in which it held a 20% shareholding.

bioMérieux's shareholding in ReLia Diagnostics Systems Inc was reduced to 13.5% as a result of a capital increase to which it did not subscribe. In 2006, bioMérieux had acquired a 15% shareholding in this company.

Acquisitions of equity interests during the fiscal year ended

Nil

3.2 GENERAL INFORMATION CONCERNING THE COMPANY'S CAPITAL

3.2.1 Changes in equity and voting rights attached to shares

All changes in equity and voting rights attached to shares are governed by the law, as the bylaws do not contain specific provisions in this regard.

3.2.2 Share capital on the filing date of this Reference Document

Number of shares issued: 39,453,740 (all the shares are of the same class): this number remained unchanged between January 1, 2009 and December 31, 2009.

Capital issued [(2)]: 12,029,370 euros, fully paid up.

3.2.3 Securities not representing a fraction of share capital

On the filing date of this reference document, there were no securities that did not represent a fraction of share capital.

[(2)] Reference to the share nominal value was removed by decision of the Shareholders' Meeting of March 19, 2001.

3.2.4 Buyback of Company's own shares

The ordinary and extraordinary general shareholders' meetings of June 12, 2008 and June 11, 2009 granted authority to the Board of Directors, until the Company's Shareholders' meeting called to deliberate on the financial statements for fiscal year 2009, (i.e., June 10, 2010), to buy back shares of the Company as provided for in Articles L. 225-209 *et seq.* of the French Commercial Code.

Under the authority granted, the acquisition, sale and transfer of the Company's shares may be carried out by any means, including through the use of derivatives, whether on the stock market or over the counter, excluding the sale of put options, save in case of exchanges that comply with applicable regulations. No restriction shall apply to the portion of buybacks carried out through block trades, which may account for the entire program, subject to ownership of 10 percent of the share capital.

In accordance with these authorizations, the Company can purchase its shares under the share buyback program, depending on prevailing market conditions, in order to: (i) provide liquidity in the share market, under a market-making agreement with a fully-independent financial services provider, in accordance with the AFEI code of conduct approved by the AMF; (ii) deliver shares upon the exercise of rights attached to the issue of securities carrying an entitlement to shares in the Company and to stock option plans, or in connection with the allocation of bonus shares to employees and officers of the Company or member companies of its group, or the allocation or transfer of shares to employees under profit-sharing plans, employee share-ownership plans or employee savings plans; (iii) hold shares for subsequent delivery in lieu of payment or by way of exchange within the framework of external acquisitions.

Pursuant to the sixth resolution of the ordinary and extraordinary general shareholders' meeting of June 11, 2009, the Board of Directors was also granted authority, until the next shareholders' meeting called to approve the 2009 financial statements, to reduce capital by cancelling some or all of the shares purchased under the share buyback program.

a) Summary of transactions performed by the Company on its own shares from January 1, 2009 through December 31, 2009 under a market-making agreement ("*contrat de liquidité*").

Pursuant to the authority granted by the ordinary and extraordinary general shareholders' meetings of June 12, 2008 and June 11, 2009, as well as the ensuing share buyback programs, and in performance of the market-making agreement complying with the AFEI code of conduct approved by the AMF that was executed with the Company, Crédit Agricole Cheuvreux performed the following transactions in the period from January 1, 2009 through December 31, 2009 in its capacity as financial services provider:

Shares purchased	49,871
Average purchase price	€61.55
Shares sold	67,902
Average selling price	€60.05
Fees and commissions	0
Own shares held on December 31, 2009	900
Value of shares held at the end of the year based on their average purchase price	€72,086
Book value on December 31, 2009	€73,512
Nominal value of shares	/
Purpose of transactions	Maintaining an orderly markety
Percentage of own shares held at the end of the year	0.002 %

Crédit Agricole Cheuvreux purchased shares exclusively for the purpose of providing liquidity in the market for the shares, under a market-making agreement with a fully-independent financial service provider, in compliance with a code of conduct approved by the *Autorité des Marchés Financiers (AMF)*.

b) Summary of transactions performed by the Company on its own shares from January 1, 2009 through December 31, 2009, under an agency agreement ("*contrat de mandat*").

In addition, the table below shows the trades performed in the period from January 1, 2009 through December 31, 2009 by agents under agency agreements with Crédit Agricole Cheuvreux and Natixis, with the sole objective of distributing bonus shares to employees and officers of the Company or of member companies of its group, as authorized by the ordinary and extraordinary general shareholders' meetings of June 12, 2008 and June 11, 2009 and the ensuing share buyback programs:

Shares purchased	/
Average purchase price	/
Shares sold	56,000
Average selling price	€67.52
Own shares held on December 31, 2009	44,000
Value of shares held at the end of the year based on their average purchase price	€2,753,462.63
Book value on December 31, 2009	€3,593,920
Nominal value of shares	/
Purpose of transactions	Distribution of bonus shares upon exercise of rights pertaining to the allocation of bonus shares to employees and officers
Percentage of own shares held at the end of the year	0.11 %

As of December 31, 2009, the Company held 44,900 shares, i.e., 0.11% of the share capital.

c) Use of derivatives

The Company did not use derivatives as part of this share buyback program and furthermore, there are no open positions with the purchase or sale of derivative products as of the filing date of this reference document.

3.2.5 Authorized capital not issued

Status of the delegations decided by the general shareholders' meetings of June 7, 2007, June 12, 2008 and June 11, 2009:

3.2.5.1 Table summarizing valid delegations

Relevant securities	Date and duration of the authority	Maximum nominal amount of capital increase	Amount used and decision to use
Bonus allotment of existing or future shares	GM of June 12, 2008 38 months, i.e. until August 12, 2011	200,000 shares	62,256 shares*
Issue with preferential right Capital increase with preferential subscription right through issue of shares or securities	GM of June 11, 2009 26 months, i.e. until August 11, 2011	35% of share capital as of the date of the 2009 GM, of which a maximum of 500 million euros for debt securities	Unused
Issue without preferential right Capital increase with waiver of preferential subscription right through issue of shares or securities	GM of June 11, 2009 26 months, i.e. until August 11, 2011	35% of share capital as of the date of the 2009 GM**, of which a maximum of 500 million euros for debt securities***	Unused
Capital increase by capitalization of premiums, reserves, earnings or other	GM of June 11, 2009 26 months, i.e. until August 11, 2011	35% of share capital as of date of the 2009 GM	Unused
Increase in number of shares in the event of a capital increase	GM of June 11, 2009 26 months, i.e. until August 11, 2011	Over-allotment option of 15% of the initial issue resolved within the framework of the delegations granted, capped at a maximum of 35% of the share capital	Unused
Capital increase reserved for qualified investors	GM of June 11, 2009 26 months, i.e. until August 11, 2011	20% of share capital (as of the date of implementation of the delegation) per year	Unused
Capital increase by successive share issues	GM of June 11, 2009 26 months, i.e. until August 11, 2011	10% of share capital (as of the date of implementation of the delegation) per year	Unused
Capital increase with waiver of preferential subscription right within the framework of a public exchange offering or contribution in kind in respect of the securities of the Company	GM of June 11, 2009 26 months, i.e. until August 11, 2011	10% of share capital (as of the date of implementation of the delegation) and 35% of share capital as of the 2009 GM**	Unused
Capital increase reserved for employees enrolled in a company savings plan (PEE)	GM of June 11, 2009 26 months, i.e. until August 11, 2011	5% of share capital (as of the date of implementation of the delegation)	Unused
Stock options reserved for employees (and their equivalent)	GM of June 7, 2007 38 months, i.e. until 7 August 2010	10% of share capital (as of the date of implementation of the delegation)	Unused

* June 25, 2008, March 13, 2009, June 11, 2009 and September 4, 2009

** This percentage must be offset against the total 35% authorized capital increase

*** This amount must be offset against the aggregate increase of debt securities totaling 500 million euros

3.2.5.2 Other securities carrying an entitlement to share capital

There are currently no other securities carrying an entitlement to the Company's share capital.

3.2.6 Changes in capital as at December 31, 2009 in French francs and euros [3 et 8]

Date of Shareholders' Meeting	Transaction	Number of shares issued	Nominal value of shares	Nominal amount of capital increase	Premiums	Cumulative value of capital	Cumulative number of shares
09/18/1967	Incorporation of the Company	800	100	80,000	–	80,000	800
01/07/1975[4 and 5]	Capital increase by means of capitalization of reserves	8,800	100	880,000	–	960,000	9,600
01/07/1975	Cash capital increase	400	10	40,000	120,000	1,000,000	10,000
12/16/1976	Capital increase by means of capitalization of reserves	10,000	100	1,000,000	–	2,000,000	20,000
12/19/1977	Capital increase by means of capitalization of reserves	10,000	100	1,000,000	–	3,000,000	30,000
12/19/1977 (Board of Directors' meeting of 12/14/1978)	Capital increase by means of capitalization of reserves	10,000	100	1,000,000	–	4,000,000	40,000
12/19/1977 (Board of Directors' meeting of 11/29/1979)	Capital increase by means of capitalization of reserves	10,000	100	1,000,000	–	5,000,000	50,000
07/03/1981 (Board of Directors' meeting of 10/16/1985)	Conversion of convertible bonds	21	100	2,100	–	5,002,100	50,021
03/31/1987 [3]	Merger of bioMérieux into API SA	194,808	100	19,480,800	61,674,388	24,482,900	244,829

[3] On March 21, 1987, bioMérieux was merged into API S.A., a company incorporated on September 18, 1967. The transaction was carried out by way of merger of bioMérieux (which had been created in 1963) into API S.A. As a result, API S.A. changed its name to bioMérieux. Changes in capital shown in the above table until March 31, 1987 are those affecting API S.A.

[4] For the period before API became a limited liability company (*société anonyme*) on January 28, 1975, the shares are ownership interests in a company other than a corporation.

[5] The capital increase took place on January 28, 1975.

Date of Share-holders' Meeting	Transaction	Number of shares issued	Nominal value of shares	Nominal amount of capital increase	Premiums	Cumulative value of capital	Cumulative number of shares
03/31/1987	Capital reduction[6]	-19,487	FF100	FF -1,948,800		FF 22,534,200	225,342
03/15/1989	Increase in par value by incorporation of merger surplus	N/a	FF200	FF 2,534,200	FF 22,534,200	FF 45,068,400	225,342
03/15/1989	Division of par value	N/a	FF20	N/a	N/a	FF 45,068,400	2,253,420
02/12/1991	Capital increase (cash)	41,730	FF20	FF 834,600	FF 17,714,585	FF 45,903,000	2,295,150
10/03/1994	Capital increase by way of contribution of ABG Stella stocks	1,575,921	FF20	FF 31,518,420	FF 259,749,692.60	FF 77,421,420	3,871,071
03/19/2001	Exercise of rights	10,000	FF20	FF 200,000	FF 3,240,000	FF 77,621,420	3,881,071
03/19/2001	Conversion of capital in euros	N/a	N/a[7]	N/a	N/a	€11,833,309.17	3,881,071
03/19/2001	Rounding off of capital stock	N/a	–	€0.83	N/a	€11,833,310	3,881,071
03/19/2001 (Board of Directors' meeting of 05/13/2002)	Exercise of rights	15,000	–	€45,735	€4,860,000	€11,879,045	3,896,071
04/16/2004	Capital increase (merger of NBMA)	3,864,440	N/a	€11,782,602.69	€173,486,840.98	€23,661,647.69	7,760,511
04/16/2004	Decrease in capital (cancellation of shares received from NBMA)	3,869,372	N/a	€-11,797,640.26	€-177,881,356.01	€11,864,007.43	3,891,139
04/16/2004	Rounding off of capital stock	N/a	–	€0.57	–	€11,864,008	3,891,139
04/16/2004	Reduction of the par value of the shares and subsequent capital increase through the distribution of bonus shares on the basis of ten shares for each share held	35,020,251	–	–	–	€11,864,008	38,911,390
07/23/2004	Issue of shares for offering to employees	542,350	N/a	€165,361.47	€12,851,038.53	€12,029,369.47	39,453,740
09/30/2004	Rounding off of capital by capitalization of reserves	N/a	–	€0.53	–	€12,029,370	39,453,740

N/a: not applicable

(6) Cancellation of API S.A. shares following the merger of bioMérieux into API S.A.

(7) The reference to a par value was deleted by decision of the shareholders' meeting of March 19, 2001.

(8) Remain unchanged as at the date in which the present Reference Document has been filed with the *AMF*.

3.2.7 Information concerning public offerings

Article L. 225-100-3 of the French Commercial Code ("*Code de commerce*"), enacted by the Act of March 31, 2006, provides that in order to ensure full disclosure of measures that may have an impact on the pricing or outcome of offers, the report must indicate and, where applicable, provide explanations on the following matters:

– Share ownership: See § 3.3.2

– **Bylaw restrictions on the exercise of voting rights and share transfers**: in addition to the obligation to notify the Company and the AMF by letter whenever ownership of the number of shares and voting rights they hold increases above certain thresholds (5%, 10%, 15%, 20%, 25%, 33⅓%, 50%, 66⅔%, 90% or 95%) of the Company's existing shares and/or voting rights, specifying in particular the fraction they own, within five trading days of crossing said thresholds, Article 10 of the by-laws requires individual or entities, acting alone or jointly, who directly or indirectly own (within the meaning of Articles L. 233-7 *et seq*. of the French Commercial Code) 1% of the Company's shares or voting rights, to report to the Company by registered letter, with acknowledgement of receipt, within five trading days of crossing said threshold, the total number of shares and voting rights they hold, as well as the number of securities exercisable, immediately or in future, for shares and the potential voting rights attached to them, it being specified that such obligation shall also apply in respect of each additional 1% ownership of shares or voting rights in the Company.

  The same obligation applies whenever ownership of shares or voting rights falls below each of the aforementioned thresholds.

  Failure to comply with the above obligations entails, at the request of one or more shareholders owning 5% or more of the Company's shares or voting rights, a prohibition on the exercise of voting rights attached to the portion of shares or related rights in excess of the number that should have been reported, at all shareholders' meetings held until expiry of a period of two years as of the date on which they should have been reported.

  Intermediaries acting as securities custodians for non-resident shareholders, pursuant to Article L. 228-1 of the French Commercial Code, are required to report increases or decreases if their aggregate holdings exceed or fall below the above thresholds, without prejudice to the reporting obligations incumbent on the holders of said securities.

– Control mechanisms within the framework of an employee share ownership system (where applicable):

  A mutual fund, OPUS Classique, has been set up in connection with the share capital increase reserved for bioMérieux employees subsequent to the initial public offering of its shares.

– Board of Directors' authority for the share buyback: the shareholders' general meeting of June 11, 2009 granted the Board of Directors the authority required to launch a share buyback program, to decide its terms and to use this authorization solely for the purposes of:

  - providing liquidity in the share market with a financial services provider;
  - delivering shares upon the exercise of rights attached to the issue of securities carrying an entitlement to shares in the Company, to stock option plans, to the allocation of bonus shares to employees and officers of the Company or member companies of its group, to the allocation or transfer of shares to employees under profit-sharing plans, employee share ownership plans or employee savings plans;
  - holding shares with a view to subsequent transfer thereof as payment or in exchange within the framework of external growth transactions; and
  - reducing the Company's capital by way of cancellation of shares.

  In particular, the Board of Directors is authorized to buy back the Company's own shares, subject to the statutory cap of 10% of its share capital, it being specified that the maximum percentage shares bought by the Company with a view to retaining and subsequently transferring same as payment or in exchange within the framework of a merger, spinoff or contribution transaction is capped at 5%, in accordance with applicable statutory provisions, the maximum purchase price per share being set at a maximum of 100 euros, excluding expenses.

– Delegations of authority and powers

  The table of delegations of authority and powers granted by the Shareholders' meeting to the Board of Directors regarding the issuance of shares appears in § 3.2.5.1 above.

– Voting rights

  Article 20 of the bylaws of the Company provides that a voting right double that conferred on other shares, given the proportion of the share capital they represent, is assigned to all shares, irrespective of their category, which are fully paid-up and in registered form (of which evidence must be provided) for a period of at least 5 years, in the name of a given holder.

– Change-of-control clauses

  Some of the agreements to which the Company is a party can be amended or terminated in the event that control changes hands. The table below shows a list of the principal agreements concerned.

Nature of agreement	Contracting party	Purpose
Loan agreement	BNP Paribas, Calyon, Natexis Banques Populaires, Société Générale	Syndicated loan of 260 million euros, expiring in 2013
License agreement	Gen-Probe	Ribosomal RNA
License agreement	Roche Diagnostics	NT-pro-BNP
License agreement	Chiron	HIV
License agreement	BioRad	HIV2
License agreement	Institut Pasteur	HIV1
License agreement	B.R.A.H.M.S. AG	PCT
License agreement	Paul Sabatier University / Pr. Serre	Filaggrine

bioMérieux is not aware of any other factors likely to have an impact in the event of a public offering for its securities, of the kind listed in article L. 225-100-3 of the French Commercial code ("*Code de commerce*").

3.3 OWNERSHIP OF SHARES AND VOTING RIGHTS IN THE COMPANY

3.3.1 History of changes of the Company's ownership

When it was incorporated in 1963, B-D Mérieux (as the Company was formerly named) was owned by Institut Mérieux (49.95%) and Becton-Dickinson France (49.96%), with other individuals and legal entities holding the remaining 0.09% of its shares.

In 1968, Alain Mérieux acquired the B-D Mérieux shares held by Institut Mérieux, bringing his ownership interest in B-D Mérieux to 49.96% and severing the ownership ties between B-D Mérieux and Institut Mérieux.

In 1974, Alain Mérieux purchased 200 shares of the Company from Becton-Dickinson France and became the majority shareholder of B-D Mérieux. That same year, the Company changed its name to bioMérieux SA.

On March 31, 1987, bioMérieux was merged into API SA after that company had been acquired. Following this merger, API SA changed its name to bioMérieux.

At the ordinary and extraordinary general shareholders' meeting of December 28, 1988, Wendel Investissement (named CGIP at the time) joined with the Mérieux family to form bio Participations, an indirect holding entity of bioMérieux. Wendel Investment held close to 33% of the capital of bio Participations and Mérieux Alliance (holding company of the Mérieux family) close to 67%.

In 1994, Becton-Dickinson sold all the shares that it held in the bioMérieux Group to bio Participations.

In December 2000, bio Participations, which had changed its name to bioMérieux Alliance on February 25, 1995, was merged with Pierre Fabre group. As the merger of the bioMérieux group with the Pierre Fabre group failed to achieve the companies' intended goals, they decided to "demerge" and to cancel the transfers carried out in 2000 and 2001.

In 2003, the Group of companies held by Mérieux Alliance was restructured in order to separate bioMérieux's diagnostics business from Transgene's immunotherapy business.

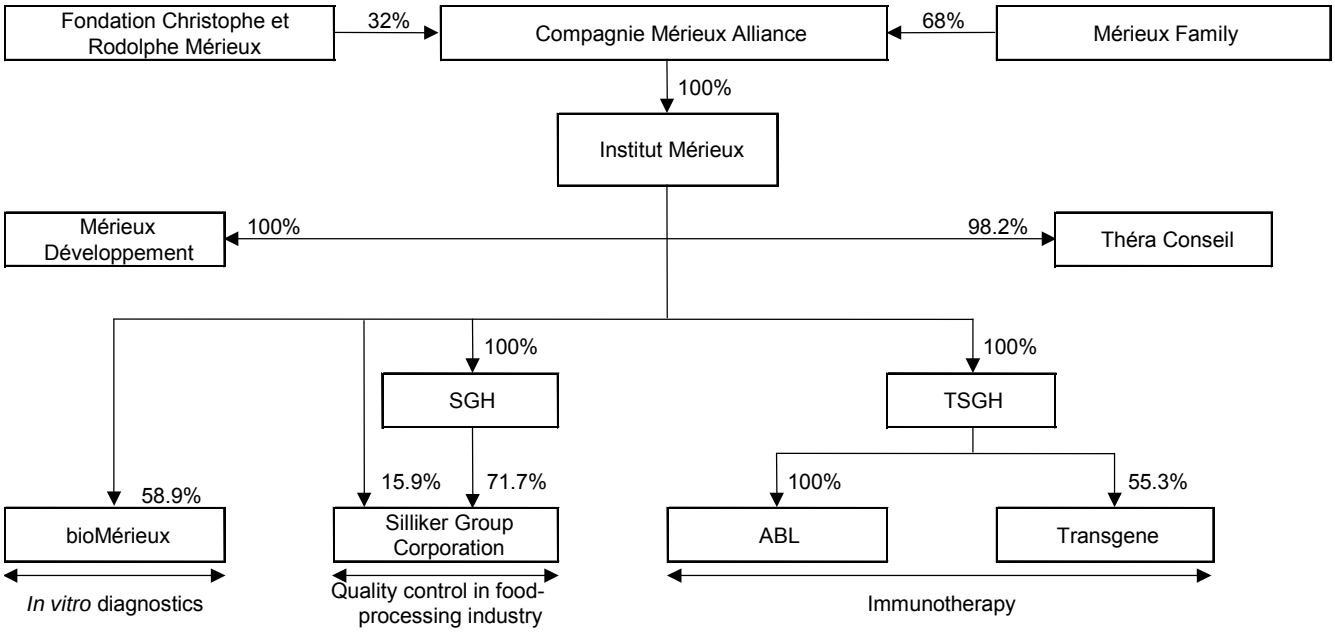
In January 2004, Mérieux Alliance directly held 59.7% of the Company's capital, Wendel Investissement held 34.5% and Groupe Industriel Marcel Dassault held 5.1%.

Most of the Company's shares held by Wendel Investissement were floated in connection with the initial public offering of July 6, 2004 on the Eurolist market of Euronext Paris.

Institut Mérieux (the new name of Mérieux Alliance since December 7, 2009) furthermore holds:

(i) 100% of the shares of SGH, the holding entity of Silliker Group Corporation, an American company which specializes in research and consulting services in the field of food–processing industry safety and quality; and

(ii) 100% of the shares of TSGH, the holding entity of Transgene SA, an immunotherapy company traded on the Eurolist market of Euronext Paris, and of Advanced Bioscience Laboratories Inc. (ABL), an American research laboratory doing work on behalf of research institutes and business corporations.



3.3.2 Changes in capital ownership over the past three years

The table below shows the ownership of the Company on the dates indicated.

Share ownership*	Situation on the 12/31/2009				Situation on the 12/31/2008				Situation on the 12/31/2007			
	Number of shares	% of capital	Number of voting rights	% of voting rights	Number of shares	% of capital	Number of voting rights	% of voting rights	Number of shares	% of capital	Number of voting rights	% of voting rights
Institut Mérieux **	23,240,090	58.90	46,480,180	70.79	23,240,090	58.90	46,480,100	72.15	23,240,090	58.90	46,480,100	71.86
GIMD***	2,013,470	5.10	4,026,940	6.13	2,013,470	5.10	3,993,940	6.20	2,013,470	5.10	3,993,940	6.17
Employees****	391,246	1	530,544	0.81	544,761	1.38	390,818	0.61	351,637	0.89	351,637	0.54
Treasury shares*****	44,900	0.1	0	0.00	191,431	0.49	0	0.00	123,346	0.31	0	0.00
Public	13,764,034	34.9	14,622,015	22.27	13,463,988	34.13	13,558,098	21.04	13,725,197	34.79	13,858,140	21.42
TOTAL	39,453,740	100	65,659,679	100	39,453,740	100	64,422,956	100	39,453,740	100	64,683,817	100

* Only the shareholders representing more than 5% of the shares are named in this table. The other shareholders are included under the 'Public' heading..

** Institut Mérieux (formerly Mérieux Alliance) is the Mérieux family-owned holding company.

*** Groupe Industriel Marcel Dassault.

**** This line includes employee share ownership through mutual funds *("FCPE")*, the shares held by employees within the framework of the OPUS plans and the bonus shares allocated to the Company's employees.

***** The shares are held pursuant to the market-making agreement with Crédit Agricole Cheuvreux and the agency agreements with Crédit Agricole Cheuvreux and Natixis.

Institut Mérieux, which is the holding company owned by the Alain Mérieux family, holds 58.90% of the share capital and 70.79% of the voting rights of the Company as of December 31, 2009. Consequently, Institut Mérieux may adopt all the resolutions that require the shareholders' approval at an ordinary general meeting and, in the absence of an exceptionally high rate of participation by other shareholders, all resolutions that require shareholders' approval at an extraordinary general meeting.

The change in voting rights is based on the existence of double voting rights defined in § 3.1.10.3.

As far as the Company is aware, there are no shareholders' agreements and/or joint action, nor any agreement, the implementation of which could result in a change of control.

3.3.3 Employee share ownership

As of the last day of the fiscal year, December 31, 2009, employees held 391,246 shares, i.e. 1% of the share capital of the Company, apportioned as follows:

– in the context of the OPUS FCPE Classic mutual fund: 137,394 shares;

– following the bonus issue of shares: 238,700 shares; and

– following the acquisition of shares under the OPUS plans: 15,152 shares.

Neither the Company, nor any Group member company, has granted options to subscribe for or purchase shares of the Company to an officer or employee during the financial year 2009. As of December 31, 2009, there are no options to subscribe for or purchase shares of the Company that may be exercised.

In 2009, the Company carried out bonus share allotments, as shown in the special report drawn up in that regard (see § 6.3.2).

3.3.4 Pledge of Company shares

The Company has not been notified that any of its shares has been pledged as of the filing date of this reference document.

3.4 DIVIDENDS DISTRIBUTED BY THE COMPANY

3.4.1 Dividends per share for the past three years

The table below shows dividend distributions for the past three fiscal years (in euros).

The Company has not earned dividends on any of its own shares held by it on the dividend date. The corresponding sum is added back to retained earnings.

Fiscal year ended	Dividend distributed in euros[9]
12/31/2008	31,957,529.40
12/31/2007	29,984,842.40
12/31/2006	29,984,842.40

3.4.2 Distribution policy

The distribution policy is decided in light of the analysis, for each fiscal year, of the Company's profits, of its financial position and of any other factors that the Board of Directors considers relevant. For information purposes, it is specified that the Company intends to pay each year a constantly increasing dividend, representing nearly 25 % of earnings for the fiscal year.

The Board of Directors will submit to the shareholders' meeting of June 10, 2010 a dividend of 0.92 euros per share for approval, increasing the total amount to be distributed in June 2010 to 36 million euros.

3.4.3 Statute of limitations

Dividends that remain unclaimed five years after their payment date are time-barred and remitted to the French government.

[9] It should also be noted that annual dividends have qualified for a tax abatement exclusively to the extent that shares are owned by individuals subject to personal income tax, as provided by article 158.3 paragraph 2 of the French Tax Code.

3.5 SUMMARY OF THE TRADING PRICE OF SHARES OVER THE LAST 12 MONTHS

The shares of bioMérieux have been traded publicly since July 6, 2004 and, since January 3, 2005 they have been included in the CAC Mid 100, CAC Mid and Small 190 and SBF 250 French market indexes. They have been part of the "A" list of Eurolist since February 21, 2005 and have been included in the Next 150 European index since April 1, 2005. The shares have been eligible for deferred settlement service ("*Service de Règlement Différé"–SRD*) since March 28, 2006. Finally, the shares have been included in the SBF 120 market index since December 18, 2009.

Months	**Higher** (in €)	**Lower** (in €)	**Close** (in €)	**Volume**
December 2006	52.50	49.60	51.65	358,037
December 2007	80.00	74.36	79.08	579,425
December 2008	61.68	55.00	60.00	585,212
January 2009	63.30	57.10	60.96	670,632
February 2009	62.32	55.40	60.11	2,207,379
March 2009	61.60	53.83	58.84	1,280,548
April 2009	60.00	52.60	56.88	1,245,842
May 2009	61.49	56.80	61.03	1,024,123
June 2009	64.75	57.96	62.46	1,939,793
July 2009	69.50	62.40	68.28	1,355,731
August 2009	70.15	66.00	68.04	499,735
September 2009	79.00	66.10	75.11	1,384,480
October 2009	79.90	74.20	75.62	1,107,362
November 2009	78.40	74.76	77.40	501,347
December 2009	84.30	77.12	81.68	730,120

SECTION 4

INFORMATION ON THE COMPANY BUSINESS [10] [11]

4.1 BUSINESS SUMMARY

Incorporated in 1963, bioMérieux is a worldwide group specializing in the field of in vitro diagnostics for medical and industrial applications. In 2009, bioMérieux derived revenue of 1,223 million euros and had 6,300 full-time (or equivalent) employees.

bioMérieux designs, develops, manufactures and markets systems used in:

– the clinical sector: the diagnosis of infectious diseases such as HIV, tuberculosis and respiratory illnesses, as well as cancers and cardiovascular pathologies, based on the analysis of biological samples such as blood, saliva or urine. Clinical applications account for 85% of the Company's revenue. bioMérieux ranks 7th worldwide; and

– the industrial sector: microbiological analyses of samples of finished or semi-finished products (or of the environment), chiefly in the food processing, pharmaceutical and cosmetics sectors. Industrial applications account for 15% of the Company's revenue. bioMérieux is the leader in this field.

The Group's diagnostic systems consist of the following three items and related services:

– reagents and consumables used to carry out biological tests, in order to perform screening, diagnosis assistance and treatment follow-up/monitoring;

– instruments (or platforms or autoanalyzers) used for automated testing at high or low throughputs;

– software for the processing of biological tests and expert systems used to interpret test results; and

– services such as the installation and maintenance of instruments or training of their users.

The vast majority of the Group's instruments are so-called closed systems, which means that they only work with reagents specifically developed by bioMérieux (*See* 4.3.6 Products of the Group below).

The instruments are either sold to customers or installed on their premises as part of a reagent supply agreement. There is an installed pool of approximately 55,000 instruments, giving the Group a high degree of visibility and regularity for reagent sales, which accounted for nearly 90% of the Company's revenue.

In the clinical segment, bioMérieux customers are primarily private-sector analysis laboratories, hospital laboratories, blood transfusion centers and, in some countries, Physician Office Laboratories (POLs). In the industrial segment, customers include large international food processing and bio-pharmaceutical groups.

bioMérieux is a diversified company:

– geographically: the Group operates in more than 170 countries, through 39 international subsidiaries (See §3.1.14 above) and a wide network of distributors; and

– technologically: the supply of products from bioMérieux is based on 3 technologies: microbiology, which is bioMérieux's core business in which the Company holds the leading position; immunoassays; and molecular biology (See § 4.3.2 below). In addition, its portfolio of products is very extensive, with more than 2,500 reagent references.

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[10] Unless otherwise indicated, the market and market-related data in this reference document represent estimates by bioMérieux on the basis of internal analysis using reports prepared by financial analysts, studies carried out by industry specialists and information published by other companies in the sector, as well as its own internal experts' knowledge of the market.

[11] See Glossary of Scientific Terms below.

4.2 OVERVIEW OF THE *IN VITRO* DIAGNOSTICS MARKET

4.2.1 General

In vitro diagnostics techniques play an essential role in the clinical segment, in terms of treatment management, to provide information allowing a physician to detect diseases, look for predispositions to pathologies, establish a diagnosis and track the effectiveness of the prescribed treatment.

An in vitro diagnostics examination is carried out by chemical analysis (for example, a measure of amounts of glucose, cholesterol or sodium) or biological analysis of a sample, i.e., a sample of tissue or fluids from the human body. In vitro diagnostics tests are used to detect or identify bacteria or viruses (exogenous agents) and to detect or quantify biological constants or markers, which are substances produced by the body in the presence of, for example, an infectious disease, cancer or cardiovascular disease.

A biological sample is taken from the patient, most often at the request of a physician, by a medical analysis laboratory, either in a hospital or private, which analyzes it using the Company's products (reagents, instruments and expert systems). The results are then communicated to the physician who can use them to confirm or establish a diagnosis (often in combination with other examinations such as a medical examination or imaging). In some countries, the physician or patients themselves perform certain diagnostics analyses.

In the industrial segment, in vitro diagnostics technologies are used to monitor microbiological quality of food processing products, pharmaceuticals or cosmetics. These microbiological tests (sterility of products absence of pathogen bacterial, etc.) are conducted throughout the production line from raw materials to finished product, as well as in the manufacturing environment (air, water and surfaces).

4.2.2 Technologies

The in vitro diagnostics market uses several types of technologies, three of which constitute the Company's core business:

– microbiology: culture of biological samples in a medium allowing any bacteria present to multiply, and then be identified and tested for sensitivity to antibiotics;

– immunoassays: detection and measure of infectious agents (such as bacteria, viruses and parasites) and of pathological markers through an antigen-antibody reaction; and

– molecular biology: technology based on the detection of genetic sequences of DNA or RNA that are characteristic of bacteria, a virus, a protein or a cell. In the field of infectious diseases, the process consists of extracting nucleic acids, multiplying (amplifying) them, marking the resulting copies of this amplification and detecting a signal, for determining the presence and quantity of infectious agents in the original sample.

Apart from these three technologies, the in vitro diagnostics market includes biochemical (the most important technology with, in particular, tests related to diabetes), hematology and hemostasis techniques.

The table below shows an estimated breakdown of the world market for clinical in vitro diagnostics in terms of technologies.

	2009 (in billion euros)
Immunoassays	8.1
Clinical biochemistry	10.6
Of blood glucose monitoring : 6.9 billion euros	
Molecular biology	2.6
Microbiology	1.5
Hematology and flow cytometry	2.9
Histology and cytology	1.2
Hemostasis	1.0
Other technologies*	2.2
TOTAL	**30.1**

* This heading includes analysis of blood gases and electrolytes.

bioMérieux estimates based on financial research, internal analysis and analysis by independent consultants

Traditionally manual, in vitro diagnostics techniques have progressively been automated, making it possible for laboratories to standardize the process, give more reliable results in a shorter time period, ensure the traceability of analyses and increase the number of examinations that can be carried out simultaneously.

Molecular biology has added a new dimension to in vitro diagnostics. Molecular biology does not replace traditional in vitro diagnostics techniques. It complements diagnostics procedures by identifying pathologies that traditional techniques are not sufficiently sensitive or rapid to detect. Molecular biology also opens the way to a new medical approach to cancer, genetic predisposition, genetic pathologies and the individual adaptation of patient treatment. Furthermore, viral load (the actual amount of viral copies in a blood milliliter) can only be measured by means of molecular biology techniques, which became particularly indispensable, in monitoring HIV patients. Nevertheless, molecular assays are more expensive than traditional methods and still often require the use of highly-skilled technicians.

Furthermore, IVD tests have evolved. In addition to traditional tests, so-called high medical value tests which have a major clinical impact can now be found. When integrated at every level of care for patients, they can improve or confirm a diagnosis, improve treatment strategy, monitor the effects of prescribed treatments and, often, avoid costly complications.

Finally, recent years have seen the emergence of "theranostics", as a combination of a diagnostic test and treatment:

– theranostics provide access to a diagnostic and individualized therapy;

– through a better targeted approach, theranostics allow the best treatment to be prescribed for each patient, the most appropriate dose to be defined with better control of side effects;

– by identifying non-responsive patients, or those who respond inadequately to treatment and patients at risk, who are likely to experience undesirable side effects, theranostics reduce the number of unnecessary prescriptions, ensuring a better risk-benefit ratio and cost optimization; and

– for pharmaceutical companies, theranostics can reduce the cost and duration of drug development and registration procedures, by allowing the selection of those patients who are most likely to respond positively.

Driven by new technologies, IVD tests now play a decisive role: 60-70% of medical decisions are based on in vitro diagnostic [(12)] test results. By allowing earlier diagnosis and better monitoring of therapeutic response, they improve the quality of care and reduce healthcare costs.

[(12)] The Value of Diagnostics: innovation, adoption and diffusion into health care. 2005. The Lewin Group.

4.2.3 The *in vitro* diagnostics market

In vitro diagnostics is part of the healthcare sector. However, it is distinct from the pharmaceutical market, which is the largest market in the healthcare sector. It benefits from a more flexible regulatory environment than that applicable to pharmaceutical products, although becoming more and more stringent, as well as a more stable customer base, principally due to the significant acquisition costs (investments and training costs and the costs of connecting platforms to laboratories' information management systems) incurred by diagnostics customers. The in vitro diagnostics market also has more stable sales growth mainly due to:

– the significant proportion of in vitro diagnostics revenue accounted for by reagent sales, because of the "closed" nature of most systems, which function only with reagents developed by the manufacturers of these systems (captive market);

– the obligation to offer customers a wide selection of reagents per machine, which leads to a distribution of the in vitro diagnostic companies' activities across a large number of products, in contrast to pharmaceutical groups that are often dependant on "blockbusters"; and

– relatively steady changes in demand in the diagnostics market, in contrast with the sales of drugs, which can experience wide variations, due, in particular, to changes in the regulatory environment and competition from generics.

For approximately twenty years, most clinical diagnostics techniques have also been used to control the microbiological quality and composition of food, pharmaceutical or cosmetic products. The microbiological tests (sterility of products, absence of pathogenic bacteria and commensal bacteria levels) are thus carried out throughout the manufacturing chain, from raw material to finished products, including production environment (such as water, air and surfaces).

4.2.3.1 Size of the *in vitro* diagnostics market and its recent evolution

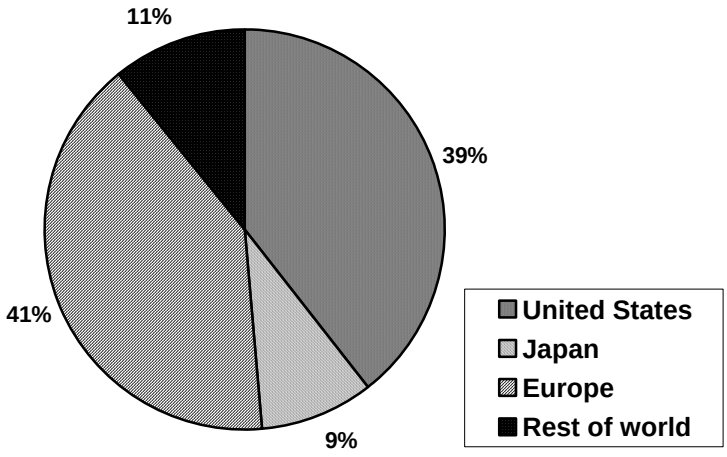
The market for in vitro diagnostics is a worldwide market that was estimated in 2009 at approximately 30 billion euros (42 billion US dollars) for clinical applications and approximately 1.2 billion euros (1.7 billion US dollars) for the industrial segment[(13)]. Approximately 85%[(14)]of the worldwide in vitro diagnostics market is concentrated in developed countries (North America, Europe and Japan). Since 2000 and based on the Company's estimates, the market has grown at an average compound annual rate of approximately 5% to 6%.

Clinical segment. Since the end of the 1990s, the clinical in vitro diagnostics market has experienced a period of growth due to the increased recognition of the role of diagnosis in the definition and monitoring of treatments and in the reduction of healthcare expenditures, the emergence of new pathogens, major technological advances opening the way to new applications, and the geographical expansion of the market. Thus, the in vitro diagnostics market, which amounted to 6 billion euros in 1980, has since increased fivefold.

(13) The data relating to the clinical market is obtained by cross-referencing various external sources (Jefferies, VisionGain, Clinica and Kalorama). The assessment of the size of the industrial applications market is based on the Company's internal analyses.

(14) Source Clinica 2009

A 2009 estimate of the geographical breakdown of the clinical in vitro diagnostics market:



Source : Clinica

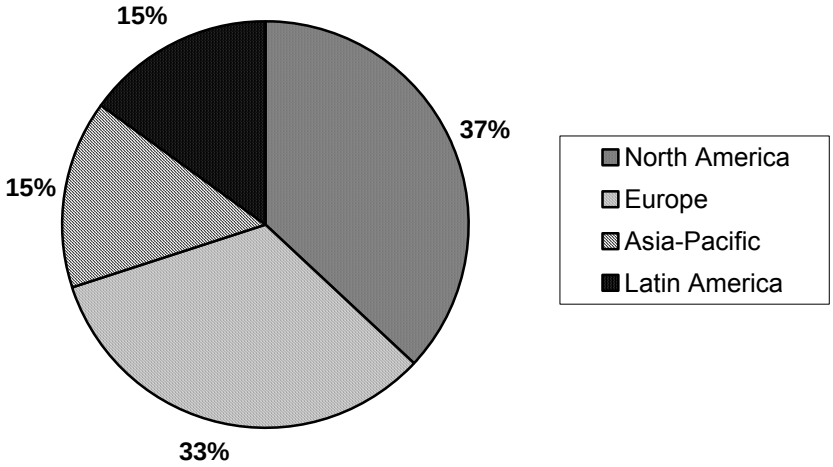
The table below gives 2009 estimates for the clinical in vitro diagnostics market breakdown by pathologies, on which the Company has decided to focus its development:

	2009 (in billion euros)
Infectious diseases	7.5
Cancers	4.4
Cardiovascular diseases	2.5
Others	15.7
TOTAL	**30.1**

bioMérieux estimates based on financial research, internal analysis and analysis by independent consultants

Industrial segment. The industrial sector is a newer, more fragmented market than the clinical sector. Its main applications are the control of the microbiologic quality of food, pharmaceutical or cosmetic products.

Geographical breakdown of the industrial applications market:



bioMérieux estimates

4.2.3.2 Market trends and growth prospects

Several structural factors explain the potential growth in demand:

- **Structure of laboratories**

– Increased automation of laboratories, due to a growing shortage of qualified personnel and the need to standardize analyses.

– The emergence of new technologies such as molecular biology which enables new diagnostics capabilities (See § 4.2.2).

– Increasing demand in hospitals, particularly in the emergency services or intensive care departments, for diagnostic solutions to select faster treatment of patients, resulting in Point of Care (or POC) tests.

- **Lifestyles**

– Aging populations entail an increase in chronic diseases and age-related disorders, such as cardiovascular diseases, neurodegenerative diseases, and cancers and, as a consequence, an increasing need to diagnose those disorders as quickly as possible in order to ensure more effective treatment.

– The multiplication of illnesses caused by lifestyle and eating habits (such as obesity and food allergies).

- **New markets**

– There is a considerable increase in demand from emerging countries (growing population, organization of health systems, new infrastructure, rising living standards, etc.).

– Efforts by the Government of the United States to provide medical coverage to its entire population should allow easier access to healthcare to 32 million people who, thus far, did not benefit from any health insurance.

- **The emergence of new micro-organisms**

– The emergence of new pathogens (such as avian flu), which require new diagnostics capabilities.

– The development of antibiotic-resistant bacteria and viruses resistant to antiviral agents, which create a need for a better management of therapies.

– The proliferation of health care-associated infections leads to the need to detect carriers of multiresistant bacteria before they become self-contaminating or infect other patients.

- **The need to reduce health expenses**

– Diagnosis, which accounts for only about 2% of health spending, provides better care for patients and value for health spending.

– Reimbursement for medical care is increasingly organized by pathology and not by examination. In this context, hospitals bear the cost of patient treatment and monitoring, which constitutes an incentive to conduct diagnostic tests to select the most appropriate treatment and avoid hospitalization wherever possible.

- **The medical importance of in vitro diagnostics**

– The emergence of “theranostics” allows for the association of individualized treatment decisions with a particular diagnostic.

– Technological developments, in particular those relating to analysis techniques for proteins and genetic sequences, which extend the scope of in vitro diagnostics to cardiac diseases, cancers, and autoimmune and neurodegenerative diseases.

- **The growing demand in industrial applications**

– The growing impact of quality control obligations in the food and biopharmaceutical segments.

– Food and biopharmaceutical corporations are looking to protect their trademark and reputation.

The Company has conducted its own internal analysis on the basis of reports prepared by financial analysts, studies carried out by independent specialist consultants and information published by other companies in the sector, as well as its own knowledge of the market, through its internal experts.

Based on these analyses, the Company believes that that the market as a whole could grow annually (assuming constant currencies), following previous market trends. However, for industrial applications which are more sensitive to economic conditions, growth could fluctuate significantly from one year to the next under the impact of developments in regulations and the occurrence of food-related crises. It is also impacted by improvements in microbiological controls by industrial users.

These estimates are presented for illustrative purposes and are likely to vary significantly. Growth could be much lower for several reasons, in particular those discussed in "Risk Factors" (see section 4.11 below). In particular, all of the above forecasts remain subject to the consequences of the financial and economic crisis of 2007.

4.2.4 The principal players

The increase in R&D costs relating to the need for innovation, the customer consolidation trend in the industry, the need for broader product lines, as well as critical mass considerations have driven the players in the in vitro diagnostics segment towards major consolidation. In addition, the attractiveness of the sector has resulted in the arrival of several new players.

Thus, Siemens, which is already a major in vivo diagnostics (medical imaging) player, now holds the second place in the in vitro diagnostics segment following the acquisitions of DPC (2006), Bayer (2006) and Dade Behring (2007) respectively. Likewise, Inverness and Qiagen became major players in this segment following their respective acquisitions of Biosite and Digene in 2007.

This trend continued in 2009. In the field of molecular biology, Gen-Probe took over Tepnel (HLA products) and Prodesse (infectious diseases), and Becton Dickinson acquired the American company HandyLab Inc. In the clinical chemistry segment, Beckman Coulter acquired the diagnostics division of Olympus. In personalized medicine, Qiagen acquired DxS Ltd and SABiosciences. Finally, in the biomarkers segment, Thermo Fisher bought Brahms.

This development has led to increased competition in the sector.

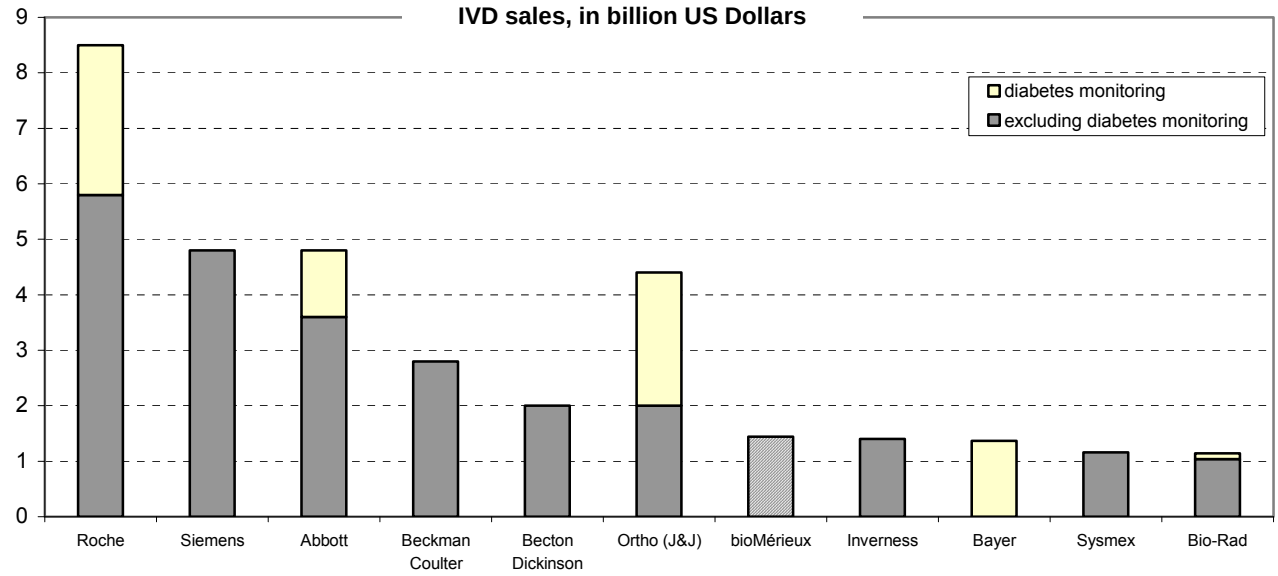
The Company believes that the world's top ten in vitro diagnostics companies account for about 80% of total worldwide sales. The in vitro diagnostics industry consists of either large pharmaceutical or diversified groups (Roche, Siemens, Abbott, Johnson & Johnson and Becton-Dickinson), or specialized companies (bioMérieux, Beckman Coulter, Inverness, Bio-Rad and Sysmex).

In addition, companies such as Qiagen, operating in the Life Sciences segment, Thermo-Fisher (distribution of instruments and laboratory supplies) and Inverness (major player in the rapid tests segment) are progressing at a fast pace. Competition is intensified in the microbiology market with the entry of Bruker, a company specialized in mass spectrometry.

The Company is of the opinion that it holds seventh place in the overall in vitro diagnostics market, based on its 2009 revenue. This ranking reflects its relatively specialized positioning: it is not present on the diabetes segment and has little activity on the clinical chemistry market.

In the clinical segment, the table below is solely based on the companies' 2009 in vitro diagnostics net sales, including flow cytometry (Becton Dickinson) and excluding sales in the "life sciences [(15)](Roche, Beckman Coulter and Bio-Rad), pre-analytical (Becton Dickinson), Health Management (Inverness) and IT & Particles (Sysmex) segments.

(15) For companies that do not publish their financial statements in US dollars, net sales have been converted into US dollars using the average exchange rate in 2009.



Source : annual financial statements of the companies, shifted to calendar year 2009 where applicable

4.3 DESCRIPTION OF THE COMPANY'S BUSINESS

The business of bioMérieux in the clinical segment focuses on diagnosis of infectious diseases, cancers and cardiovascular diseases. In the industrial segment, it mainly concerns the detection of micro-organisms in food products and bio-pharmaceuticals.

4.3.1 History and development of the Group's business

The Company's know-how was developed out of the historical expertise of the Mérieux family in biology, which dates back to 1897, when Marcel Mérieux established the Institut Mérieux. In 1937, Dr. Charles Mérieux became head of the Institut Mérieux, to be succeeded by Alain Mérieux, who served as Chairman from 1968 to 1994.

Since its establishment in 1963 at Marcy l'Etoile (near Lyon), B-D Mérieux, which became bioMérieux in 1974, has provided a broad range of products for analysis laboratories, covering biochemistry, coagulation, virology and microbiology. The Company initially targeted French-speaking markets principally for the diagnosis of infectious diseases.

It then rapidly pursued international expansion by setting up its own network of subsidiaries: in Belgium (1975), Germany (1976), Spain (1980), Italy (1985), Japan (1988), United Kingdom (1991), China (1992) and Russia (1995). At the same time, it pursued a policy of external growth through targeted acquisitions, enabling it to progressively extend its product lines in order to respond to its customers' changing needs and the emergence of new pathologies.

Thus, in 1987, the Company acquired the API group, a worldwide benchmark in microbiology, for bacterial identification and manual record of bacterial sensitivity to antibiotics.

In response to the trend toward automation in the in vitro diagnostics market, the Company acquired control of Vitek Systems, a US corporation specializing in automated microbiology, from McDonnel Douglas in 1988. This acquisition enabled it to extend its microbiology product range, establish operations in the United States, and strengthen its global position. Following this acquisition, the Group developed the VIDAS® product line in the area of immunoassay technology.

In 1991, the product range was extended to meet the specific needs of industrial microbiology, and initial efforts focused on the food industry.

In 1996, the Company entered the molecular biology segment by partnering with Gen-Probe, thereby obtaining a market for distribution of manual molecular biology reagents, and with Affymetrix (DNA chips).

In 2001, the Company acquired the diagnostics division of Organon-Teknika, a subsidiary of Akzo Nobel. This acquisition was a major step in the Group's development, providing it with:

– new products that were highly complementary to its strategy, particularly in microbiology with the BacT/ALERT® blood culture range;

– new technologies, in particular in the molecular biology segment with the BOOM® detection technology that the Company uses in its NucliSENS® EasyMag® system and the NASBA® amplification technology, that the Group has integrated into its NucliSENS EasyQ® system;

– a reinforced presence in the American market and, in particular, the Durham site in the heart of the North Carolina Research Triangle where the North American headquarters were relocated;

– a more significant position in the global market with the attainment of a critical mass, as the diagnostic division of Organon Teknika's revenue in 2001 was equivalent to approximately 40% of the Group revenue before the acquisition; and

– synergies and economies of scale, from which the Group quickly benefited.

In 2003 and 2004, the Group simplified its structure by merging its holding companies. It also sold its shareholding in ABL to focus exclusively on in vitro diagnostics.

On July 6, 2004, the Company's shares were listed for trading on Euronext Paris.

Since 2004, the Group has been pursuing a strategy of development and acquisition of biological markers, enabling it to offer high-value-added tests, with in particular, the launching of VIDAS® B.R.A.H.M.S. PCT and NT-proBNP in 2007 as well as VIDAS® EBV in 2009.

In 2006, the Group also implemented a strategic refocusing of its businesses, selling off its Hemostasis range and deciding to terminate production and marketing of its microplate immunoassay range in North America in 2007.

In 2007, the Group decided on the gradual closure of its Boxtel site in the Netherlands, with transfer of its molecular biology and immunoassay research activities to France and of its microplate production to a joint venture formed in China with Shanghai Kehua Bio-engineering Ltd. All the activities of the Boxtel site in the Netherlands were stopped on December 31, 2009, with the exception of a production team of 44 persons who shall be kept in employment in 2010, until the obtaining of registration of the immunoessay microplate reagents in some countries.

Since September 2006, the Company has carried out various acquisitions with a view to widening its product ranges and its geographic positioning:

– In September 2006, it acquired the molecular biology company Bacterial Barcodes Inc., which developed the patented DiversiLab® system, for its automated bacterial genotyping activity.

– In 2007, the Group acquired the Spanish company Biomedics, which specializes in the production of culture media, as well as the Australian company BTF, whose patented BioBall™ calibrated strain technology is used in quality control processes to verify the performances of microbiological analyses in the industrial applications segment.

– In 2008, the Group carried out 3 acquisitions of reagent companies:

  - In June 2008, bioMérieux acquired the Swedish microbiology company AB BIODISK. Its leading product, Etest® allows the measurement of the minimum inhibiting concentration of an antibiotic treatment and constitutes a reference method for microbiology laboratories throughout the entire world.

  - In September 2008, the acquisition of the American molecular diagnostic company AviaraDx allowed bioMérieux to strengthen its position in oncology and in theranostics. AviaraDx, renamed bioTheranostics, has developed tests to qualify cancers and to assist oncologists in selecting the best therapeutic strategy. It also possesses a CLIA (Clinical Laboratory Improvement Amendments) certified laboratory to carry out complex diagnostic testing.

- In December 2008, bioMérieux acquired the American company PML Microbiologicals, which specializes in culture media and microbiological control products intended for industrial and clinical applications within the North American market.

4.3.2 Company's core areas of expertise

The following table sets out the technological expertise necessary to compete successfully in the four applications targeted by the Company:

	Microbiology	Immunoassays	Molecular biology
Infectious diseases.....	✓	✓	✓
Cardiovascular diseases		✓	✓
Cancers		✓	✓
Industrial applications.....	✓	✓	✓

The Company believes that it is important to master these additional techniques and to have a solid commercial base in the current market to compete successfully in the targeted applications. It considers itself as one of only a few companies that possess the range of technologies and the global network necessary to benefit fully from the potential growth of these applications.

In the **clinical segment**, the Group's historical business is the diagnosis of **infectious diseases**, which accounted for about 70% of its revenue in 2009. Indeed, in 2009, infectious diseases accounted for nearly 100% of applications developed by the Group in microbiology and clinical molecular biology, and almost 60% of applications in immunoassays. Customers are offered a very wide range of manual and automated products with extensive reagent menus. These products allow the detection and analysis of bacterial infections (such as staphylococcus and tuberculosis), parasitic infections (such as toxoplasmosis), and viral infections (such as HIV and hepatitis).

For several years, the Group has been using its technological expertise to extend its range of products to the detection and therapeutic follow-up of certain **cancers** and certain **cardiovascular pathologies**; these applications altogether accounted for 6% of its revenue in 2009. Thus:

– in the diagnosis of cardiovascular pathologies (including thromboses), the Company markets tests with high medical value, such as the VIDAS® D-Dimer Exclusion test, to exclude deep vein thrombosis and pulmonary embolism in the presence of chest pain; or the VIDAS® NT-proBNP test, which distinguishes between heart failure and other pathological conditions with similar clinical symptoms (respiratory diseases or pulmonary embolisms, for example).

– in cancer detection, for which the new molecular biology technologies are best suited, the Company is developing tests that could, through study of human genetics, detect predisposition to selected cancers, allow their diagnosis, aid in the selection of treatment (molecular typing of tumors and patient to predict of their reaction to the various available treatments), follow up the progress of treatment, and monitor the disease when treatment is complete. In this field, in 2008, the Group acquired the American company AviaraDx (renamed bioTheranostics) (see §4.3.1 above), which specializes in molecular diagnosis of tumor tissue collected through biopsies.

The Group has also broadened the application of its expertise by taking up a pioneering position in **industrial applications**, a developing segment which accounted for 15% of its revenue in 2009. The most significant industrial applications are in food processing, pharmaceuticals and cosmetics.

4.3.3 Key strengths

The Group's principal strengths are:

– a high level of expertise in the diagnosis of infectious diseases, based on over 40 years of experience in biology, which is now being applied to various new areas, including industrial contamination, cardiac disorders and cancers;

– leader status in clinical microbiology and a unique concept of full microbiology laboratory automation (FMLA™);

– complete product ranges known for their reliability and durability, integrating all conventional technologies (microbiology and immunoassays) as well as a range of high medical value tests;

– advanced technologies in molecular biology allowing it to contemplate new developments, in particular in the personalized medicine segment;

– a pioneering role in industrial diagnostics and strong market positions allowing it to take advantage of the substantial growth potential in this area;

– good visibility in respect of revenue derived from its significant and solid pool of installed instruments, mainly consisting of closed systems;

– a worldwide geographic presence bringing the Group closer to customers around the world;

– in theranostics, complete independence from the global pharmaceutical groups and a dedicated team;

– significant R&D investments allowing it to launch increasingly innovative products; and

– professional and family-based management, whose scientific, industrial and commercial vision has translated into regular growth and consistent profitability, while successfully positioning the Company in the technologies of the future.

4.3.4 Strategy

In March 2010, further to the progress achieved since 2007, and taking into account the in vitro diagnostic market trends, the Company extended the horizon of its strategic plan until 2015. On this occasion, the Company announced changes in its strategy and stated its ambitions for 2015 in the clinical and industrial segments of diagnosis of infectious diseases, cancers and cardiovascular diseases.

Assisting infectious disease diagnostics

– In the bacterial and fungal infections segment, bioMérieux intends, through its unique expertise, to provide medical practitioners with faster responses to allow them to prescribe appropriate treatments within even shorter timeframes. It will therefore extend its product range and pursue its strategy of full microbiology laboratory automation (FMLA™). It also intends to develop innovative and prompt bacteria detection and identification methods.

– In the viral infections segment, bioMérieux's development will be based on targeted action. It will launch a new generation of its VIDAS® instrument. Following the acquisition of the Chinese company Meikang, it also wants to become a major player in rapid tests, in particular, to allow medical practitioners to facilitate patient treatment.

– In the industrial applications segment, in which it holds the leading position, bioMérieux wishes to further strengthen its worldwide leadership and enter into strategic partnerships.

Assisting cancer diagnostics

Through the combined skills of its R&D and bioTheranostics teams, bioMérieux will develop high medical value tests, based on biomarkers which will be identified both internally and externally.

Assisting cardiovascular disorder diagnostics

bioMérieux will build on its VIDAS® emergency panel, the high clinical value of which is acknowledged by the medical community. It is intended to supplement its VIDAS® menu through the addition of new innovative markers. Using "patient bedside" (POC - Point of Care) solutions developed jointly with Philips, it also intends to hold a determining position in hospital emergency departments and intensive care.

International growth

bioMérieux will further optimize its international sales network and further intensify its development in the United States, which is the main international market, and on the new high-growth markets: "Emerging 7[(16)]" in particular. One of its aims is that China becomes the Group's third subsidiary in 2015.

To achieve this, bioMérieux intends to capitalize on its expertise in a variety of additional synergistic technologies:

– in **microbiology**, bioMérieux wishes to propose resolutely innovative solutions. It will broaden its current range using traditional bacterial growth methods, by extending the menu of its VITEK® automated platform through development of a new blood culture platform and by launching new innovative culture media with an optimized cost price. It also intends to extend the FMLA™ concept, by developing new systems as well as IT solutions for microbiology laboratories. Finally, it wishes to explore new technologies assisting "rapid microbiology", in particular through the creation of the position of "Chief Technology Officer" (CTO);

– in **immunoassays**, bioMérieux intends to optimize its VIDAS® franchise, by extending its menu through the launch of a new generation of its automated platform and by reducing the cost price of the tests. It also intends to hold a strong position on the POC market, through a range of manual rapid testing products and an automated solution developed jointly with Philips;

– in **molecular biology**, the Company will try to extend its test offer in the field of nosocomial infections, sepsis and theranostics. It intends to optimize its current portfolio in the areas of molecular extraction and the monitoring of viral loads. Finally, it will examine multiplexing and sequencing solutions;

– in **theranostics**, the Company wishes to be a preferred partner and offer innovative solutions to patients and medical practitioners. It will target certain pathologies (infectious diseases, oncology and cardiovascular disorders), and clinically tested biomarkers. Its ambition is to enter into new partnerships with pharmaceutical laboratories. It intends to develop the business of its dedicated subsidiary, bioTheranostics, and launch new products; and

– in **industrial applications**, the Company aims to strengthen its position as global leader through internal innovation and external partnerships. New markets, such as the "Emerging 7", the Middle-East, Africa and Central Europe should provide traction for growth in sales. The range of products dedicated to pathogen identification will be extended. bioMérieux's ambition is also to position TEMPO® as the reference product for the measurement of "quality indicators"[(17)] and it intends to develop rapid methods for its pharmaceutical customers.

4.3.5 Business Development

To identify opportunities for partnership and distribution agreements, examine external growth opportunities and negotiate access to new biomarkers, the Company has decided to establish a worldwide Business Development division. This division, based in Cambridge (Massachusetts, USA), is supported by teams based in Marcy l'Etoile (France), Shanghai (China) and Tokyo (Japan). This organization has, in particular, allowed six acquisitions to be completed since September 2006.

4.3.6 Group products

The Groupoffers its customers a large number of products for detection, diagnosis, and treatment follow-up of the pathologies that have been targeted as primary areas of focus of its business.

The Company has implemented a global marketing strategy favoring the marketing of its various systems under identical trademarks worldwide. In parallel, it is adapting its product mix to regional and local needs, in particular through its wide range of products.

The Company's ten leading products accounted for slightly more than 20% of its revenue in 2009. The leading product accounted for nearly 4% of the Company's revenue.

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(16) Emerging 7: Brazil, China, India, Indonesia, Mexico, Russia and Turkey

(17) "quality indicator" is a term used in the food industry to define micro-organisms that are responsible for alterations in appearance or taste (e.g.: mold or bacterial contamination). Micro-organism count allows for determination of a product's hygiene level.

4.3.6.1 Composition of the Group's product range

The Group's product range consists of diagnostics systems presented in paragraph 4.1.

The major share of the Group's revenue comes from reagent sales, which accounted for approximately 85% of its revenue in 2009. Instruments are either sold (10% of revenue in 2009), or made available to the customer under an agreement to purchase a minimum volume of reagents and consumables, on terms designed to cover the amortization and the financing of the instrument. If the customer is unable to fulfill its obligations, the Company is contractually entitled to repossess the instrument. In some markets, in particular the United States, instruments can also be leased to customers. Software is generally supplied with the instruments.

The vast majority of instruments developed and installed by the Company are closed systems, meaning that they can only be used with reagents developed specifically for these instruments. The installed instrument base of approximately 55,000 as of December 31, 2009, thus allows for foreseeability and continuity of the Group's sales. Approximately 70% of reagent sales in 2009 were of those used in instruments, the remainder being manual product sales.

Customer placements or sales of instruments are accompanied by services which include in particular instrument installation and servicing, as well as user training. Part of the services provided by the Company is billed to customers. Billing of services accounted for approximately 5% of Company revenue in 2009, the intention being to develop and add value to this activity.

4.3.6.2 Main products

The main products marketed by the Group and their applications are described below by technological segment.

4.3.6.2.1 Microbiology

This technology involves culturing biological samples in a medium allowing any bacteria present to multiply and thereby identifying the bacteria and testing their sensitivity to antibiotics.

Culture media

The Group offers a wide range of culture media (over 100 types of media, available in various forms: Petri dishes, tubes and bottles). The Company, which possesses over 45 years' experience in the area of industrial manufacture of culture media, is the European leader in the production of ready-to-use culture media (PPM), both conventional and chromogenic. The Group recently launched a product line consisting of two culture media installed in separate compartments within the same Petri dish ("Biplates"), as well as ready-to-use media that can be stored at room temperature.

The acquisition of PML Microbiologicals in December 2008 allowed the Group to market culture media intended for clinical applications in Canada, and therefore to penetrate the North-American market, on which it had no presence thus far. Furthermore, this acquisition allowed the Company to strengthen its position on the North-American market for ready-to-use media intended for industrial applications, which is a market on which it already sold a specific product line.

In this segment, the Company is focusing its efforts on developing the ChromID™ line of chromogenic media, which are products requiring specialized know-how. With the direct introduction of chromogenic substrates, these media allow the isolation and immediate identification of targeted microorganisms. The Company focuses in particular on the development of a line of culture media aimed at screening patients carrying multidrug-resistant bacteria, so as to reduce nosocomial infections by the application of appropriate containment and hygiene measures. In connection with this, the Company successively marketed the ChromID™ MRSA medium for detecting methicillin-resistant *Staphylococcus aureus* bacteria (2005), the ChromID™ ESBL medium for detection of extended-spectrum beta-lactamase-producing enterobacteria (2007), and the ChromID™ VRE medium for detection of vancomycin-resistant enterococci (2007). The marketing of these three culture media is art of the Company's strategy against healthcare-associated infections. In November 2009, FDA approval was obtained for chromID™ MRSA, which allowed the Company to extend marketing of this product to the United States.

Automated solutions for *in vitro* diagnostics

Microbiology

Full Microbiology Lab Automation (FMLA™)

PREVI™ Isola

Petri dish

BacT/ALERT®

Blood culture bottles

VITEK® 2

VITEK® 2 cards

Immunoassays

VIDAS® and mini VIDAS®

VIDAS® strip and SPR

Molecular Biology

NucliSENS® easyMAG®

Extraction reagents

Disposables (aspirator and sample vessel)

Industrial Applications

TEMPO®

TEMPO® card

In the industrial applications segment, the Company also develops and markets various media for the culture and detection of micro-organisms in food products and environmental samples. bioMérieux also develops microbiological control tests or solutions for the pharmaceutical industry. In this segment in particular, the company launched **Media Fill Test** in 2009, a product designed to monitor aseptic production processes in the pharmaceutical industry. This monitoring is required under the charter of Good Manufacturing Practice (*Bonnes Pratiques de Fabrication*).

Manual bacterial identification and antibiotic susceptibility testing: API® and ATB™ product lines

The Company markets API® strips, which are recognized as the worldwide leading product for bacterial identification. The Company markets 16 API® strips covering almost all of the most common bacterial groups (around 800 bacteria and yeasts). The API® database is the reference database for the interpretation of identification strips. It is also available on the Internet (APIWEB™).

The company also markets 11 strips (enabling manual antibiotic susceptibility testing) under the ATB™ trademark.

Based on its API® and ATB™ product lines, the Company has developed the semi-automated mini API® product designed for use in small and mid-sized laboratories, as well as in emerging countries. The mini API® systems include identification and antibiogram strips and software for results analysis.

The API® range is also used by industrial customers in the food processing and biopharmaceutical segments, to identify any pathogenic agents present in products or in the production environment.

Manual measurement of an antibiotic's minimum inhibitory concentration (MIC): the Etest® product line

Etest® is a diffusion technique on Agar plate allowing the measurement of an antibiotic's minimum inhibitory concentration (MIC). Etest® is useful as guidance for antibiotic therapy by determining germ sensitivity to antibiotics and by detecting resistance mechanisms. This technique is perfectly suited for rare or difficult-growth bacteria and appropriately complements the VITEK® range by allowing for the quantitative measurement of the sensitivity of newly-released antibiotics prior to their integration into the VITEK® cards, or for the testing for a particular antibiotic for which more precise information is needed, etc.

Automated bacterial identification and antibiotic susceptibility testing: the VITEK® product line

In addition to the manual and semi-automated products described above, the Group has a leading market position in automated antibiotic susceptibility testing and identification products with its VITEK® product line.

Launched in 1997, the VITEK® 2 automate, the second generation of the VITEK® line, provides more rapid identification and antibiotic susceptibility test results, using a miniaturized consumable, the VITEK® card, which offers a broader analysis menu. After pioneering expert systems resistance interpretation, bioMérieux has incorporated into its VITEK® 2 system the Advanced Expert System (AES™), which is a reference in this segment.

The Company subsequently launched:

– the VITEK® 2 Compact™ platform in 2004. This instrument features a new colorimetric reading mode and new expert systems; due to its smaller size, it is aimed at small and mid-sized laboratories, running between 30 and 60 tests per day;

– the VITEK®2 Compact™ 15 platform in 2007, for laboratories running 15 to 30 tests per day;

– two operating software improvements in 2008, with a view to the integration of new antibiotics and faster and more frequent updates of regulatory interpretation tables, as well as the use of the new ANC card for the identification of anaerobic microorganisms and corynebacteria; and

– in 2009, VILINK™, a software solution allowing VITEK® 2 users to benefit from remote assistance for incident resolution and maintenance through a fast and secure connection, and VITEK® 2 PC 4.02, a software incorporating European standards of sensitivity of microorganisms to antibiotics (EUCAST).

The VITEK®2, AES™ and Etest® product lines meet the needs of medical practitioners by assisting them in antibiotic prescription. Meanwhile, the epidemiological monitoring software VigiGuard™ allows the study and monitoring of the evolution of resistance in every clinical department, and proposes antibiotic therapy protocols that are adapted to microbial flora.

The VITEK® range is also used by industrial customers in the food processing and pharmaceutical segments, when it is necessary to identify any pathogenic agents present in products or in the production environment.

Blood cultures: the BacT/ALERT® product line

The automated BacT/ALERT® 3D platform allows rapid and automatic detection of positive blood-cultures to diagnose sepsis or septic episodes. Furthermore, BacT/ALERT® 3D also allows the detection of positive cultures for mycobacteria, using specific media, for diagnosis of pulmonary tuberculosis amongst other diseases. The flexibility, ease of use and modularity of BacT/ALERT® 3D mean that laboratories of all sizes can use the same instrument to run their blood-culture and mycobacterial analyses. The use of shatter-proof plastic bottles, improves safety for technicians.

Furthermore, through the Observa® software, the VITEK® and BacT/ALERT® combination of systems optimizes the reading and interpretation of test results.

Full Microbiology Lab Automation™ (FMLA)

bioMérieux introduced the concept of full Microbiology Lab Automation in 2008 aiming to provide medical practitioners with even faster, more standardized results for optimal quality of service. In addition to its "traditional" offer in automated microbiology systems, the Company acquired 3 new platforms:

– PREVI™ Isola, an automatic Petri dish inoculator (in partnership with the Australian company Labtech);

– PREVI™ Color Gram, an automated GRAM staining system (distribution agreement with Wescor, an ELITech Group Company); and

– UF-1000i, an automated urinary screening system based on fluorescence flow cytometry (distribution agreement with the Japanese company, Sysmex).

Enumeration of micro-organisms (quality indicators): TEMPO®

In 2005, the Company introduced TEMPO®, the first automated microbiology system designed specifically for industrial applications. TEMPO® is a system that quantifies the bacterial flora present in food. This system is targeted at the control laboratories of large industrial groups and independent industrial laboratories. TEMPO® can be used to control a wide variety of food products.

In 2006, the Company extended its TEMPO® system menu, with the marketing of TEMPO® EB, the first automated test for counting enterobacteria in food products. In 2008 and 2009, the TEMPO® menu was again broadened with the launch of 3 new parameters: TEMPO® YM, TEMPO® STA and TEMPO® LAB, for the respective enumeration of yeasts and moulds, coagulase-positive staphylococci (*S. aureus*) and lactic bacteria in food products.

2008 saw the launch of the TANGO™ software, which allows information to be exchanged between the VIDAS®, TEMPO® platforms and the information system of industrial laboratories through a single connection.

Most TEMPO® tests have been validated by official bodies such as the AFNOR Certification, in accordance with ISO or AOC International standards.

4.3.6.2.2 Immunoassays

This technology, through an antigen-antibody reaction, detects and measures infectious agents, such as bacteria, viruses, and parasites, and pathology biomarkers.

The VIDAS® product line

VIDAS® is a multi-parameter instrument using ELFA (Enzyme Linked Fluorescent Assay) technology and that is based on a single test concept. The system can automatically perform every step of biological analyses to identify and/or quantify (i) antigens or toxins, which are evidence of viral or bacterial infection; (ii) antibodies measuring the immunological response to infection; and (iii) various proteins circulating in the bloodstream as markers for pathologies such as cancer, metabolic diseases and hormonal dysfunction. Analyses may be run as a series or a customizable test, and it is possible to reacha rate of up to 50 tests per hour. Mini VIDAS® is a compact version of VIDAS®.

Launched in 1992, the VIDAS® product line has been very successful. It is recognized for its quality and reliability. According to a survey [(18)]conducted by the American Association of Pathologists on automated immunology, the VIDAS® system is the most widely installed system in the world among laboratories, with over 26,000 systems installed as of December 31, 2009 (including the mini VIDAS®). It also is well suited to the requirements of emerging countries.

The VIDAS® menu includes 91 clinical parameters covering a wide range of human pathologies. For example, the HIV Duo Ultra and Quick tests, launched in 2004, are the only ready-to-use automated HIV infection detection tests: they detect both antigens and antibodies, reducing the diagnosis timeframe (period between infection and detection of the virus or antibodies). Similarly, the VIDAS® *C. difficile* Toxin A&B[(19)],which was launched in 2007 and gives results in only 75 minutes (compared with 24 to 48 hours for the reference method) enables faster therapy decisions and patient isolation measures in order to avoid any transmission.

The Company is planning gradual positioning of the VIDAS® range for high medical value tests. Following the marketing of the VIDAS® D-Dimer Exclusion™ tests for exclusion of diagnoses of deep vein thrombosis and pulmonary embolism and the VIDAS® Troponin I Ultra test for diagnosis of acute coronary syndrome, the Company launched the VIDAS® B·R·A·H·M·S PCT® and VIDAS® NT-proBNP tests in 2007.

– VIDAS® B·R·A·H·M·S PCT® is an automated test for determination of procalcitonin (PCT), a biological marker of bacterial infections. As the course of severe bacterial infections is determined by the rapidity of treatment, procalcitonin is a valuable aid in emergency departments for fast medical decisions, and also in intensive care units where sepsis is a major problem. It was approved by the American FDA in 2007.

– The VIDAS® NT-proBNP test is a quantitative marker of cardiac function. It provides objective diagnostic information establishing a distinction between heart failure and other pathological conditions with similar clinical symptoms (respiratory diseases or pulmonary embolism, for example). It was awarded American FDA approval in 2008.

In 2009, the Company launched VIDAS® EBV, designed to detect the Epstein-Barr (EBV) virus, responsible for 80% of cases of infectious mononucleosis. Designed by bioMérieux's Research and Development using proprietary technology, this test is especially useful for physicians because of the similarity of symptoms with other infectious diseases (strep throat, toxoplasmosis, rubella, etc.) or non-infectious diseases; furthermore, it prevents inappropriate antibiotic prescriptions.

In industrial applications the VIDAS® menu offers 15 tests for the detection of pathogenic agents. In 2008, the Company launched the VIDAS® UP reagent, for the detection of *Escherichia coli* (*E. coli*) O157:H7. This innovative solution, which was developed through cooperation with Profos AG, resorts to the phage recombinant protein, which is specifically suited to food pathogen control.

(18) College of American Pathologists: automated immunoassay analyzers (June 2009)

(19) Clostridium difficile is a bacterium responsible for fatal nosocomial epidemics in Canada, the United States and, more recently in Europe.

VIDIA®

VIDIA® is a fully-automated immunoassay system, capable of handling 80 to 110 tests per hour in the infectious diseases segment. The test menu is comprised of 10 parameters (toxoplasmosis, rubella, thyroid, TPSA, Ferritine and HIV).

Microplate immunoassay tests

Microplates are used primarily by blood banks to test donated blood and by major laboratories for specific analyses, such as HIV positivity confirmation tests. In this segment the Company markets two platforms (the DA VINCI® platform range and a more compact version, DA VINCI® QUATTRO™). However, the microplates are open reagents which can be used with other instruments. They are marketed worldwide, excluding the North-American market.

Rapid tests

The Company has developed the VIKIA® range of "rapid" manual tests, based on antigen-antibody reactions. The low cost and ease of use of this range make it particularly suitable for the specific needs of users without access to laboratory infrastructures (emerging countries, mass screening programs funded by governments or non-governmental organizations). This range also offers a solution for rapid diagnosis at patients' point of care (emergency services, medical practices, etc.).

To speed up its development in this segment, at the beginning of 2008 bioMérieux signed a partnership with the North American company Quidel, under which bioMérieux will be, under its own name, the exclusive distributor, of the Quidel's QuickVue® rapid diagnostic tests outside the United States, Japan and Scandinavia. In particular, the Company distributes the QuickVue® Influenza A+B rapid test, which has demonstrated its ability to detect the new 2009 A (H1N1) virus by means of viral cultures. In the United States, the FDA approved the displaying of this information in the test's user manual.

4.3.6.2.3 Molecular biology

This technology is based on the detection of genetic sequences of DNA or RNA that are characteristic of a bacterium, a virus, a protein or a cell. It comprises three steps: extraction of the genetic sequences, amplification (or multiplication) of the number of sequences, and lastly their detection. The Company's developments in molecular biology are based both on proprietary technologies and on partnerships (research, distribution, etc.).

The extraction range

For extraction of DNA and RNA, the Company's products use the BOOM® proprietary technology established as the preferred method for all molecular biology tests. The extraction range includes the semi-manual NucliSens miniMAG® solution and the NucliSens easyMAG® automated system. In 2006, Frost & Sullivan gave its "Technology Innovation of the Year" award to the NucliSens® easyMAG® system.

In 2009, the A (H1N1) influenza epidemic had a positive impact on sales of NucliSENS® easyMAG® systems, as this platform proved to be particularly suited to the needs of reference laboratories.

The amplification and detection ranges

NASBA® is an amplification technology for which the Company owns the patents. As opposed to the PCR amplification technology, the NASBA® technology targets RNA (and incidentally DNA) and makes it possible to perform the amplification process at the same temperature, using less complex equipment. The Company has now combined amplification and detection into a single reaction, using "NASBA® real time" technology.

Real-time amplification and detection of molecular targets are performed on the NucliSens® EasyQ® platform. This system analyzes up to 48 samples simultaneously, with a handling time of less than 90 minutes. The platform is particularly well suited to analyses that require high test volumes, such as when analyzing HIV viral loads. In 2009, the Company launched *inter alia* a new version of NucliSENS EasyQ® HIV-1 v2.0, which can be used with the Dry Blood Spot, the first filter paper collection technique awarded the CE label and enabling screening in remote areas.

The system can also be used for small series of tests and for customized parameters, using the "NucliSens® Basic Kit" concept. This platform has enabled the development and marketing of specific tests for the detection of respiratory viruses and bacteria.

In 2009, the Company launched NucliSENS EasyQ® MRSA, new molecular diagnostic test using its EasyQ® platform for rapid screening of MRSA carriers. This test which completes the offer in the fight against healthcare-associated infections, is CE marked. A 510(k) application for registration will be filed with the U.S. FDA in 2010.

In late 2009, the new H1N1 virus strain was integrated in the NucliSENS EasyQ® Influenza A/B test. This test detects the presence of the new H1N1 variant in under 3 hours and will be used only in clinical research until it is awarded the CE label in 2010.

Acquisitions and partnerships in molecular biology

The Company strengthened its position in the oncology and theranostics segments with the acquisition, in September 2008, of AviaraDx, now called bioThéranostics (See. § 4.3.1).

In May 2007 bioMérieux and AdvanDx signed an exclusive agreement authorizing bioMérieux to distribute the AdvanDx PNA FISH™ (Peptide Nucleic Acid Fluorescence In Situ Hybridization) diagnostic tests in the United States. These tests, performed on positive blood cultures of bacteria and yeasts, enable faster identification (less than three hours) of infectious agents (*Staphylococcus aureus, Candida albicans, Enterococcus faecalis*, and other species), responsible for septicemia.

In September 2006, bioMérieux acquired the molecular biotechnology company Bacterial Barcodes Inc. (See § 4.3.1).

The Company is also the exclusive distributor of Gen-Probe's molecular biology manual reagents outside the United States, including its tests for the detections of mycobacteria (including the tuberculosis infectious agent).

4.3.6.3 Other Group products

The Group is also continuing its mature clinical chemistry business, a "commodity" segment which the Company does not consider to be a key to its success, but which no longer requires significant capital expenditures and remains profitable.

4.3.7 Group customers

In the clinical segment, the organization of the in vitro diagnostics sector varies largely from one country to another, depending on the structure of the healthcare system itself. Essentially, it can be part of either the public or the private sector, or split between the two. The Group mainly sells its products to hospital and industrial laboratories. The Company's estimate is that these two types of customers represent approximately two-thirds of the in vitro diagnostic market, with hospital laboratories alone accounting for approximately half the market. To a lesser extent, the Group's customers include distributors, blood banks, the Point-of-Care market (in particular, hospital emergency rooms) and physicians (known as the "Physician Office Laboratories" or "POL[(20)]"). The Group does not sell products for the patients themselves, as the customer base would require too large a sales network.

In France, which accounted for 15% of the Group's sales in 2009, there is a mixed private/public organization. Private laboratories, which accounted for 55% of sales in 2009, usually place orders, whereas public hospitals, which accounted for 26% of the Company's sales, operate through tendering procedures. Industrial customers (15% of sales in 2009) also place direct orders.

(20) The importance of POL varies across countries : whilst highly developed in North America, they still represent a small share of the European market (excluding Germany) and the Asia-Pacific region (excluding Japan).

In the United States, which is the Group's largest market, public and private hospitals accounted for 60% of sales in 2009 and commercial laboratories accounted for 14%. In addition, 6% of sales were to other clinical-sector customers, including Physician Office Laboratories (POL). Industrial customers altogether accounted for 20% of sales.

For several years, the market's trend has been consolidation among analysis laboratories, whether in hospitals or the private sector, in order to achieve economies of scale, particularly by pooling a broader customer base. This trend is also a consequence of increased capital investment requirements, technical constraints and a shortage of qualified personnel.

The consolidation trend has moved at different speeds from one country to another. Consolidation of analysis laboratories is already highly advanced in North America and, to a lesser extent, in Europe. In France, the Ballereau report, published on January 15, 2010, made it mandatory for medical laboratories to hold accreditation, and encourages their consolidation and the establishment of technical platforms.

This consolidation, which strengthens customers' bargaining power, speeds up the development of laboratory automation and increases the laboratories' needs for higher-rate systems and their capacity to invest in new platforms. Whereas in microbiology, the Company's offer includes all-capacity systems, VIDAS®, being a low-rate platform, is not suited for routine testing in large laboratories.

At the same time, the needs for decentralized tests are showing very substantial growth. These tests, the results of which must be delivered rapidly, are performed at the patient point of care, in emergency situations or in intensive care units, for example.

In the industrial segment, Group customers are the control laboratories of large industrial food processing, pharmaceutical and cosmetics groups, or independent laboratories to which such industrial quality control is outsourced. In addition, with the development of the fight against nosocomial diseases, the Group is beginning to target hospitals as industrial customers for the installation of disinfection and monitoring systems. Similarly, blood banks have become industrial customers with the development of bacteriological sterility monitoring of platelets.

Revenue from the ten largest customers accounted for less than 10% of Company revenue in 2009. The largest customer accounted for slightly more than 2% of revenue.

4.3.8 Distribution network

The Company markets its products in over 170 countries through a network of international subsidiaries and distributors. The Company has established a Global commercial operations, to optimize the effectiveness of its sales network and encourage synergies between its sales and marketing.

4.3.8.1 An extensive internal distribution network

The distribution of products primarily relies on a network of 39 sales subsidiaries, which are dedicated to the sale, promotion and maintenance of Group's products.

The Group subsidiaries have specialized sales and marketing forces for clinical customers and industrial microbiological monitoring customers. In the most developed and mature markets, such as the United States, most of the European markets and Japan, sales forces in the clinical segment are specialized by product line. Likewise, the industrial applications sales forces are becoming increasingly specialized in the pharmaceuticals and food processing sectors. Conversely, in smaller markets, sales forces are not specialized. As of end December 2009, the sales and marketing and customer service personnel of the Group (in full-time equivalents) totaled 1,836 persons, including 980 in Europe, 433 in North America, 257 in the Asia-Pacific region and 166 in Latin America.

Each subsidiary defines its objectives in terms of market share and profitability over the short and medium terms and in relation to strategic objectives determined at the Group level. Some marketing subsidiaries may rely on local sub-distributors where justified by market conditions.

Network expansion of sales subsidiaries will continue, as shown by the creation of subsidiaries in Singapore and Dubai in 2008.

4.3.8.2 Outside distributors

In addition to the subsidiaries' sales forces, the Company possesses a strong presence on all continents through outside independent distributors. The determination of the Company to achieve strong product recognition, along with legal requirements regarding traceability and customer support services (technical personnel, training, availability of spare parts) direct the choice of local partners. These distributors are most often leading players in the healthcare sector of their countries and are usually exclusive in the diagnostics segment. They are also selected by the Company on the basis of their knowledge of local healthcare market players and their material and human resources. The Company also ensures that its distributors have an adequate financial base to finance the instruments placed with end-customers. As of December 31, 2009, the outside distribution network included over 100 partners.

4.3.9 Competition

4.3.9.1 Clinical sector

In the infectious diseases segment, which accounts for approximately 25% of the in vitro diagnostics market and 70% of the clinical Group sales, the Company is one of the few firms to have all the technologies used (microbiology, molecular biology and immunoassays). As a result, it faces different competitors depending on the technology used. The Company believes that its expertise in all complementary technologies gives it a significant competitive advantage.

a) In microbiology, as estimated by an independent consultant, the Company's market share is between 39 and 41%, allowing it to hold the leading position. This market represents an estimated 1.5 billion euros, experiencing annual growth of 3 to 5%. Other significant players in this market include Becton Dickinson, Siemens and Thermo Fisher.

b) In immunoassays, a segment where the 10 leading firms are present, with the exception of Becton Dickinson, the major pharmaceutical and diversified companies (Roche, Abbott, Johnson & Johnson, Siemens) are dominant. Among specialized players, the main competitors include Inverness, Beckman Coulter, Bio Rad and DiaSorin. The Company holds the eighth position in this market where it is a high value-added niche player, with a strong position on small and mid-sized laboratories in Europe and on certain tests with high medical value, and in emerging countries.

c) In molecular biology, the market leader is Roche. The other significant players in the market are Qiagen, Gen-Probe, Abbott, Becton Dickinson, Chiron, Siemens and Cepheid.

4.3.9.2 Industrial market

In the industrial market, the Company occupies a leading position alongside 3M-Biotrace and Merck-Millipore. Its market share was approximately 15% in 2009. This growing new market is currently highly fragmented, despite a few strategic or technological alliances (e.g. Merck and Millipore), with many companies specializing in specific segments. Other than 3M-Biotrace and Merck-Millipore, bioMérieux's primary competitors are Thermo-Fisher, Becton-Dickinson, Neogen, AES-Chemunex, BioTest, BioControl, Celsis and Dupont (Qualicon).

4.4 RESEARCH AND DEVELOPMENT

4.4.1 Strategy and capital expenditure policy

The Company's research and development efforts, which accounted for 11.7% of its revenue in 2009, rely on technologies that are developed internally or in partnership with other companies or academic research institutes, as well as on licenses acquired by the Company. Capital expenditure mainly concerns:

– the development of new reagents, including the extension of the VITEK®, VIDAS® and NucliSENS® menus, and including innovative high medical value tests, and expanding the portfolio of tests for food pathogens (culture media, VIDAS® and TEMPO® tests);

– the development of new systems, such as the new generation of the automated VIDAS® platform, a new automated platform in blood culture, the joint development with Philips of an automated solution for hospital emergency solutions (POC), the development of new instruments and software for full microbiology laboratory automation (FMLA™);

– the payment of up-front fees for accessing new biomarkers or new technologies; and

– the implementation of research programs in advanced technologies intended for incorporation into future products (approximately 20% of expenditure in 2009). The Company is currently focusing on molecular biology research, including for applications in the cancer and infectious diseases (sepsis) segments. The Company is also working on the validation of new detection principles to allow miniaturization. Finally, its intention is to explore innovative microbiology techniques allowing results to be obtained faster than with traditional bacterial-growth techniques.

The Company's allocation of capital expenditure in research and development focuses on infectious diseases, certain cancers and cardiovascular pathologies.

Furthermore, bioMérieux is involved in the ADNA (Advanced Diagnostics for New Therapeutic Approaches) program, coordinated by Institut Mérieux. This program is based on the identification and development of biomarkers and will participate in the development of more personalized medicine in the infectious diseases, cancers and rare genetic disorders segments by making innovative products and services available to healthcare players. The program involves four partners:

– in the diagnostic segment: bioMérieux and GenoSafe; and

– in the therapeutic segment: Généthon and Transgene.

The program also benefits from the expertise of the Atomic Energy Commission, the National Center for Scientific Research (CNRS), the CHU in Lyon, Hospices Civils de Lyon, STMicroelectronics and the Claude Bernard University in Lyon.

This program is supported by OSEO (See 5.3.28 below).

4.4.2 Research and development projects

Throughout the Company's history, it has demonstrated its ability to develop new products, identify business value in upstream research concepts obtained from its acquisitions and partnerships, and turn them into commercial successes. For instance, the BOOM® extraction technology, which came with the acquisition of the diagnostic division of Organon Teknika in 2001, has become a reference technology in the field of nucleic acid extraction technologies and is widely licensed to major players in the in vitro diagnostics market; the Company's NucliSENS® EasyMAG® instruments and reagents based on this technology have met with considerable commercial success.

The main strategic lines of research and development in the clinical, industrial and theranostics segments are described below.

4.4.2.1 Clinical segment

In microbiology:

– development of new chromogenic culture media for the direct identification of bacteria (ChromID™). This line of development is strengthened by the acquisition of AB BIODISK, which became AB bioMérieux (Sweden – June 2008), specializing in antibiograms, and PML Microbiologicals (USA – December 2008) which develops and produces culture media for clinical and industrial applications;

– development of a new blood culture automated platform;

– identification of new technologies to obtain faster blood culture results;

– development of new, additional VITEK® 2 menus;

– development of instrumental and software solutions for full automation of microbiology laboratories (FMLA™ see § 4.3.6.2.1 above);

– permanent updating of expert software; and

– rapid detection and identification methods based on new imaging and mass spectrometry techniques, in cooperation with the CEA.

In immunoassays:

– development of new generations of VIDAS® tests;

– broadening of the rapid tests range through various partnership agreements, building on bioMérieux's unique raw materials;

– development of a new generation of the VIDAS® automated platform; and

– joint development with Philips of a Point of Care diagnostic system for hospital emergency services, cardiac units and intensive care units. This system will use the patented Philips Magnotech biosensors, capable of analytical performances equal to those of laboratory platforms in terms of specificity and sensitivity. This new system will in particular be dedicated to cardiovascular disease markers.

In molecular biology:

– development of tests dedicated to care-related infections and sepsis;

– development of tests companions in the field of theranostics and new biomarkers for the detection of certain cancers;

– optimization of existing product ranges (especially in extraction and viral load); and

– development of new integrated molecular biology platforms (in particular, as part of ADNA program).

4.4.2.2 Industrial applications

– Extending the identification menu of pathogens in food products.

– Development of the TEMPO® system.

– Exploring new faster techniques for bio-pharmaceutical customers.

4.4.2.3 Theranostics

– Continuing developments, in particular, under three cooperation agreements concluded with pharmaceutical groups since 2007:

  - with Ipsen, with a view to designing a molecular diagnostic test allowing for the identification of patients likely to benefit from breast cancer treatment at the research and development stage;

  - with Merck & Co. Inc. for the development of an immunoassay test intended for use by Merck within the framework of its research on infectious diseases; and

  - and with GlaxoSmithKline (Great Britain), for the development of predictive tests to assist physicians in determining which treatment is best suited to different populations of patients with breast cancer.

– Continuing development of new tests on tissues in the cancer segment, following the acquisition of AviaraDx.

4.4.3 Research and development department structure

Around nine hundred people are dedicated to research and development and are located in twelve centers: United States (Durham, Saint Louis, San Diego), France (four centers located in the Lyon region and in Grenoble), Italy (Florence), Sweden (Stockholm)[21], Brazil (Rio de Janeiro), China (Shanghai) and Australia (Sydney).

The research center comprises biomarkers on the one hand and exploration of innovative technologies on the other hand.

The development center comprises several units: microbiology, immunoassays, molecular biology, industrial applications et theranostics, each of which are allocated the necessary skills and know-how required for developing reagents, consumables, instruments and related software.

A “Project Approval Committee” approves and monitors the various phases of strategic research and development of major projects. This committee meets periodically to assess
realizations, lead-times, human resources, costs and risks both at the start and throughout each research program.

The Group's policy is to group, as far as possible, research and development by product line depending on the site where it is (or will be) manufactured. The following table shows the research and development specializations for each product and geographical area:

Site	Reagents	Systems	Informatics
Durham, North Carolina (USA)	Microbiology (blood culture) BacT/ALERT®		
St Louis, Missouri (USA)	Automated Microbiology (VITEK®)	Microbiology (VITEK® - BacT/ALERT®)	Bio-informatics
Marcy, Craponne, La Balme (France)	Immunoassays (VIDAS®) Microbiology (culture media, TEMPO®) Rapid tests (VIKIA™) Immunoassays (microplates)	New technologies	Bio-informatics
Grenoble (France)	Molecular biology (NucliSENS®, BOOM®)	NucliSENS EasyQ®, NucliSENS easyMAG® Microsystems	Bio-informatics
Florence (Italy)		Immunoassays (VIDAS®) Microbiology (TEMPO®)	
Rio de Janeiro (Brazil)	Rapid immunoassay tests Immunology tests for tropical diseases		
Shanghai (China)	Tests for early detection of cancers (Molecular biology)		
Sydney (Australia) BTF company	BioBall™ (EasyStain™, ColorSeed™, EasySeed™ (microbiological controls)		
San Diego (USA) bioTheranostics, Inc.	Molecular biology for theranostic applications (cancer)		
Stockholm (Sweden)[22] AB bioMérieux (formerly AB BIODISK)	Microbiology (rare and difficult-growth bacteria antibiograms)		

(21) In 2009, bioMérieux announced the shutdown of the Stockholm site and its transfer to the La Balme site (France)

(22) In 2009, bioMérieux announced the shutdown of the Stockholm site and its transfer to the La Balme site (France)

4.4.4 Key partnership agreements

Part of the Company's research and business, in particular for the development of new technologies, is based on partnerships with a broad range of entities including the main public research institutes (CNRS, INSERM, CEA), universities, hospital centers, laboratories, and biotechnology companies.

The partnership agreements signed by the Company provide for sharing of intellectual property, as well as the payment of royalties on the sale of products subject to the partnership.

The most significant agreements entered into by the Company in recent years are summarized below.

- **In the microbiology segment**

– the Company is collaborating with several UK universities for the development of enzymatic substrates and related markers for chromogenic media;

  In April 2008, the University of Sunderland and bioMérieux announced their cooperation to improve the identification of *Pseudomonas aeruginosa*, a bacterium that causes numerous nosocomial infections and deaths in patients suffering from cystic fibrosis;

– in 2008, bioMérieux initiated a partnership with Hitachi High-Technologies Corporation (Japan) to develop new microbiology and molecular biology systems of which it is expecting applications for full microbiological laboratory automation (FMLA™); and

– in addition, in 2008, the Company signed a cooperation agreement with FIND (Foundation for Innovative New Diagnostics, Switzerland), a charitable foundation, for the development of infectious disease diagnostic tests, and in particular for tuberculosis.

- **In the immunoassay segment**

– bioMérieux has signed a license and development agreement with the German biotechnology company, ProteoSys in respect of Annexin 3. This agreement covers the development of a urine test, for confirming the diagnosis of prostate cancer. After an initial research phase, this new test should be developed on the VIDAS® immunoassay platform; and

– the Company signed an agreement in early 2010 with Royal Philips Electronics for the joint development of fully automated portable “Point of care” diagnostic solutions, to be marketed by bioMérieux in hospitals.

- **In the molecular biology segment**

– the Company has signed an agreement with Affymetrix (United States), for the use of DNA chips for the detection of nucleic acids in the infectious diseases segments, several types of cancer, and in the industrial monitoring segment; and

– the Company continues its cooperation with ExonHit (France) to discover prostate cancer markers. However, those two companies have decided to stop work in the areas of breast cancer and colon cancer.

- **In the industrial segment**

– in 2009, the Company continued to work with Hyglos AG (formerly Profos AG) to develop solutions for detecting foodborne pathogens, based on Hyglos’ “phage ligand” technology.

- **In the theranostics segment**

– the Company has signed three partnership agreements, respectively with Ipsen (France), Merck & Co. Inc. (United States) and GlaxoSmithKline (Great Britain) referred to in paragraph 4.3.4.

The Company has also established three joint research laboratories with French or foreign academic partners:

– Two laboratories with the "*Commissariat à l'Energie Atomique"* (CEA Saclay and Leti Grenoble): a long-term strategic partnership was announced in December 2009 for the development of new technologies to improve the treatment of infectious diseases.

  Through this partnership, bioMérieux benefits from the CEA's unique expertise in terms of new imaging technologies, processing and data analysis, nanotechnologies and ultra-sensitive molecule detection methods. Research projects will focus on rapid bacterial detection and identification methods based on new imaging or mass-spectrometry techniques.

– A laboratory with "*Hospices Civils de Lyon*" in the fields of oncology, infectious diseases and certain autoimmune diseases.

Finally, in the fall of 2008, the European Commission approved the terms and conditions of the ADNA program, described in § 4.4.1.

4.5 MANUFACTURING, LOGISTICS, REAL ESTATE AND CAPITAL EXPENDITURE

4.5.1 Real estate

Historically based in the Lyon region of France, the Company has expanded its geographical presence over the years by acquiring foreign companies, including in the United States, by forming partnerships and by later forming subsidiaries of its own.

The Company has freehold ownership of its main production, logistics and research & development sites (including in particular Marcy l'Etoile, Craponne, La Balme, Grenoble, Saint Louis, Durham, Madrid, Florence).

4.5.2 Main establishments' activities

4.5.2.1 Production

Manufacturing processes play a critical role in the in vitro diagnostics industry due to constraints related to the nature of the products. As of end 2009, the Group operates 20 manufacturing centers organized by product line. Three of these sites will be closed in 2010 with a view to streamlining the production tool (Toronto, Boxtel and Solna).

Manufacturing activities are organized by the Group based on the principle of one range of product for each facility, partly due to the technical nature of products, which require a high degree of know-how, specialized teams and nearby research and development teams, and partly due to productivity gains that may be generated through economies of scale. The only exception to this principle concerns Petri dishes which, due to their limited shelf life as well as to barriers in some countries to imports of animal-based products, must be manufactured close to the customer at the Brisbane (Australia), Rio de Janeiro (Brazil), Lombard (Illinois, USA), Portland (Oregon, USA), Basingstoke (United Kingdom) and Madrid (Spain) facilities, as well as at the main manufacturing plant at Craponne (France).

The Company's manufacturing policy primarily focuses on the following:

– continued improvements in the efficiency of production facilities, as illustrated by:

  - the decision to stop, in 2010, microplate immunoassays production at Boxtel (Netherlands). This activity will be carried out by the subsidiary in China, jointly owned with Shanghai Kehua Bio-Engineering;
  - the shutdown of the Solna site (Sweden) in June 2010, entailing the transfer of Etest® production to the La Balme site; and

  - the shutdown of the Toronto, Canada culture media production site and the transfer of production to the Portland and Lombard sites in the United States;

– the implementation of a plan to improve industrial practices intended to achieve productivity gains and reduce cycle times by optimizing capacity and industrial asset utilization;
– adaptation of production resources to rapidly respond to evolving technologies and customer needs, and accommodating the manufacture of new products; and

– rigorous quality control at the production stage: in this regard, manufacturing and research and development sites are certified ISO 13485 and ISO 9001 compliant (see section 4.6.1 below).

The main manufacturing and logistics sites are as follows:

France

- **Marcy l'Etoile**
  Located near Lyon, the site at Marcy l'Etoile has accomodated the Company's headquarters since the beginning. The property, which is wholly owned freehold, covers a total area of 115,000 square meters (including 42,000 square meters of built usable floor space) and in particular accommodates reagent-manufacturing units (VIDAS® reagents immunoassays, clinical biochemistry). Approximately 1,150 employees are working in general management, global and support functions, training and manufacturing.

- **Craponne**
  Located near Lyon, the Craponne site covers an area of 73,000 square meters, owned by the Company (including 24,000 square meters of built usable floor space). It currently accommodatesmanufacturing units for culture media (Petri dishes, tubes and bottles, dehydrated media), sales administration, global functions and a research and development unit. Nearly 825 persons work at the site.

- **La Balme - Les Grottes**
  Located between Grenoble and Lyon, the La Balme-les-Grottes site historically belonged to API SA, acquired in 1987. It covers an area of 103,000 square meters, of which the Company owns 18,000 square meters of built usable floor space, freehold. The site employs approximately 325 people in research and development in microbiology, instruments and software and the manufacturing of API®, ATB™, and TEMPO® reagent lines. Works are currently in progress on the site to enable the housing of production of Etest®, transferred following the shutdown of the Solna site (Sweden).

- **Saint-Vulbas**
  The Saint-Vulbas site, known as the "IDC site" (International Distribution Center), employs approximately 55 people. This site functions as the international bioMérieux products distribution center. The IDC site is located on a plot of land with an area of 71,000 square meters, where it occupies 9,500 square meters of floor space in a high-rise building. These premises are leased under a finance lease agreement.

- **Grenoble**
  The Group's research and manufacturing operations in the molecular biology segment (excluding instrument production) are located at this Company-owned site. The buildings, erected on land having an area of more than 30,000 square meters, in the midst of the Grenoble scientific district, opposite the headquarters of the Atomic Energy Commission ("*CEA*"), consist of 9,300 m^2 of usable floor area. A first phase was completed in August 2005, and extension works have been completed in 2009 to carry on the production activities (molecular biology) previously carried on at the Boxtel site. The site has thus started the production of NucliSENS® tests. The site currently employs 185 persons.

Europe

- **Boxtel (Netherlands)**
  Only a team of 44 persons has been kept on this site. This team shall continue to operate in 2010 until the microplate immunoassay reagents are patented in certain countries. The site, which will be permanently closed in 2010, is due to be sold.

- **Basingstoke (England)**
  This leasehold manufacturing facility for microbiology (culture media) and logistics is located on 5,000 square meters of land, where the built premises comprise 4,500 square meters of usable floor space.

- **Florence (Italy)**
  Since September 1, 2009, all of bioMérieux's activities in Italy have been consolidated on the Florence site. bioMérieux Italy employs 215 people, whose duties are, first, the marketing of bioMérieux's products on Italian territory and secondly, the development and manufacture of immunoassay instruments (VIDAS® product range), molecular biology (NucliSENS® EasyMAG® product range) and industry instruments (TEMPO® product range) for all bioMérieux subsidiaries. This activity carried out on the Florence site makes it the second largest instrumentation center of the Group.

  The consolidation of commercial activities on the Florence site required an expansion of the site which now covers 9,500 square meters including 8000 square meters of buildings on several levels. This expansion allowed the installation of special purpose structures housing a call center and a training center equipped with a laboratory.

- **Madrid (Spain)**
  This is a facility owned freehold by the Company that employs some 60 persons in the production of microbiology products (culture media).

- **Stockholm (Sweden)**
  This AB bioMérieux site, which was acquired in June 2008, accommodates research and development, production and marketing infrastructure, as well as the Etest® line manufacturing and marketing facilities. This site employs approximately 40 persons. This site, having an area of 2,000 m² approximately, is leased. It will be shut down by end June 2010, with a transfer of reagent production to the La Balme site in France, where API® strips and other items are manufactured.

North America

- **Durham**
  The Durham facility is located in North Carolina, on 417,000 square meters of land owned freehold by the Company, on which 23,000 square meters of built usable floor area exist. The Group also leases premises nearby with close to 10,000 square meters of floor space. The site currently is home to bioMérieux Inc.'s headquarters and employs some 590 persons in research, the manufacture of microbiology reagents (BacT/ALERT®) and customer services.

- **Saint Louis**
  The Saint Louis site covers a surface area of 70,000 square meters, which is owned freehold and includes 35,000 square meters of built usable floor area. Furthermore, premises with an area of 12,000 square meters used for offices, warehousing, manufacturing and research and development are leased nearby. Today operations at this site are centered on research and development and the manufacture of VITEK® product range and BacT/ALERT® microbiology instruments and VITEK® reagents (cards). Nearly 590 persons currently work there.

- **Other sites**

  - The Lombard site, in Chicago, Illinois, accommodates manufacturing and sales of culture media for U.S. industrial customers. The 4,300 square meter facility is leased and employs nearly 70 people. The production of culture media which was carried out on the Canadian site of Toronto has been transferred to Lombard at the end of the first quarter of 2010.

- The Portland (Oregon, USA) site of PML Microbiologicals, which was acquired in December 2008, employs approximately 60 persons and concentrates production and sales of culture media for sterility and environmental controls as well as control strains sold by this company. The Portland site, having an area of approximately 4,000 m², is leased.

- The company PML also had freehold ownership of a site in Toronto (Canada) with an area of approximately 1,700 m^2. The production of culture media for the clinical market, which was carried out on this site, has been transferred to Portland and Lombard at the end of the first quarter of 2010.

- The San Diego site of bioTheranostics Inc., which was acquired in September 2008, employs approximately 20 persons. Aso, over and above the main research and development activities, comprises a CLIA (Clinical Laboratory Improvement Amendments) certified laboratory to carry out complex diagnostic tests. This site, having an area slightly exceeding 700 m², is leased.

Other countries

- **Brazil**
  The Company has owned this site freehold since 1974. It covers an area of 42,000 square meters (including 5,400 square meters of built usable floor area) and employs approximately 140 people who are dedicated to manufacturing, of reagents for immunology and ready-to-use culture media for microbiology, sales, distribution, as well as research and development.

- **Australia**

  - The Brisbane facility is located on a leased property covering 2,300 square meters. It employs 50 persons for the manufacture and sale of culture media.

  - The BTF site in Sydney, which is a leased facility employing some 30 persons, is used for research and development and for the manufacture and distribution of microbiology testing reagents (BioBall™, EasyStain ™, ColorSeed ™, EasySeed ™).

- **China**
  Shanghai bioMérieux Kehua Bio-engineering Co. Ltd., the joint venture entity which was set up in early 2008, obtained from Kehua Bio-engineering Co. Ltd. the right to operate a production plant having an area of nearly 1,800 m², located in Shanghai, for the entire term of the joint venture. Fit-out and compliance works have been carried out in 2009 and the building is currently operational for the production of microplates.

4.5.2.2 Logistics

Given the dispersion and specialization of manufacturing facilities, as well as the large number of products and their specific nature (reagents, instruments and parts), logistics/supply chain play an essential part within the Group.

Some 240 persons are employed in logistics/supply chain, with the following duties:

– forecast management and demand planning;

– appro supply and storage of materials and components necessary for production; and

– storage, transport and distribution of finished products;

so as to optimize the conditions of supply to customers and inventory management.

Product distribution is handled by:

– two administrative centers, which process re-supplying orders received from subsidiaries and distributors (one in Europe and one in the United States);

– four main global platforms (two in Europe and two in the United States) where finished products are stored and from which they are shipped to subsidiaries and distributors; and

– local centers located in subsidiaries, which handle customer orders and shipments.

Among global platforms, the IDC logistics center at Saint-Vulbas in France is the largest, and supplies reagents made in Europe to all subsidiaries and distributors.

The logistics division operates the cold chain at the various stages of the distribution process and ensures products traceability (in particular through the use of barcodes on reagent packaging).

In most countries, reagents are delivered to customers on the day after their order is placed. Each subsidiary is responsible for managing its inventory levels of reagents and instruments, under policy guidelines set by the Group which optimizes the coordination of flows and the balance between customer service and inventory levels.

4.5.2.3 Purchasing policy

In order to improve the procurement of raw materials and various components so as to meet the many specific requirements of each product line and reagent range, Group has set up an overall system that encourages:

– early involvement of purchases in new projects;

– a globalization of shares and volumes; and

– better reactiveness.

Also, bioMérieux maintains a diversity of suppliers fostering both security and competitiveness, developing an internal production of certain raw materials and partnerships with certain suppliers that entail positive impacts both in technical and economic terms.

In 2009, the Company's top ten suppliers accounted for approximately 16% of Group purchases, and the largest of them accounted for approximately 5% of purchases.

Faced with the complexity of products which is not always consistent with flexibility of procurement, the Company endeavors to secure the majority of its supplies.

Such security can take the form of supply agreements, diversification of sourcing, backup stocks and the development of internal production, or the assumption by the Company of liability for compliance with regulations of certain specific components manufactured by a supplier.

bioMérieux is largely a manufacturing company and, as such, it is affected by fluctuations in the price of raw materials it uses (See § 4.11.1.8 below).

bioMérieux will involve its suppliers in a sustainable growth strategy. It has adopted a responsible purchasing policy by offering its suppliers to adhere to a “Charte Ethique et Développement Durable” (Charter of Ethics and Sustainable Development)

4.5.3 Capital expenditure policy

In 2009, Company’s capital expenditure reached up to 10% of its revenue. The completed investments represent 120 million euros, including 82 million for industrial investments, as compared to 92 and 55 million euros respectively in 2008.

According to the investment plan announced in 2008, the Group’s industrial investments in 2010 should exceed their usual level by approximately 30 million euros (approximately 8.5% of revenue).

Industrial investments are normally funded out of cash flow from operations.

4.5.3.1 Main capital projects completed

In 2009, significant industrial expenditure was incurred in particular for extending manufacturing facility capacities, the "Global ERP" project, for the construction and fit-out of buildings on the Grenoble, Marcy l'Etoile, Saint Louis and Shanghai sites.

The main capital projects completed in 2008 and 2007 are stated in § 4.5.3.2 of the reference document filed on June 10, 2009, and in § 4.5.3.2 of the reference document filed on June 2, 2008, with the AMF.

4.5.3.2 Main current capital projects

– Implementation of ERP SAP. This project, which began in 2008, is conducted by Company teams with the assistance of external service providers. All these costs will amount to approximately 75 million euros, of which 48 million euros will be for capital assets.

– Petri dish manufacturing unit for industrial applications at Craponne (6 million euros).

– Adaptation of the production equipment for VIDAS® New at Marcy (2.3 million euros).

– Transfer of production from Solna to La Balme (1.8 million euros).

– Increasing production capacity of empty VITEK® cards (1.8 million euros).

– Expansion of Petri dish production capacity (1.1 million euros).

– Improvement of the Petri dish production process at Craponne (1 million euros).

4.5.3.3 Main future capital projects

– First phase of development of the Shanghai site (4.5 million euros).

– Conversion of VITEK®1 card production lines into VITEK®2 cards (1.5 million euros).

– Creation of molds for the VIDAS® New instrument in Florence (1.2 million euros).

– Renovation of freeze dryers in Marcy (1.3 million euros for the first phase).

– Adaptation of the PML Microbiologicals patented "locksure" process on boxes made at Craponne (1 million euros).

– Construction of a P3 laboratory in Durham (1.3 million euros).

– Cr Creation of a new BTA bottle production line in Durham (15.2 million euros).

4.6 QUALITY SYSTEMS AND APPLICABLE REGULATIONS

4.6.1 Quality assurance systems, monitoring systems and audits

The Company pays particular attention to compliance with quality standards and regulatory issues through its corporate Product Quality, Regulatory Affairs and Quality Assurance Division, which is assisted by a quality assurance interface in each manufacturing and distribution site.

Most distribution subsidiaries hold ISO 9001 certification, and the most recently-created ones are in the process of obtaining this certification.

All of the Group's manufacturing sites that export their products are certified to be compliant with ISO 13485, which is recognized as the quality standard in the industry for this type of activity. This certification is issued within a regulatory framework either by a certifying body acting under the auspices of regulatory authorities, or where such recourse is not required, by an outside certifying body, as part of a voluntary procedure on the part of the Company.

Furthermore, the Craponne culture media production facility was certified compliant with ISO 11133. The standard is designed for all laboratories that make culture media for their own use or for commercial use. It ensures greater reliability of results from microbiological analyses of foodstuffs, by setting minimum performance levels for culture media. It is the first food microbiology standard that is applicable not only to laboratories but also to manufacturers.

4.6.2 Regulations

Specific regulations apply to each category of products: products intended for clinical customers (medical analysis laboratories, whether private or in hospitals) or industrial customers (laboratories and the pharmaceutical, cosmetics and food processing industries).

Medical in vitro diagnostic systems used for humans are subject to specific national or community regulations (European Union, United States, Japan, Canada and China). These regulations address the effectiveness, performance and safety of systems.

Reagents used for microbiological testing intended for industrial customers must comply with standards that vary with the nature of controls and the specific requirements of users (pharmacopoeia, AFNOR-type standards, ISO, etc.).

Regulations applicable to these products are part of general rules governing industrial and consumer products and concern chiefly the safety of products.

4.6.3 Clinical in vitro diagnostics

Registration

Clinical in vitro diagnostics are subject to national or community regulations. Countries are divided into two groups: countries without their own regulatory regimes that often use other countries' existing regimes and countries with their own regimes.

Five principal bodies of law govern in vitro diagnostics activities:

– Directive 98/79/EC for the European Union;

– FDA regulations for the United States (Federal Code of Regulation);

– "Pharmaceutical Affairs Law" for Japan;

– Medical instruments regulations in Canada; and

– SFDA regulations in China.

All of them classify devices on the basis of end-applications and risk assessment, and are becoming increasingly complex. The following classifications are made:

– low-risk products, such as products for glycemia dosage, cholesterol dosage, and bacteriological analyses, etc.;

– medium-risk products, such as tests for pregnant women (diagnosis of toxoplasmosis, rubella, cytomegalovirus), and other specific cases, depending on the legislation, such as the dosage of prostatic antigen (PSA); and

– high-risk products (detection of HIV virus and hepatitis markers, reagents used for the determination of blood types).

The regulatory procedures to be followed prior to the marketing of these products differ based on the risk classification of the product.

Within the European Union, the regulatory environment is based on Directive 98/79/EC of October 27, 1998, which applies to all medical devices for in vitro diagnostics. The Directive was transposed into French law when a Government Order was issued on March 1, 2001, completed by the Decree no. 2004-802 of July 29, 2004, inserting Articles L. 5221-1 *et seq*. to the Public Health Code, and the Decrees of November 9, 2004 and February 25, 2005 and July 1, 2005. The new European regulations harmonize the European in vitro diagnostic market by standardizing the marketing procedures used by manufacturers of in vitro diagnostics products.

Based on the risk level and the alternative routes offered under the regulation, a manufacturer chooses the appropriate procedure to follow. Currently, 95% of the Company's products are marketed under the sole manufacturer's responsibility following self-evaluation to determine whether they are compliant (EC marking). As a result, there is no regulatory certification period following this declaration.

For the remaining 5% of products that carry a higher level of risk, certifications must be obtained attesting to regulatory compliance before the marketing of products. All certifications have been obtained and renewed for EC labeling for all in vitro diagnostics products currently marketed in the European Union.

For high-risk or medium-risk products, the level of regulatory intervention is proportional to the risk. This ranges from certifying the quality control system, when reviewing the product file (design file), to the inspection of each batch prior to sale. Generally, the time period required for obtaining the necessary certifications is less than six months.

In accordance with this procedure, the regulatory affairs department prepares a file prior to the launch of any new product. This file contains all information necessary to determine whether the product meets the requirements set forth in the regulations. The file is then submitted to the Group Head of Quality Products and Regulatory Affairs at marketing committee meeting that is responsible for verifying that the file is complete and meets all regulatory requirements.

In the United States, the level of FDA intervention is, likewise, proportional to the level of risk. Some products in the microbiology product line (principally identification reagents) are exempted from registration and are under the responsibility of the manufacturers.

Medium-risk products are subject to registration (performance study), which requires a period than can exceed six months. For high-risk products, which include a limited number of products, procedures are more burdensome: examination of the product's design and manufacture files, performance studies and site inspection. The registration period, in such cases, is approximately two years.

In Japan, products are subject to a registration procedure which is similar to that of the United States.

In Canada, with the exception of products considered as exhibiting the lowest level of risk, products require a license issued by the health authorities ("Health Canada"). The grant of a license follows the approval of a file, the content of which depends on the risk category ascribed to the product. These licenses are renewed annually; the time period required to obtain these licenses ranges from 2 to 12 months depending on the product category.

In China, products require registration with the SFDA. This process may be long and complex.

4.6.4 Monitoring

Applicable laws and regulations, which may contain particular procedures in different countries, impose an additional monitoring system, which requires manufacturers and users to notify the relevant regulatory body of any incidents that could have harmful effects on human health. A product recall procedure, based on full traceability of relevant product batches and their destination as well as the implementation of corrective actions, is also part of the system.

4.6.5 Audits

The Company's sites are subject to audits and inspections by regulatory authorities (FDA, AFSSAPS), by bodies acting on behalf of regulatory authorities, and by certifying bodies that, as discussed above, the Company voluntarily appoints to verify compliance with ISO 9001 and ISO 13485 standards. Customers, especially in industrial applications, also perform other audits or inspections to ascertain that Group products and procedures comply with existing regulatory standards, as well as their own standards, and to benefit from a guaranteed quality of service.

The ability to manage manufacturing processes is guaranteed by the validation of production methods and controls performed during the course of production. In addition, each batch of finished products is not released until it is tested for conformity with the relevant specifications.

Theregulatory inspections conducted since 2007 at the Group's production sites in the various countries where it is established have not disclosed any material breach of applicable regulations, or were subject to appropriate measures allowing the matters to be closed.

An inspection by the FDA in December 2009 on the Saint Louis site did not give rise to any particular observations.

4.6.6 Industrial microbiological control

The Company's quality system applies not only to clinical diagnostic products, but also to industrial microbiology control.

In the field of industrial applications, regulations applicable to manufacturers of industrial microbiologicalcontrol products are still limited to their safety aspects. However, in order to respond to the needs of its customers, the Company must meet the standards applicable to customers (standards depending on the use of products: pharmacopoeia, standards such as AFNOR, ISO, etc.). Recent crises in the agri-business sector (Listeria, Escherichia coli O157, salmonella, etc.) could lead to more stringent regulations being applied. Moreover, in the United States, for example, authorities may impose supplementary security measures as part of the fight against bio-terrorism.

4.7 INTELLECTUAL PROPERTY

The Company protects patents, copyrights and trademarks on its products and processes, and actively defends its intellectual property rights throughout the world.

4.7.1 Proprietary patents

The Company owns a certain number of patents which are material to the success of its operations. Nevertheless, because of the importance of manufacturing know-how, the installed instrument base (the majority of which are closed systems that function only with the Company's reagents), and the number of parameters required to offer an attractive menu for a system, it is difficult for an outside party to take advantage of the expiration of patents to devise a competing system. Thus, in general, within the field of *in vitro* diagnosics, companies are less jeopardized by the risks linked to a patent expiration than companies in the pharmaceutical industry, which are faced with the entry of generic drugs on the market. However, systems that combine diagnostic instrumentation, computing and biology involve having strong positions in the patent field. The emergence of new technologies and developments in biology towards high medical value tests, particularly in the areas of identification of new pathogens, cancer markers, sepsis or cardiac risk, emphasize this need.

The Company aims at developing its intellectual property policy. It actively protects the results of its research through patents (approximately 30-40 new patents are filed each year), and monitors its competitors to be able to actively pursue any infringements on its patents. Thus, as of December 31, 2009, the Group owned 438 patent families, of which more than 96% are filed in Europe and the United States, and more than 75% in Japan. As of December 31, 2009, it owned 341 U.S. granted patents and 207 European granted patents.

The expiration of patents generating significant licensing royalties, such as patents licensed to Becton Dickinson in the blood culture segment, most of which expired in March 2008 and March 2009, and the BOOM® technology patent, which fell into the public domain in March 2010, will have a significant effect on total proceeds from royalties collected by the Group.

The general policy regarding patents is to file a priority application (generally in France or in the United States) and, within one year, an application for extension under the Patent Cooperation Treaty (PCT), which has a single procedure for filing a patent in the 142 countries that are party to the treaty (as of December 31, 2009). The final choice of countries for extension of the patent takes place at the end of the PCT procedure, about 30 months after the initial filing. As a general rule, patents are extended in those countries with the largest market, such as the United States, Europe (particularly France, Germany, England, Italy and Spain), Japan and, recently, emerging countries (China and India).

In countries where the Company seeks legal protection by way of patents, the legal protection of a product generally lasts for a period of 20 years from the date of filing. The scope of protection, which may vary from one country to another, depends upon the acceptance of claims, the interpretation of which (especially where disputes arise) is determined by the relevant national legislation.

4.7.2 Third-party licenses

As part of its normal business operations, the Company has been granted licenses by third-parties to develop or market reagents or technologies, such as, for example:

– license granted by B.R.A.H.M.S. to develop and sell VIDAS® tests for the screening of procalcitonin as a marker of severe bacterial infections;

– license granted by Roche Diagnostics to develop and market tests for NT-proBNP, a marker of congestive heart failure and acute coronary syndrome;

– license granted by LabTech Systems (Australia) for the marketing of PREVI™ Isola; and

– various licenses in the field of AIDS.

4.7.3 Licenses granted by the Company

The main licenses granted relate to the following patent families:

– MRSA patents, which cover sequences or processes for the detection of methicillin-resistant staphylococcus aureus ("MRSA"), which constitute a major source of nosocomial infections; bioMérieux is the exclusive licensee of the MRSA patents for molecular biology applications. These patents are due to expire in 2017;

– the blood culture bottle detection system, part of the patents for which expired in 2008 and 2009, the remainder being due to expire in January 2011;

– the BOOM® nucleic acid concentration and purification process in the preparation of samples for molecular diagnostic, the patents for which expire in 2010;

– the NASBA® amplification process in molecular diagnostic of which the basic patents expire after 2009-2010 except for the United States where the protection lasts longer;

– The RT PCR process covering a PCR amplification procedure for the ARN in one stage, for which the patents expire in 2013-2014;

– patents covering nucleic acid mutations involving pathologies (Factor II and Factor V) in hematology, which are critical mutations for the purposes of identifying thrombosis risk in patients. The patent for Factor II will expire in 2017 in the United States; the patents for Factor V will expire in 2020 in the United States and in 2015 in countries other than the United States;

– patents covering detection sequences or processes for certain viruses such as EBV[23], for which the basic patents will expire between 2013 and 2016; and

– patents covering markers for the diagnosis of rheumatoid polyarthritis (Filaggrine and Fibrine), for which the base patents will expire in 2016-2017.

In 2009, the Company continued to implement its licensing policy relating in particular to patent groups for coagulation factors, the detection of antibiotic resistance in certain bacteria and nucleic acid extraction technologies.

In the case of all technologies controlled by bioMérieux in the form of exclusive third-party licenses with sublicensing rights, such as for the detection of Factor II/Factor V (University of Leiden), Filaggrine and Fibrine (Paul Sabatier University of Toulouse) and MRSA (Kainos), a variable percentage of the revenue (as high as 60%) from sub-licenses is paid back to the patent owner.

4.7.4 Trade marks

The Company owns the "bioMérieux" corporate trademark, which is registered worldwide both as a word trademark and as a word and device trademark, as well as trademarks for products and product lines brought out by the Company. In addition, the use of the name "Mérieux" by Institut Mérieux affiliates is controlled by Institut Mérieux. Any new use of the name "Mérieux" as part of a corporate name requires the authorization of Institut Mérieux (See § 6.2.2.1 below).

Each new sign is registered in France or the United States followed by a registration for the European Union countries and an international registration designating the other countries where the product or products using the trade mark are to be marketed.

The Company's strategy is based on the registration of trademarks using the following two principles:

– names of product ranges: they account for the majority of registrations and are intended to cover all products in a product line by a single identical name designating the instrument and the associated reagents (for example: VITEK®, VIDAS®); and

– product specific trademarks (for example: SLIDEX®).

4.8 OTHER INFORMATION CONCERNING THE COMPANY'S BUSINESS

4.8.1 Agreements executed with customers

Contracts with customers are essentially instrument sales agreements and instrument placement agreements with saleof reagents. Because the large majority of the instruments are closed systems, contracts for the sale or placement of instruments generate a regular stream of sales of reagents.

Instrument placement agreements represent a third of the total instruments installed by the Company. They cover the placement (or leasing) of the equipment, the purchase of reagents and, where applicable, related services. With an initial duration period of 3 to 5 years, they are automatically renewable for successive periods of one year, unless terminated by one of the parties. The Company is responsible for the maintenance of the instrument and customers undertake to comply with traceability rules applying to the products they order or use.

The net sale price of reagents depends on whether the instrument is placed or sold.

In France, the Company's general terms and conditions of sale include title retention clauses.

[23] Epstein-Barr Virus, which causes mononucleosis in particular

4.8.2 Other agreements

The Company's major agreements, other than those entered into in the ordinary course of business, are listed in § 6.2.2.

4.8.3 Seasonal nature of business

The Company's business is not seasonal in nature.

4.8.4 Pledge of Company assets

See § 5.3.16.7 below.

4.9 PENDING LEGAL PROCEEDINGS

The Company is involved in litigations arising in the ordinary course of business. In its opinion, these liabilities are unlikely to have a material adverse impact on its operations. With the exception of the cases in the annex to consolidated Group accounts (see section 5.3.14.3.1, 5.3.14.4 and 5.5.15.2 below).

However, there are no other governmental, legal or arbitration proceedings, including any proceedings of which the Company is aware, whether pending or threatened, that are liable to have or that have had over the past 12 months any material impact on the Company's financial position or profitability.

4.10 HUMAN RESOURCES

bioMérieux owes much of its success to the quality and motivation of its employees, their ability to work in teams encompassing many specialties and the energy with which they use their creative and professional skills to perform services for the Company's customers.

Special emphasis is placed on internal communications, to ensure that all bioMérieux employees worldwide have access to information about the Company, understand its stakes and priorities and share their experience using the available communication channels.

4.10.1 Group employees

bioMérieux is a worldwide group of 6,300 employees (employees on full-time equivalent contracts) as of December 31, 2009, after taking into account the loss of 130 employees following the shutdown of the Boxtel (Netherlands) site. 57% work outside of France.

The following table breaks down the Group's full-time equivalent (or "FTE") employees as of December 31, 2009:

Geographic area	Production and logistics	Sales, marketing, customer service	R&D	Administrative and general services	Total	%
Europe	1,667	980	663	475	3,785	60.0
Of which France	*1,278*	*419*	*629*	*361*	*2,687*	*42.7*
North America	909	433	220	149	1,711	27.2
Asia-Pacific	164	257	10	58	489	7.8
Latin America	94	166	3	52	315	5.0
Total	**2,834**	**1,836**	**896**	**734**	**6,300**	**100.0**
%	45.0	29.1	14.2	11.7	100.0	–

The following table sets out the changes in the Group workforce (on an FTE basis) since 2007:

	12/31/2009	12/31/2008	12/31/2007
France	2,687	2,513	2,397
Other European countries	1,098	1,244	1,193
North America	1,711	1,678	1,426
Latin America	315	300	304
Asia-Pacific	489	405	451
TOTAL	**6,300**	**6,140**	**5,771**

In 2009, workforce changes were caused by the following events:

– the gradual shutdown of the Boxtel site, whose molecular biology operations have been transferred to Grenoble, while microplate production will be performed by the joint venture established in Shanghai with Kehua. The Boxtel site will be permanently shut down in 2010;

– reinforcement of sales and marketing structures in China and in India; and

– preparation of the new global ERP.

In France, nearly 90% of employees had permanent indefinite-term contracts in 2009.

4.10.2 Personnel policy

The Group has an active personnel policy which addresses certain aspects in particular. These include (i) the piloting of performance, (ii) skill development, training and mobility, (iii) compensation policy, (iv) improved working conditions and (v) occupational equality for men and women.

(i) The **piloting of performance** by means of annual evaluation interviews and follow-ups makes it possible to effectively provide consistency between individual aspirations and the Company's priority objectives, assess individuals' performances and design skill-development measures. It provides an opportunity for clarifying expectations and assessing compliance with values.

(ii) Given the increasingly rapid changes of a demanding and competitive market, the training of employees and managers is more than ever a key objective for bioMérieux. In France, within two years, the number of **training** hours has almost doubled in the Company. bioMérieux University now covers all technical and managerial training for all employees and for all countries, whether carried out in-house or by outside service providers. bioMérieux University embodies the Company’s values, objectives and strategic issues. The aim of this new organization is to unite all employees around a common policy objective.

Since late 2007, the first bioMérieux Manager Essentials (BME) sessions have been launched. This program is very comprehensive (Company’s culture and fundamentals, management, HR processes, leadership) and is mandatory for all employees who assume supervisory positions. It has a duration of twenty five training days, over a period of four years. After France and the United States, BME has been extended to China in April 2009 and Latin America in July 2009.

In parallel, bioMérieux Essentials (BE), a program dedicated to all staff and involving ten training days over four years, was launched in the United States in 2008 and in France in April 2009.

A considerable number of training hours has been earmarked to that end. In France, on average, each employee benefits from forty hours’ training per year.

These transverse programs are naturally accompanied with specific programs for each function; programs developed in 2009-2010 include the following functions: Marketing Excellence in Marketing, Project Manager Essentials and Manufacturing Essentials based on best practices 2BP (bioMérieux Best Practices) production.

In France, bioMerieux University provides opportunities for unqualified staff to follow degree courses via the "Validation of Acquired Experience" or the Laboratory Assistant training program at the Jean-Baptiste de La Salle High School in Lyon.

Lastly, training concerning products, which plays a key role in the Group's performance, is provided at five Knowledge Centers in the United States and France.

In 2009, more than 2,200 persons, employees and distributors have been trained to use the Group's products.

Training is not limited to employees, and bioMérieux University also caters for all the product training provided to customers.

bioMérieux focuses on internal **mobility** for all its employees: career changes are possible within each sector or by changing jobs. BioMérieux's worldwide presence in over 170 countries also provides staff development opportunities abroad. The bioMérieux Career Opportunities intranet site, which was launched in 2009, now allows each employee to have identify and apply for open positions in France, the United States and in all subsidiaries.

In terms of **recruitment**, the Company pays special attention to the potential of development of the candidates and works to promote young people's entry into professional life. Relationships with schools and universities are at the heart of the recruitment policy and integration of young graduates, to whom the breadth of career opportunities within the Company are regularly presented.

In 2009, for the first time, more than 3.7% of the French personnel were engaged in apprenticeships or part-time professional qualification contracts. In 2009, bioMérieux has employed an average of 95 school leavers and undergraduates under part-time professional qualification contracts and through VIE (*Volontariat International en Entreprise*) throughout the world.

(iii) **Compensation** (fixed and variable) is set in each country on the basis of local conditions, the entity's performance and individual productivity. A worldwide grading of executive positions makes it possible to compare levels of authority and to set compensation in relation to local practices. In order to reinforce adherence by the staff to the bioMérieux principles and strategic priorities, some executives receive annual compensation based on common indicators, a portion of which depends on the company's performance.

Incentives for employee savings have been offered in France since 1987, with the establishment of a plan ("*Plan Epargne Entreprise"* - PEE). In addition to the mandatory profit-sharing plan, the Company's employees also benefit from a voluntary incentive plan. Since 2006, all the French employees have had the option of investing their earnings under profit-sharing plans in a group pension plan (PERCO), to which the Company makes corresponding contributions.

In 2009, a World share ownership plan was set up in addition to the above plan. The OPUS 2009 plan has allowed employees wishing to purchase bioMérieux shares to acquire same on favorable terms (employer's matching contribution in the form of bonus shares outside of France, employer's matching contribution under the PEE in France). 28 countries participated in this plan and nearly one employee in three is now a bioMérieux shareholder.

As of December 31, 2009, about 1 % of the shares of bioMérieux was held by its personnel directly or through dedicated funds.

(iv) The Group has active health and safety **risk prevention** policies, including through training for new employees and the monitoring of the health of those exposed to specific risks (See § 4.13.2).

(v) Women account for more than half of the Group's total workforce. The Company is intent on offering equal opportunities in terms of hiring and employment conditions to men and women. An agreement pertaining to this was signed concerning France in 2003, which in particular led to a reduction in salary discrepancies between men and women.

The Company considers that it has sound labor relations. Traditionally, the Company has largely fostered dialogue with employee representative bodies and several collective agreements are signed each year. In 2008, 14 collective bargaining agreements were signed in France and 5 agreements in 2009.

In France, the 2010 agreement on wages and salaries was signed by all unions representing its personnel in December 2009.

A GPEC agreement (*Gestion Prévisionnelle de l'Emploi et des Compétences* – Provisional Management of Employment and Skills) was signed unanimously with State and employee representatives in France in July 2009. One of the major focuses of this agreement is the development of undergraduate employment and part-time professional qualification contracts. The agreement also includes a section on the employment of senior workers.

A three-year collective agreement on the employment of disabled workers was also signed in early 2008 in France. In November 2009, bioMérieux was awarded the OPCALIA Gold Tutorate Trophy at the 3rd Regional "F d'Or Handicap", organized by OPCALIA Rhône-Alpes, a regional, multi-professional and multi-sector entity responsible for managing company training funds.
In 2008, the Company set up a European forum covering four countries (France, Germany, Italy and the Netherlands). In 2009, Spain also integrated this forum. The first meeting was held in November 2008 and henceforth, two meetings are held each year.

4.11 RISK FACTORS

The Company has conducted a review of risks that could have a material adverse impact on its business, financial position or earnings (or ability to attain its objectives) and is not aware of other significant risks except those presented hereinbelow.

However, the Company operates in a rapidly changing environment that exposes it to many risks, some of which are beyond its control. The risks and uncertainties reviewed below are not the only ones to which the Company is exposed. Other risks and uncertainties of which the Company is not aware at this time or which it considers not material could also adversely affect its business or financial position.

4.11.1 Presentation

Prospective statements involve risks and uncertainties. A number of important factors could cause actual results to differ materially from those contemplated in prospective statements, including growth and operating profit figures targeted by the Company.

4.11.1.1 Risks related to bioMérieux's business

The Company may not collect the return on its investments in research and development in the event of technical or industrial failure, if the products developed are not awarded the requisite regulatory clearance or if they are not meet with the expected commercial success.

The Company invests significant amounts in research and development of products (systems, instruments, reagents, software, etc..) in order to remain competitive. The Company's growth could be impacted if these products encounter technical, commercial or regulatory setbacks. In particular:

– the new platforms may not correspond to market demand;

– they could be accepted by laboratories and the medical community after a longer period than expected, delaying the positive impact on sales growth and profitability programs;

– technical difficulties could affect the new technologies used in theseproducts, which could delay their marketing, affect their commercial success or give rise to additional expenses for the Company to resolve the difficulties and/or compensate customers;

– the commercial success of the new platforms depends on the development of the range of reagents, which could be delayed because of technical, industrial, regulatory or intellectual property issues;

– it may be too costly or too difficult to manufacture new instruments or reagents on a large scale or to obtain the supplies necessary for their manufacture and marketing;

– marketing of certain products may be prohibited or more costly than expected, due to the existence of intellectual property rights belonging to third parties;

– more spending in research and development, marketing, manufacturing, commercial costs, instrument maintenance and customer training than anticipated by the Company may be required to launch newproducts;

– competitors may develop products that are more effective or otherwise better adapted to demand, such as for instance certain IVD tests using innovative biomarkers that could render obsolete some of the Company's reagents that are in the development phase or already on the market, and this even before the Company is able to recoup the costs incurred for the research, development and marketing of new products;

– development of diagnostic systems that require the joint development of reagents, platforms, software and connectivity is especially complex and the Company may be led to abandon or delay certain developments, or may not lead to the expected solution.

– automation of microbiology laboratories may be irrelevant for certain customers or on certain markets. Customers may find the necessary investments to be too high, the savings generated insufficient and/or social issues too significant.

The Company may be unable to compete effectively in its market.

According to Company estimates, it ranks seventh on the global in vitro diagnostics market in terms of revenue. This market is rapidly evolving and competition is intensifying among the different players, particularly in certain segments where bioMérieux does not have a large market share, such as the molecular biology segment and the decentralized laboratories segment (POCT).

The Company's competitors include major international companies, such as Roche, Siemens, Abbott, Johnson & Johnson and Becton-Dickinson, which are larger and more experienced, and have larger financial resources and market shares. In addition, for a number of years, more specialized competitors have been emerging on strategic markets (See § 4.3.4). Finally, new competitors from emerging markets may appear and offer products that are much cheaper than those of the Group. As a result, it cannot be certain that its products will be able to:

– sustain long-term competition with products sold by competitors, many of which possess greater financial resources than the Company to invest in research and development or marketing and can price their products more competitively due to greater economies of scale;

– allow it to gain significant market shares and benefit from the same product reputation as its better-positioned competitors;

– adapt quickly enough to new technologies and scientific advances on which the Company is dependent; indeed, in this highly innovative sector, some technologies currently used by the Company could be replaced with better-performing technologies. Such scientific breakthroughs could take place both in mature segments (such as the development of mass spectrometry in microbiology, allowing laboratories that process large volumes to rapidly indentify micro-organisms at a low cost), and in those undergoing development (such as sequencing techniques in the molecular biology segment, the rapidly falling cost of which could lead to their widespread use, in particular, in the areas of oncology or the study of infectious diseases). Furthermore, new innovations could appear, such as intrinsic fluorescence or Raman spectrometry for direct identification of bacteria; and;

– be favored by laboratories, hospitals, physicians or industrial customers over comparable products marketed by competitors.

Part of the Company's operations are conducted on markets where it is awarded tenders, some of which are significant, and which might not be renewed, thus constraining its level of activity and development.

Exposure to risks related to the international nature of the business.

The Company operates throughout the world, including in countries other than the member states of the European Union and the United States. Accordingly, it faces numerous risks relating to its international operations, including risks relating to:

– unforeseen changes or lack of harmonization in regulations, in particular commercial or tax legislation (in particular, with respect to transfer pricing or assets held abroad);

– restrictions on cross-border repatriation of profits;

– significant fluctuations in exchange rates, (see § 5.3.27.1);

– differences in the protection of various intellectual property rights in these countries;

– changing economic and political conditions in a given region or country;

– increased difficulties in recruiting personnel and managing production facilities abroad;

– risks related to non-compliance with regulations in the countries in which the Group operates, said regulations being usually country-specific, evolving and complex;

– risks associated with certain business practices that run contrary to the Company's principles and presented in a "Code of Conduct" circulated amongst employees of the Company, and

– risks relating to product distribution throughout the world and to the permanent availability of transportation.

Uncertainty over policies relating to the reimbursement of the cost of diagnostic tests and health insurance reforms could affect Company's customers, and indirectly, the Company itself.

The commercial success of the Company's products depends, in particular, on the extent to which private or public insurance bodies reimburse the cost of tests performed by the Company's customers.

A decision by a State or a private insurer to limit or stop the reimbursement of diagnostic tests could have a significant impact on the demand for Company's products and/or on the price charged by the Company to its customers. Likewise, in some countries, public authorities determine the price of a diagnostic examination, which has a direct influence on the ability of customers to pay for products.

Health insurance bodies may not properly value the benefits associated with certain diagnostics which make use of the Company's products, including products with high added medical value, and define inadequate reimbursement thresholds.

The occurrence of an event causing a temporary or permanent interruption at one of the Company's manufacturing sites could have a negative impact on its financial condition.

1. "Mono site" process

The Company operates twenty manufacturing centers, essentially for a single product line and technology, based on the principle of "a single facility for each range of products". As a result, some of the most important product lines, such as the VITEK®, VIDAS® and BacT/ALERT® tests, are manufactured at a single site. Any economic, political, labor, regulatory or environmental incident causing a temporary or permanent interruption of operations at one of these manufacturing sites could have a negative impact on the manufacture of these product lines and on the Company's revenue.

If it were impossible to quickly restart operations at the affected site, the Company could be forced to relocate the manufacture of the relevant product range. Due to the complexity of the products manufactured by the Company, relocation could be long and expensive for the Company, exacerbating the negative financial impact of the manufacturing interruption.

In addition, the Group has two main logistic centers, the largest being in France and the second largest in the United States. Likewise, any economic, political, labor, regulatory or environmental incident causing a temporary or permanent interruption of operations at one of these two logistic centers could have a negative impact on the distribution of products and on the Group's revenue.

2. Optimization of the production sites process

With the aim of optimizing the manufacture of its products, the Company may have to shut down certain production sites and transfer their operations business to other sites of the Group. The transfer could be lengthier and more costly than originally expected, mainly because of the need to obtain regulatory approvals required for the production of IVD systems.

The Company's manufacturing capacity may be insufficient to meet the development of its business, or may be affected by the failure of suppliers to fulfill their obligations.

Manufacturing capacity problems could occur as the Company's business expands, which could affect operations, development and reputation. In addition, if the Company's manufacturing capacity had to be expanded, substantial investments could be necessary, requiring significant amounts of funding.

In addition, and despite the measures taken to ensure the supply of raw materials, equipment and specialized services, a failure on the part of one or more suppliers or service providers to fulfill their obligations could result in manufacturing difficulties, and could in particular result in significant costs and delays related to the necessity to confirm and implement alternate supply arrangements.

The Company may be affected by changes in the economic environment and the market

Economic environment

Although the health sector is less exposed to the economic crisis than other sectors, the Company's business may be affected by the economic downturn, especially if customers suspend their investments, if healthcare bodies limit reimbursements, and if customers, whether private or public, turn out to be insolvent. Credit risks are described in section 5.3.27.2.

End-user business concentration

There is a growing trend towards business concentration among end-users of in vitro diagnostic products, which, in particular, allows them to create technical platforms that process large test volumes daily. In certain segments (in particular immunoassays), the Company's offer could fail to meet the requirements of these technical platforms.

Increasing pressure on prices

This consolidation trend also allows customers to exert greater influence on prices. Pressure on prices is increased by the entry of new market participants seeking to rapidly acquire market shares as well as by public health policies, which generally tend to restrict reimbursements for healthcare products and services.

A reduction in sale prices could have an impact on the Company's revenue and profit margins.

In vitro diagnostics market not developing as anticipated

In particular, the hygiene campaigns conducted by hospitals to fight against the proliferation of multidrug-resistant bacteria could significantly reduce the volume of microbiological testing performed.

The Company may be unable to pursue its strategy of acquisition of third-party developed technologies, or unable to renew the rights required for some of its operations

The Company's growth depends in part on its having access to technologies developed by third parties, either through targeted acquisitions of smaller companies or through partnership or license agreements with the owners of such technologies. Nevertheless, it may not be able to find or retain partners willing to provide it with the technologies it may need.

This strategy can be adversely affected if the value placed on those entities is too high. Furthermore, the success of these operations depends on several factors such as the ability to perform them successfully at a reasonable cost and under satisfactory financial conditions, or the obtaining of regulatory approvals, which are not always under the Company's control.

If the Company is unable to obtain and/or renew such technologies, this could delay its growth and/or have a significant impact on the growth of its revenues and on its financial condition.

The Company depends on key management and scientific personnel.

The Company's success largely depends on certain key personnel, such as senior managers and engineers. The loss of such personnel, including to competitors, or failure to hire new personnel could adversely affect its competitiveness and compromise its ability to achieve its objectives. In addition, there will be a need to recruit more management and scientific personnel as business expands in areas that require additional expertise and resources (such as research and development, marketing and regulatory approvals). The Company may be unable to attract and retain such necessary management and scientific personnel.

4.11.1.2 Transactional risks

The Company's operations could be affected by the failure of its information system.

Any failure or malfunction of applications or communications networks could slow down or disrupt production and/or logistics, as well as affect decision-making, causing the Company to sustain losses.

In particular, the Company has undertaken a worldwide project with a view to replacing its current resource management IT systems ("ERP"); its deployment is carried out by a dedicated and multi-skilled internal team of nearly 60 persons, based in France and in the United States, and it also gave rise to several assistance agreements with specialist service providers (programmers, integrators, trainers, etc.). This type of project involves significant risks for the Company's activity, if the precautions implemented for its deployment turn out to be inappropriate or insufficient.

4.11.1.3 Legal risks

The Company faces product liability risks.

The Group manufactures reagents designed to detect the presence of living organisms, such as bacteria, viruses, and other pathogenic and marker agents, in biological samples. In order to do this, it uses biological products that are manufactured or created from components developed from materials that are of human, animal or plant origin and which, at this point in time, cannot be manufactured economically using synthetic materials. This process generates risks in the use of these products or components due to their nature.

The manufacture and sale of these diagnostic products expose the Company to liability risks, and particularly to the risk of product liability actions. In particular, the Company could be liable if a diagnostic error resulting from the defective performance of one of its products leads to unsuitable treatment of a patient or the marketing of contaminated products. Even if the design, manufacture and delivery of diagnostic products are made in compliance with quality benchmarks described in § 5.8 and although it is standard practice to perform a series of additional tests to reduce the risk of error for the most serious diseases, this risk cannot be totally eliminated.

There are no guarantees that the Company will always be able to obtain and maintain adequate insurance on acceptable terms against this risk. If it cannot obtain insurance at a reasonable cost or be otherwise protected against potential product liability claims, it could incur significant liabilities that could undermine the marketing of its products and considerably harm its business.

Regulatory constraints could adversely affect the Company's ability to market its products or increase their manufacturing costs.

The Company's products and the process of manufacturing them are submitted to rigorous, evolving and much varying governmental regulation in the 170 countries where it does business. Securing the authorization or certification necessary for the marketing of a new product may take several months or, in some countries, one to two years, and requires significant financial resources. In addition, manufacturing sites are subject to regulatory approval processes and periodic inspections. As a result, applicable regulations may:

– delay or preclude the marketing of new products by the Company;

– oblige the Company to halt production or sales of existing products;

– modify manufacturing processes; or

– impose costly constraints on suppliers or the Company.

In addition, products are submitted to regulatory review and audit during the entire commercialization process, which may lead, either upon regulators' requirement or at the Company's initiative, to a product modification or withdrawal as well as suspension of current product applications for products developed at the affected site, a corrective plan of action in case of non compliance or, in exceptional cases, the closure of a manufacturing site, if the failure to comply with regulations could entail significant risks with respect to the results obtained through the use of the Company's products, and finally to the sentencing of the Company to pay fines the amount of which can be significant.

The Company strives to reduce this risk by monitoring regulatory compliance through the Systems and Quality Management Division in all countries in which the Group operates (See § 5.8.2.5.1).

If intellectual property rights cannot be protected, the Company may not compete effectively or may find it impossible to operate profitably.

The Company currently holds more than 400 patent families and over 150 brand families. It has also obtained licenses over a number of patents or trademarks for the products it uses or develops.

The Company's success depends among other things on its ability to obtain, maintain and defend patents and other intellectual property rights effectively. Intellectual Property law in the health sector is an area of law that is constantly changing and uncertain. Accordingly, the Company cannot be certain that:

– it will be able to develop patentable inventions;

– it will be granted the patents for which it has applied or will apply;

– it will not be faced with a challenge in respect of its patents or brands or those licensed by third parties;

– the scope of any patent protection will be sufficiently broad to exclude competitors; or

– the patents or other intellectual property rights held, or for which the Company has been granted a license either now or in the future, will not challenged by third parties.

Some of those patents will soon expire, which could significantly reduce the amount of royalties currently collected by the Company under licenses granted on the patent concerned.

The Company's patents may be infringed, or it may infringe the patents of others.

Competitors may infringe the Company's patents or other Intellectual Property rights or successfully circumvent them through design innovations. Infringing products could also be developed in countries not covered by the filing of the patent. Action may be taken by the Company against infringement, which is expensive and teams consuming. Policing unauthorized use of intellectual property is difficult, and the Company may not be able to prevent misappropriation of its intellectual property rights.

In addition, as the in vitro diagnostics industry develops, more and more patents are granted and there is an increased risk that the use of technologies by the Company may infringe on third-party patents. In general, patent applications are not published until eighteen months after the filing date or priority date, and in some cases patent applications are only published upon issuance of the patent. Therefore, it cannot be ascertained whether others were the first to invent certain products or procedures, and/or to file applications for inventions, products or procedures that overlap with Company's pending patent applications or products and processes used by the Company.

If this happens, the Company may have to obtain appropriate licenses to third-party patents, cease certain activities or seek alternative technology if obtaining a license is impossible or unprofitable.

To limit these risks, the Company pursues an active policy of patenting and monitoring of the products of third parties to identify potential infringers of its patents. Similarly, the Company checks for all products under development for freedom to operate in relation to third party patents. The Company has also established a monitoring system on its key brands to be able to prevent registration of third-party brands and trademarks that are likely to create confusion with its own brands. Finally, bioMérieux verifies as far as possible before launching a new brand that the brand will not infringe the rights of third parties.

The Company is a party to a certain number of disputes.

The disputes to which the Company (or Group) is a party are described in § 5.3.14.3.1 and 5.3.14.4.

4.11.1.4 Industrial and environmental risks

Environmental liabilities and compliance costs could have an adverse effect on the Company's operating income.

Environmental laws and regulations could require the Company to maintain and restore sites where potentially toxic industrial products are manufactured and stored, in the event that they were found to be contaminated. These obligations may relate to sites currently owned or operated, or to sites that were owned by the Company or operated in the past, or even sites where waste that it produced was dumped. Similar obligations may also apply to the recycling of instruments that make up the installed base.

The Company could be involved in legal or administrative proceedings relating to environmental matters. The introduction of stricter health, safety and environmental laws and more thorough enforcement measures than those currently applied could increase its liabilities and could result in considerable costs and liability for the Company. Applicable regulations could render it subject to stricter inspections in respect of the handling, manufacture, use, reuse, or treatment of substances or pollutants than provided for by current law. Accordingly, compliance with these laws could result in considerable expenses for bringing facilities into conformity, as well as other costs and compensation, which could have an adverse impact on the Company's operations and income.

If production facilities were to be closed for reasons relating to the enforcement of environmental laws, the Company would bear a temporary interruption in the production of certain items and it could take a long time to obtain the regulatory permits needed to reopen the facilities and restart operations on production lines.

4.11.1.5 Market risks

The Company's main source of financing is contingent on the satisfaction of certain financial ratios at the consolidated level.

bioMérieux S.A. has secured a 7-year term syndicated loan of 260 million euros in the form of a credit facility repayable in full at maturity (January 2013). The option for bioMérieux to use this resource is subject to the ratio of "net debt/operating income before depreciation and expenses related to acquisitions".

Failure to observe this ratio could restrict the use of the facility by the Company.

Credit risks and consideration

Sections § 5.3.27.2 and 5.3.27.5 describe how the Group manages its credit risks and consideration.

Exchange rate risk

Fluctuations in currency exchange rates could materially affect the Company's revenue, operating income and net worth (See chapter 5.3.27.1 below).

Risks related to raw materials

The increase in the cost of the raw materials could affect the results of the Company.

The Company uses energy as well as processes raw materials, during the course of manufacturing and logistics operations.

Significant increases in raw material prices could have an adverse impact on the Company's profit margins.

Risks related to the price volatility and the liquidity of shares

The presence of certain shareholders individually holding more than 5% of the Company's capital is a factor that limits the number of shares available for trading thereby having an adverse impact on transactions and on the share price.

4.11.2 Risk management

In order to protect itself and effectively manage the risks arising from its activities, the Company has, in addition to measures allowing to limit the consequences of the risks further described below, also implemented internal control processes, as described in section § 5.8.2 below in the Report of the Chairman of the Board of Directors, and in Section § 4.12 below Insurance. The Company has insurance coverage including liability for goods, persons and for operating losses.

In addition, a number of standards or benchmarks (including ISO) are in force within the Group. These are described in § 4.6.1.

§ 5.3.27 below also covers the management of financial risks.

4.12 INSURANCE

4.12.1 Insurance coverage purchase policy

The Company has a general policy regarding insurance coverage, aimed at ensuring that all subsidiaries are similarly covered, regardless of their size or location.

Coverage purchased takes into consideration the specific nature of local regulations, while at the same time reflecting the Group's centralization and globalization policies. Insurance policies are purchased from insurance companies selected on the basis of their credit worthiness as well as of their ability to provide the Company with risk prevention services.

Coverage is calculated on the basis of loss assumptions, taking into account the Company's risk profile. The following type of insurance covers the risks to which the Company is exposed as a result of its business and structure:

– general and specific civil liability,

– property damage and business losses,

– transportation,

– automobile,

– building,

– individual accident.

Property damage and business losses insurance include coverage of accidents (fire, machine failure, computer damage, etc.) which may occur at Company facilities, as well as consequential business losses over a 12-month period.
The nature of the Company's business has also been taken into consideration for the purpose of liability coverage (including the professional nature of most of its clients, batch manufacturing processes that reduce the likelihood of multiple risks, etc.). Separate policies are sometimes required to cover specific risks, either due to insurance regulations or because of applicable laws.

4.12.2 Principal insurance policies

Civil liability

The Company and all of its subsidiaries are covered under an umbrella policy with a limit of €100 million per claim and per year on, inter alia:

– its operating civil liability,

– its civil liability subsequent to the delivery and/or products and/or completion of tests,

– its professional civil liability,

– environmental damage caused by its products.

In addition to this overall coverage, specific policies have been purchased to cover the following risks:

– civil liability for environmental damage caused by Group entities,

– Group civil liability under regulations governing biomedical research ("Huriet Act").

In order to comply with laws and regulations in effect in certain countries, local specific policies, such as "employer liability" policies have been purchased by certain Group subsidiaries, including in the United Kingdom, the United States, Canada, Hong Kong, Argentina, Australia, Singapore, Turkey, Italy and Spain.

The Company also has an insurance program covering the liability of its representatives, managers and employees.

Property damage and business losses

The Company and its subsidiaries are covered under an umbrella policy with a limit of €200 million per claim and per year, which covers, inter alia, fire, machine failure, theft, natural disasters and consequential business interruption losses.

This “Master policy” covers all subsidiaries located in the European Union, making it unnecessary for them to take out insurance locally. It can also be extended to cover its subsidiaries located in major countries outside the European Union, including the United States, through local agreements with the same benefits or as supplementary coverage or because of the lack of local agreements, in order to comply with regulations.

Transportation

Risk exposure from the transport of freight by land, sea or air is covered by an umbrella policy with a limit of €2 million per shipment and mode of transport. All insurers and reinsurers exclude from transportation insurance coverage losses resulting from terrorism in the United States as well as exposure to chemical, biochemical, electromagnetic and cyber risks.

Deductibles and premiums

The Company has a safe self-insurance retention rate, primarily on frequent losses, intended to reduce the cost of transferring risks to insurers and to raise the awareness of employees regarding the overall management of risks.

The Group also seeks to make sure that all information regarding premiums and terms of coverage is kept confidential in order to avoid its use against the Company's interests. This is particularly true in the case of liability insurance.

As a general matter, insurance policies include deductibles of:

– specific deductibles between €30,000 and €1 million per claim in the case of civil liability insurance,

– various specific deductibles ranging from €20,000 to €2,500,000 in the case of property damage and business losses insurance.

In 2009, no loss incurred exceeded the deductible amounts set in property damage and business losses or liability policies.

4.13 ENVIRONMENTAL, HEALTH AND SAFETY INFORMATION

4.13.1 Global Environmental, Health and Safety policy

As part of its environmental, health and safety policy, every effort is made by the Company to manage its business in a manner conducive to protecting the health and promoting the safety of its employees and other persons at its facilities (outside contractors, temporary personnel, trainees, visitors) and to limiting the environmental impact of its operations and protecting its assets.

The Company’s Health, Safety and Environment policies are part of a sustainable development process: the Company has signed United Nations Global Compact since 2003.

In 2009, the Company established a Health, Safety and Environment cluster operating at Group level, in order to develop a harmonized and proactive approach to prevent harm to individuals, property and environment risk exposure. This Health, Safety and Environment cluster is directly placed under the authority of the Quality, Regulatory Affairs and HSE Director (Health, Safety, Environment), a member of the Executive Committee of the Company.

Furthermore, all of the Company’s major production sites have HSE departments operating under the authority of the site Director. The Health, Safety and Environment cluster provides advice and support needed for different sites, in particular those that do not have adequate internal expertise.

Specific procedures (rules, directives, instructions, etc.) are developed and applied to the execution of tasks that are deemed to be of critical nature. Employees receive regular training in order to minimize individuals, property and environment risk exposure.

The Company has established an HSE beginner training program for new employees on its main sites in Europe and North America.

The Company analyzes hazards and assesses risks prior to deciding to use hazardous substances, acquire and use real property or facilities and develop new processes or products. The Company does not have facilities that have been classified as “upper-tier Seveso” sites.

Suppliers of goods and services are selected among firms that comply with regulations on health, safety and the environment; its suppliers are audited.

4.13.2 Health and Safety policy

Assessment and prevention of occupational hazards

At its European and North American facilities, the Company assesses the occupational hazards relating to its business that are incurred by its employees and implements corrective and preventive actions to eliminate, or at least reduce such risks.

Some occupational hazards are more closely monitored:

– Biohazard: the Company establishes a biosafety program based on common rules and conducts audits.

– Chemical risks: the Company implements a chemical safety program on its production plants and laboratories, limits the use of products that are carcinogenic, mutagenic, or toxic towards reproductive ability, evaluates the level of dangerousness of finished products, evaluates employee exposure to hazardous materials and provides collective and individual protective equipment.

– Ergonomic risk: To prevent the risk of musculoskeletal disorders, the Company carries out on most of its facilities an ergonomic assessment of workstations and continuously improves risk-prone functions. In addition to these initiatives regarding physical and time (rotation) planning of risk-prone functions, personel is trained in terms of proper movements and postures to adopt at these workstations.

In 2009, special care was taken by the Group for the protection of employees from the risk of the influenza pandemic caused by the Influenza A/H1N1 virus. Along with the introduction of measures to inform and educate its staff, the Company purchased adequate protective equipment intended both for common and individual usage, and in sufficient quantity.

The Company pays special attention to psychosocial risks faced by its employees and already benefits from substantial prevention and analysis experience and actions. In France, a method agreement relating to risk analysis, employee training and the establishment of a consultation process within the Company, has been signed with trade union representatives on February 26, 2010.

Safety

Work accidents are analyzed, and remedial actions are taken.

In order to foster a culture of prevention, each employee must report the events in which he was involved or that he witnessed and that could have caused an accident. The employee must propose corrective measures.

Promotion of health within the Company.

In addition to the prevention of occupational risks, the Company improves the health of its employees by promoting health in the workplace.

All Company employees benefit from health insurance coverage (public, private, or both).

For the past two years, the Company has deployed a healthcare and health education pilot program on its North-American sites, in the form of health-days; these initiatives are designed to offer employees who so wish to benefit from health check-ups, early screening of cancer, and medical or nutritional advice given by professionals.

The confidentiality of medical data is strictly observed and the Company does not have access to personal data.

In addition, on most of its sites, the Company offers annually to bear the cost of seasonal flu shots for its employees.

Monitoring of Health and Safety policy

Monthly reports on occupational accidents and first care infirmary at the principal and subsidiary manufacturing sites are carried out and circulated within the Company.

Frequency and Severity Rate*	2009
Number of occupational accidents with days off	**40**
Number of days lost	**1,658**
Frequency**	**4.1**
Severity rate***	**0.17**

* worldwide, including intermediaries

** number of occupational accidents with days off per million work hours

*** number of days off per thousand work hours

4.13.3 Environmental policy

The Company designs, uses and maintains its facilities in such a way as to best control the environmental impact of its operations (soil, water, air, noise, odors, energy, waste, etc.). The Company arranges for its facilities to be audited on a regular basis to ensure that they are in compliance with applicable regulations and meet other obligations applicable to it.

In late 2008, the Company launched the “bioMérieux Goes Green” environmental approach, comprising five key areas: energy, water, paper, waste and emissions. The integration training provided to new managers of the Company in France and in the United States includes a specific module on this approach.

In late 2007, the Company set up a Sustainable Development Committee, chaired by the Quality, Regulatory Affairs and HSE Director, and led by the Environmental Manager, on which ten representatives of all business functions hold a seat. In parallel, environmental initiatives are supported by a network of over 40 “Green Champions” or “environment correspondents” within each site, subsidiary and support department of the Company.

The Committee's purpose is to draw up an "environmental action plan" to set a series of annual objectives and indicators leading up to the year 2012 and to provide guiding principles for all Group entities in terms of minimization of environmental impacts.

At the Company's principal operating facilities, continuous improvement plans modeled on the "Kaizen" or "5S" systems are being carried out. They contribute to taking into account the Company's impact on the environment.

4.13.4 The five key areas

- **Water**

– Use of water resources

Water is the substance most frequently used by the Company in its products' formula. Water is also used in refrigerated facilities, such as cold storage rooms, in controlled atmosphere areas and as a coolant in manufacturing. In these instances, the Company prioritizes closed-circuit systems and actively replaces systems that discharge water.

Water consumption is monitored on a regular basis at the main facilities and steps are taken to reduce it. At the Craponne site (France), the installation of a closed cooling water circuit used in the manufacturing process will allow more than 40,000 m3 of drinking water to be saved. In 2009, at the Madrid site in Spain, the installation of a closed cooling system will allow more than 14,000 m^3 of water to be saved annually.

The Company is actively pursuing its efforts in building eco-friendly buildings. For example, regarding water consumption, the surroundings of a new building delivered in 2009 at St. Louis (USA) have been designed so as not to require irrigation. A similar endeavor was applied to a new building delivered at the Marcy l'Etoile (France) site, where rainwater is collected for irrigation.

– Wastewater

Biologically and chemically contaminated water is collected and analysed. At the largest facilities, waste water analyses are periodically carried out to measure several factors, including flow, pH, temperature, suspended matter, organic particles, nitrogen, hydrocarbons and heavy metals.

- **Energy**

The Company prefers to use natural gas as a low-polluting source of energy. The energy efficiency of the Company's combustion facilities and the pollution they may cause are monitored on a regular basis. Facilities that fail to meet the latest standards in this area are systematically aligned with new regulations.

In order to improve its energy efficiency, the Company has implemented optimization and energy saving policies. Prior to erecting or renovating buildings, simulations are made to measure their energy efficiency in terms of lighting, heating, ventilation and summer climate control. Efforts are made to find ways of reducing energy consumption to a low or very low level through systems that are researched, encouraged and gradually applied. Thus, in 2009, the Craponne (France) site invested in a high-efficiency boiler for the cafeteria, equipped with solar panels, which should allow for a 20-25% reduction in gas consumption.

bioMérieux is one of the first companies in France to have voluntarily initiated steps aimed at securing energy saving certificates. They were awarded to the Company by the Regional Industry, Research and Environmental Department ("DRIRE") in June 2007 for a heat recovery system at the Craponne site that is expected to generate total energy savings of some 2 million kWh over the equipment's life.

The Company plans to continue to actively work at obtaining other energy saving certificates.

A pilot project has also been conducted at Marcy l'Etoile, where an environmentally efficient building was established using advanced technologies that limit energy consumption to 65 kWh per square meter per annum. In consideration of this achievement, energy savings certificates for 1 million kWh were awarded to the Company in February 2008.

The Company is reviewing opportunities to use renewable energy: thus in 2009, the Durham site (USA) began the installation of 2,000 m^2 of solar panels that will generate 150,000 kWh of electricity per year.

Altogether, these measures have allowed for a reduction in energy consumption of approximately 5% in 2009.

- **Paper**

Initiatives are being implemented across all sites and affiliates of the Company to reduce paper consumption, including through incentives for rational printing practices. The Durham and Saint-Louis (United States) sites in particular have optimized their pool of printers and obsolete printers were auctioned off, the proceeds of which were donated to local charities. In North America, paper consumption has been reduced by 20%. In parallel, the use of recycled paper is increasingly widespread.

Another significant example is the replacement paper instruction notices by electronic instruction notices for using reagents, which can be directly downloaded from the technical library of the Company. A pilot phase was conducted for TEMPO® in 2009, which generates an annual saving of one tonne of paper. This approach is gradually extended to all other product lines.

- **Waste**

For the several years, the Company has sought to optimize waste management and to sort recyclables at the point of use. Its efforts have included the development of processes designed to reduce the volume of produced waste. The Company pays special attention to the development of methods for recycling, reusing and sorting of non-hazardous waste. As far as hazardous waste is concerned (discharged laboratory chemicals, organic solvents, acids, bases, etc.), the Company has always opted in favor of a strict policy of collection at the source and disposal by companies licensed to process such waste in the most appropriate manner. All of the Company's sites have waste storage and processing facilities.

The Company seeks to optimize packaging in terms of quantity of material. In 2009, the Durham (United States) site eliminated a paperboard component in the packaging of BacT/ALERT® bottles, which has reduced the resources required to manufacture packaging, optimized transportation through the volume reduction achieved, and a reduction of 110 tonnes of waste for treatment by Company customers.

In 2009, this site also implemented an energy collection chain for BacT/ALERT® manufacturing by-products. This initiative will nearly triple the proportion of recycled waste for this site.

- **Air**

The Company seeks to reduce its emissions into the air. Three of Company's French sites have implemented carbon emission assessment programs.

The Company is actively committed to reducing travel needs; it has invested in reliable telecommunications infrastructure (telepresence). In addition, the Company decided to fund a 15,000-tree replanting program in Brazil to offset greenhouse gas emissions generated by its employees' air travel in 2008. Regarding the transportation of products, the Company is working to develop alternatives to air transport for its products through an action plan implemented in 2008.

The Company has also decided to apply environmental standards to its company vehicles and promotes the use of long-term rented vehicles emitting less than 140 grams of CO2 per kilometer.

Measures taken to limit the impact on biodiversity, nature and protected animal and plant species

The Company's facilities are located in industrial or urban areas and are therefore not in places where nature, fauna and flora are protected. The Company puts special emphasis on the appearance of its facilities and on landscaping and architectural integration of its sites. In the same spirit, the use of pesticides has been discontinued at the Marcy l'Etoile (France) site.

Environmental assessment and certification procedures

The Company is increasing the number of ISO 14001 certified subsidiaries, building on the success of bioMérieux Switzerland, whose ISO 14001 certification was renewed in 2009.

Measures implemented to ensure that the Company's operations comply with applicable laws and regulations

- **Listed facilities for the protection of the environment (ICPE)**

All of the Company's French facilities are in compliance with regulations applicable to listed facilities, whether under the reporting or the authorization system, depending on the nature of their operations. None of the facilities falls within the scope of regulations governing major technological risks.

- **Odor and noise pollution**

At Company facilities that generate noise, every effort is made to ensure compliance with noise level restrictions applicable to the location concerned. In this context, the Company makes measurements every three years at all of its French sites, as required under applicable operating permits.

The Company's operations do not currently cause odor pollution.

SECTION 5

ASSETS – FINANCIAL POSITION – INCOME

5.1 KEY FIGURES

Key figures for the years ended December 31, 2008 and December 31, 2007 are respectively presented in paragraph 5.1 of the reference document filed with the AMF on June 10, 2009 under number D.09-0495 and paragraph 5.1 of the reference document filed on June 2, 2008 under number D.08-0456.

5.1.1 Consolidated income statement

In millions of euros	**2009**	**2008**
Net sales	**1,223.4**	**1,110.5**
Gross profit	**659.6**	**593.0**
Operating income before non recurring items	**213.3**	**186.9**
Operating income	**203.7**	**186.1**
Net income of consolidated companies	**148.2**	**130.0**

5.1.2 Consolidated balance sheet

Assets *In millions of euros*	**Net 12/31/2009**	**Net 12/31/2008**
Fixed assets	**636.3**	**612.6**
Current assets	**610.0**	**576.6**
Total assets	***1,259.7***	***1,189.2***
Liabilities and shareholders' equity	**12/31/2009**	**12/31/2008**
Shareholders' equity	**806.4**	**688.4**
Non current liabilities	**65.1**	**138.1**
Current liabilities	**388.2**	**362.7**
Total liabilities and shareholders' equity	***1,259.7***	***1,189.2***

5.1.3 Consolidated cash-flow statement

In millions of euros	**2009**	**2008**
Cash flow from operating activities before cost of net financial debt and income tax	**261.0**	**259.5**
Net cash flow from operations	**188.6**	**197.9**
Net cash flow from (used in) investment activities	**-103.5**	**-216.5**
Net cash flow from (used in) financing activities	**-95.8**	**16.3**
Net change in cash and cash equivalents	**-10.7**	**-2.3**
Net cash and cash equivalents at the beginning of the year	**31.5**	**36.0**
Impact of currency changes on net cash and cash equivalents	-6.6	-2.2
Net change in cash and cash equivalents	**-10.7**	**-2.3**
Net cash and cash equivalents at the end of the year	**14.2**	**31.5**

5.2 MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE FINANCIAL POSITION AND RESULTS OF OPERATIONS

The highlights of the year ended December 31, 2009 were the following events:

5.2.1 Net sales

Net sales amounted to €1,223 million in 2009, an increase of 7.7% from the €1,111 million reported in 2008, at constant exchange rates and scope of consolidation (like-for-like). Including the effects of new business development agreements, the increase was 10.4% at constant exchange rates.

The influenza A (H1N1) epidemic had an estimated €18 million favorable impact on sales of QuickVue® Influenza tests and NucliSENS® easyMAG® systems, or 150 basis points of organic growth for the year.

Geographically, sales may be analyzed as follows:

In millions of euros	**2009**	2008	% Change As reported	**% Change** Like-for-Like
Europe(*)	**694**	663	+4.8 %	**+5.8 %**
North America	**289**	243	+19.0 %	**+6.3 %**
Asia-Pacific	**151**	129	+17.0 %	**+12.6 %**
Latin America	**89**	76	+16.9 %	**+19.7 %**
TOTAL	**1,223**	1,111	+10.2 %	**+7.7 %**

(*) including the Middle East and Africa

By technology, sales may be analyzed as follows:

In millions of euros	**2009**	2008	% Change As reported	**% Change** Like-for-Like
Clinical Applications	**1,034**	944	+9.5 %	**+7.4 %**
Microbiology	**613**	562	+9.0 %	**+5.5 %**
Immunoassays	**326**	304	+7.2 %	**+6.7 %**
Molecular Biology	**76**	57	+33.1 %	**+30.9 %**
Other Lines	**19**	21	-8.2 %	**+6.8 %**
Industrial Applications	**189**	167	+13.8 %	**+9.0 %**
TOTAL	**1,223**	1,111	+10.2 %	**+7.7 %**

5.2.2 New product launches

bioMérieux continued to drive fast growth and make key strategic advances in 2009, despite the unfavorable economic environment.

In particular, the Company played an active role in the fight against the influenza A (H1N1) pandemic, tailoring its product offering to its customers' specific needs.

The Company also demonstrated its commitment to innovation-driven growth by launching 17 new products during the year, in an extremely wide range of fields:

– NucliSENS EasyQ® MRSA, a new molecular diagnostic test on the EasyQ® automated platform for Methicillin Resistant *Staphylococcus aureus* (MRSA), one of the leading causes of Healthcare-Associated Infections.

– VIDAS® EBV for the detection of the Epstein-Barr virus.

– VILINK™ and VITEK® 2 PC 4.02, new IT solutions for VITEK® 2 systems.

– VITEK® 2 PC 4.02, a software application compatible with European standards for antimicrobial susceptibility testing (EUCAST).

5.2.3 Main agreements

Collaboration agreement

In november 2009, bioMérieux signed an agreement with GlaxoSmithKline to develop a predictive test that will help clinicians select the most appropriate treatment for different segments of breast cancer patients. This test will be based on emerging biomarkers and will be launched by bioTheranostics in its CLIA-certified laboratory. Then, an *in vitro* diagnostic kit will be developed by bioMérieux and introduced to the global market.

Distribution agreement

On September 30, bioTheranostics signed an agreement with UK-based Lab21 to commercialize THEROS CancerTYPE ID®, a test that classifies metastatic tumors whose primary site is either uncertain or unknown. Over the next two years, Lab21 will market the test in the United Kingdom, Ireland and Middle East countries, while bioTheranostics will perform all sample testing in their laboratory in San Diego, California.

Partnership agreement

In november 2009, bioMérieux and the CEA announced a long-term strategic partnership to develop innovative diagnostic technologies for infectious disease. The joint research projects will focus primarily on rapid bacterial detection and characterization using new spectrometry or imaging methods.

5.2.4 Manufacturing and Supply Operations

During the year, the Company continued to deploy its operations development plan, to drive its long-term growth and competitiveness. Manufacturing was optimized. Operations at the Boxtel plant in the Netherlands were terminated as planned on December 31, 2009, except for a production team of 44 people who will remain on-site until the microplates immunoassays reagents registration date. Development and production of the molecular biology lines have been transferred to the Grenoble plant and microplate immunoassay reagents will be produced by the joint venture with Shanghai Kehua Bio-engineering. The Company also announced the closure of plants in Solna, Sweden by the end of June 2010 and in Toronto, Canada by the end of the 2010 first quarter. Lastly, on January 4, 2010, the new Global ERP system, covering all of the Group's operations, was successfully rolled out in two subsidiaries, in Germany and the UK, and in two corporate departments.

5.2.5 Financial report

The consolidated financial statements for the years ended December 31, 2009 and 2008 have been prepared in accordance with the accounting and valuation standards and interpretations of the International Financial Reporting Standards (IFRS).

Consolidated income statement

– Gross profit amounted to €660 million, versus €593 million in 2008, and represented 53.9% of net sales, a gain of 50 basis points despite the increase in royalty payments and the growing percentage of distributed products. The improvement was led by i) a slight increase in prices, ii) a decline in raw materials and transportation costs, iii) a lower installed base depreciation and maintenance costs as a percentage of sales and iv) productivity gains.

– Selling, general and administrative expenses amounted to €316 million, versus €286 million in 2008, and represented 25.8% of sales, unchanged from 2008.

– Research and development expenses stood at €143 million, or 11.7% of sales, representing an increase of 11% at constant exchange rates excluding business development costs. The Company expects to maintain its research expenditure at around 12% of sales.

– Royalties from the patent portfolio declined by €0.4 million to €12 million, as the decrease in royalties received from Becton Dickinson (down €1 million) and in non-recurring royalties (down €1.5 million) was almost entirely offset by the increase in other royalty income. Royalties for the BOOM® and NASBA™ technologies, most of whose patents expire in 2010, amounted to €3 million for the year.

Reflecting the strong growth in sales and disciplined management of operating expenses, **operating income before non-recurring items** rose by more than 14% to €213 million, or 17.4% of sales.

Operating income amounted to €204 million, a 9.5% increase over the €186 million reported in 2008. In 2009, it included a total of €10.1 million in non-recurring expenses related to the closures of the Boxtel (Netherlands), Solna (Sweden) and Toronto (Canada) plants.

Net financial expense stood at €1.1 million for the year. In December 2009, the Company announced that it had sold all of the shares in ExonHit Therapeutics S.A. that it had acquired in November 2005 during ExonHit Therapeutics' initial public offering. The related capital gain of €3.3 million was offset by the unrealized capital losses on ReLIA and AdvanDx shares.

Income tax expense represents 26.8% of pretax income versus 28.2 % in 2008. It amounted to €54.4 million. The expense for the year was reduced by €4.1 million by the elimination of withholding taxes on dividend flows between France and the United States. The major R&D outlays committed by the French operations generated a research tax credit of nearly €12 million.

Net income for the year rose by 14% to €148 million, or 12.1% of sales. Earnings per share amounted to €3.75, versus €3.29 in 2008.

Consolidated cash-flow statement

Thanks to the strong operating margin, free cash flow before acquisitions, divested operations and dividends amounted to €87 million in 2009, despite higher capital expenditure and working capital requirements.

– In 2009, capital expenditure totaled €120 million, versus €92 million the year before. Of this amount, industrial capital expenditure represented €82 million, compared with €55 million in 2008. These investments primarily concerned capacity extensions, the Global ERP project and the construction and equipment for buildings at sites in Grenoble, Marcy l'Etoile, Saint Louis and Shanghai.

  The Company will continue to implement the capital expenditure plan announced in 2008. In 2010, industrial investments are expected to be around €30 million higher than usual.

– Operating working capital requirements increased by €24 million in 2009, compared with €4 million in 2008, primarily as a result of a decrease in trade payables following application of a new law in France reducing invoice payment periods (Economic Modernization Act). As a percentage of sales, operating working capital requirements remained virtually the same, at 20.8% versus 20.6% in 2008.

– The Group also paid €18 million in severance benefits to employees leaving the Boxtel plant and recognized more than €8 million in proceeds on the sale of non-consolidated shares (including the interest in ExonHit Therapeutics S.A.).

After dividend payments totaling €32 million (€0.81 per share), cash flow for the year stood at €55 million. In 2008, a total of €136 million was spent on acquisitions, primarily AB BIODISK, AviaraDx and PML Microbiologicals, causing cash flow to end the year at a negative €64 million.

Virtually all of the net debt at December 31, 2008 was reimbursed during the year. Net debt stood at just €2 million at the end of 2009.

bioMérieux has a €260 million syndicated line of credit available until January 2013. At December 31, there were no drawdowns on this facility.

5.3 CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDING DECEMBER 31, 2008 AND 2009

The consolidated financial statements for the years ended December 31, 2008 and December 31, 2007 are respectively presented in paragraph 5.3 of the reference document filed with the AMF on June 10, 2009 under number D.09-0495 and paragraph 5.3 of the reference document filed on June 2, 2008 under number D.08-0456.

CONSOLIDATED INCOME STATEMENT

In millions of euros	**2009**	**2008**
Net sales (note 5.3.1.16.1)	**1,223.4**	**1,110.5**
Cost of sales	-563.8	-517.5
Gross profit	**659.6**	**593.0**
Other operating income (note 5.3.1.16.1)	12.5	12.6
Selling and marketing expenses	-217.1	-198.9
General and administrative expenses	-98.7	-87.1
Research and development expenses	-143.0	-132.7
Total operating expenses	**-458.8**	**-418.7**
Operating income before non recurring items	**213.3**	**186.9**
Other non recurring incomes (expenses) (note 5.3.23)	-9.6	-0.8
Operating income	**203.7**	**186.1**
Cost of net financial debt (note 5.3.22.1)	-2.5	-2.5
Other financial items (note 5.3.22.2)	1.4	-0.8
Income tax (note 5.3.24)	-54.4	-51.5
Investments in associates (note 5.3.7)	0.0	-1.3
Net income of consolidated companies	**148.2**	**130.0**
Attributable to the minority interests	0.4	0.1
Attributable to the parent company	**147.8**	**129.9**
Basic net income per share	3.75 €	3.29 €
Diluted net income per share (note 5.3.19.2)	3.75 €	3.29 €

STATEMENT OF COMPREHENSIVE INCOME

In millions of euros	**2009**	**2008**
Net income of consolidated companies	**148.2**	**130.0**
Change in fair value of cash flow hedges and net investment hedges (a)	-12.7	10.0
Tax effects	4.4	-3.5
Change in translation reserve	1.5	-13.8
Other comprehensive income net of tax (b)	**-6.8**	**-7.3**
Total comprehensive income	**141.4**	**122.7**
Attributable to the minority interests	0.9	-0.4
Attributable to the parent company	**140.5**	**123.1**

(a) Effective portion variation of cash-flow hedging instruments

The recognition in current operating income of change in fair value of the effective portion of cash-flow hedges is displayed in note 5.3.27.1.3

(b) There is no change in fair value of available-for-sale financial assets recognized directly in comprehensive income

CONSOLIDATED BALANCE SHEET

Assets *In millions of euros*	**Net** **12/31/2009**	**Net** **12/31/2008**
Fixed assets		
. Intangible assets (note 5.3.3)	93.0	78.1
. Goodwill (note 5.3.4)	166.9	168.0
. Property, plant and equipment (note 5.3.5.1)	312.8	300.2
. Financial assets (note 5.3.6)	10.5	16.6
. Investments in associates (note 5.3.7)		2.0
. Other non-current assets (note 5.3.5.4)	27.0	26.0
. Deferred tax assets (note 5.3.15)	26.1	21.7
Total	**636.3**	**612.6**
Current assets		
. Inventories and work in progress (note 5.3.8)	158.6	156.3
. Accounts receivable (note 5.3.9)	346.6	315.4
. Other operating receivables (note 5.3.10)	33.2	28.8
. Tax receivable (note 5.3.10)	22.2	11.6
. Non-operating receivables (note 5.3.10)	2.4	11.7
. Cash and cash equivalents (note 5.3.11)	47.0	52.8
Total	**610.0**	**576.6**
. Assets held for sale (note 5.3.5.2)	13.,4	
Total assets	***1,259.7***	***1 189.2***
Liabilities and shareholders' equity	**12/31/2009**	**12/31/2008**
Shareholders' equity		
. Share capital (note 5.3.12)	12.0	12.0
. Additional paid-in capital & Reserves	642.0	542.8
. Net income for the year	147.8	129.9
Total equity before minority interests	**801.8**	**684.7**
Minority interests	**4.6**	**3.7**
Total shareholders' equity	**806.4**	**688.4**
Non current liabilities		
. Net financial debt – long-term (note 5.3.16.2)	8.4	78.1
. Deferred tax liabilities (note 5.3.15)	21.0	25.6
. Provisions (note 5.3.14)	35.7	34.4
Total	**65.1**	**138.1**
Current liabilities		
. Net financial debt – short-term (note 5.3.16.2)	40.7	25.6
. Provisions (note 5.3.14)	16.0	38.4
. Accounts payable (note 5.3.17)	116.6	120.2
. Other operating liabilities (note 5.3.17)	166.6	151.7
. Tax liabilities (note 5.3.17)	19.4	11.7
. Non-operating liabilities (note 5.3.17)	28.9	15.1
Total	**388.2**	**362.7**
Total liabilities and shareholders' equity	***1,259.7***	***1,189.2***

CONSOLIDATED CASH-FLOW STATEMENT

In millions of euros	**2009**	**2008**
Net income of consolidated companies	148.2	130.0
Net depreciation, and provision and others	58.9	72.7
Increase / Decrease in fair value of derivatives	0.1	0.2
Net realized capital gains (losses)	-3.0	-1.9
Cash flow from operating activities	**204.2**	**201.0**
Cost of net financial debt	2.5	2.5
Current income tax expense	54.3	56.0
Cash flow from operating activities before cost of net financial debt and income tax	**261.0**	**259.5**
Increase in inventories	-0.2	-7.4
Increase requirements in accounts receivable	-28.4	-20.9
Increase in accounts payable and other operating working capital	4.8	24.3
Increase / Decrease in operating working capital	**-23.8**	**-4.0**
Income tax paid	-57.6	-57.6
Other	10.5	3.4
Increase / Decrease in non-current assets	-1.5	-3.4
Increase / Decrease in working capital requirements	**-72.4**	**-61.6**
Net cash flow from operations	**188.6**	**197.9**
Purchase of property, plant and equipement	-119.6	-91.8
Proceeds on fixed assets disposals	10.2	7.5
Purchase of financial assets / Disposals of financial assets	8.3	-0.3
Net cash from the sale of Hemostasis line of business		1.9
Impact of changes in the scope of consolidation	0.1	-130.6
Other investing cash flows	-2.5	-3.2
Net cash flow from (used in) investments activities	**-103.5**	**-216.5**
Purchases and proceeds of treasury stocks	4.7	-15.3
Dividends to bioMérieux SA shareholders	-31.9	-29.8
Minority interests in capital increase		2.4
Cost of net financial debt	-2.5	-2.5
Change in confirmed financial debt	-66.1	61.5
Net cash flow from (used in) financing activities	**-95.8**	**16.3**
Net change in cash and cash equivalents	**-10.7**	**-2.3**
Analysis of net change in cash and cash equivalents		
Net cash and cash equivalents at the beginning of the tear	31.5	36.0
Impact of currency changes on net cash and cash equivalents	-6.6	-2.2
Net change in cash and cash equivalents	**-10.7**	**-2.3**
Net change in cash and cash equivalents at the end of the year (cf. note 5.3.16.2)	**14.2**	**31.5**

STATEMENT OF CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY

	Group's share									Minority interests
In millions of euros	**Share capital**	Additional paid-in capital & consolidated reserves (a)	Translation reserve	Change in fair value (b)	Treasury stock	Bonus-share distribution	**Total Additional paid-in capital & Reserves**	**Net income**	**Total**	**Total**
Shareholders'equity at December 31, 2007	**12.0**	524.2	-32.3	0.6	-7.2	5.6	**490.9**	**98.0**	**600.9**	**0.4**
Total comprehensive income for the year			-13.3	6.5			**-6.8**	**129.9**	**123.1**	**-0.4**
Appropriation of last year net income		98.0					**98.0**	**-98.0**		
Dividends (c)		-29.8					**-29.8**		**-29.8**	
Treasury stock		-9.9			-5.3		**-15.2**		**-15.2** (h)	
Bonus-share distribution (d)		7.2 (e)				-1.5	**5.7**		**5.7**	
Change in scope of consolidation										**3.7**
Shareholders'equity at December 31, 2008	**12.0**	589.7	-45.6	7.1	-12.5	4.1	**542.8**	**129.9**	**684.7**	**3.7**
Total comprehensive income for the year			1.0	-8.3			**-7.3**	**147.8**	**140.5**	**0.9**
Appropriation of last year net income		129.9					**129.9**	**-129.9**		
Dividends (c)		-31.9					**-31.9**		**-31.9**	
Treasury stock		-4.1			9.7		**5.6**		**5.6** (h)	
Bonus-share distribution (d)		4.5 (e)				-1.6	**2.9**		**2.9**	
Change in scope of consolidation		-1.0	1.0							
Shareholders'equity at December 31, 2009	**12.0**	687.1 (f)	-43.6 (g)	-1.2	-2.8	2.5	**642.0**	**147.8**	**801.8**	**4.6**

(a) Including Additional paid-in capital : 63.7 millions euros
(b) Change in fair value of financial instruments (cash flow hedges and net investment hedges)
(c) Dividend per share : 0.76 euro in 2008 and 0.81 euro in 2009
(d) The fair value of the bonus-share distribution is expensed over the vesting period
(e) Bonus-shares definitively distributed to the beneficiaries
(f) Including distributable reserves of bioMerieux SA: 425 millions euros. The general shareholders meeting of June 16, 2010 is expected to declare a dividend of 0.90 € per share
(g) See note 5.3.13
(h) Impact before tax : 15.3 million euros in 2008 and 5.6 millions euros in 2009

INTRODUCTION

bioMérieux is one the leading international diagnostics groups that specializes in the field of in vitro diagnostics for clinical and industrial applications. The Group designs, develops, manufactures and markets systems, i.e. reagents, instruments and software. bioMérieux is present in more than 150 countries through 39 subsidiaries and a large network of distributors.

The consolidated financial statements were approved by the Board of Directors on March 5, 2010.

The financial statements will be considered final only after they are approved by the shareholders' meeting of June 10, 2010.

5.3.1 Accounting principles

Standards and interpretations

The consolidated financial statements for the year ended December 31, 2009 have been prepared in accordance with the accounting and valuation standards and interpretations of the International Financial Reporting Standards (IFRS) adopted by the European Commission as of December 31, 2009. The standards can be found on the European Commission web site at:
http://ec.europa.eu/internal_market/accounting/ias/index_en.htm.

The impact of standards and interpretations that became mandatory in 2009 is presented below.

– The revision of IAS 1 has only had an impact on the presentation of financial statements. The comprehensive income is presented in two statements. The first statement shows revenues and expenses on which the consolidated income statement is based. A second statement, based on the consolidated income statement, presents the other items leading to comprehensive income. Comparative information has been added for previous years.

– IFRS 8 "Operating Segments" which provides that operating segments correspond to segments of the Group's business activities whose income is regularly monitored by the management bodies, has led to classification of *in vitro* diagnostics as the sole operating segment, as the management bodies do not regularly review subdivisions of income, in particular broken down by geographical area.

To ensure continuity with the information provided earlier, an analysis of sales, operating income, assets and liabilities relating to geographical areas is provided in the appendix (See note 5.3.25).

The definition of cash-generating units (CGUs) has been revised to reflect the Group's development, in particular following the significant acquisitions made in 2008, and in the context of implementation of IFRS 8. Assets were previously grouped by legal entities, or groups of legal entities. The analysis conducted has led to the grouping of assets either by legal entities or into product lines (a set of tangible assets, mainly manufacturing plants, and intangible assets, essentially technologies, which generate flows from a product line or a set of product lines).

The goodwill previously followed at Group level have been broken down into groups of product lines. No impairment has been recorded. It should be noted that the application of the rules defined until 2008 in respect of CGUs would not have entailed any recognition of goodwill impairment as of December 31, 2009 (See note 5.3.4).

The standards and interpretations adopted by the European Union are not early applied when they are compulsory after the closing date. According to the current analysis, these standards and interpretations should not materially affect the consolidated financial statements.

No accounting principle has been applied that would be contrary to mandatory IFRS standards applicable in 2009 and not yet adopted at a European level. Standards and interpretations issued by the IASB but not yet approved at a European level should not significantly affect the financial statements.

The financial statements of the consolidated Group companies, which are prepared in accordance with accounting rules applicable in their respective countries, are restated to conform to the financial reporting principles used for the consolidated financial statements.

5.3.1.1 Estimates and judgments

When preparing the consolidated financial statements, estimates and assumptions are made that affect the book value of certain assets, liabilities, revenue and expenses. This includes the valuation and impairment of intangible assets, including goodwill, the valuation and impairment of financial assets, provisions, employees benefits, deferred taxes and payments in shares, as well as information provided in certain notes to the financial statements. These estimates and assumptions are reviewed on a regular basis, taking into consideration past experience and other factors deemed relevant in light of prevailing economic conditions. Changes in those conditions could accordingly result in different estimates in the Group's future financial statements.

The financial and economic crisis is making it more difficult to measure and value certain assets and liabilities and to assess the impact of events on operations. Estimates have been made on the basis of information available at the end of the period, taking into account events subsequent to the end of the fiscal year, as prescribed by IAS 10.

5.3.1.2 Consolidation principles

Companies over which bioMérieux exercises full control are fully consolidated. Full control is defined as the direct or indirect power to govern the financial and operating policies of a company in order to profit from its business. This control is presumed whenever the Company holds more than 50 % of the voting rights of the controlled company.

Companies over which bioMérieux exercises a significant influence are accounted for by the equity method. Significant influence is defined as the power to participate in financial and operating policies without controlling such policies. It is presumed whenever bioMérieux has a direct or indirect ownership between 20 and 50 % of voting rights.

In case of loss of significant influence following a dilution of investment without disposal, the consolidated value of the investment accounted for by the equity method is reclassified in accordance with standard IAS 28 “Investments in Associates”, in a class of financial instruments and subsequently measured in accordance with IAS 39 "Financial Instruments".

A list of consolidated companies is included in section 5.3.32.

All significant transactions between the consolidated companies, as well as intra-group income (in particular dividends, internal gains related to inventory or fixed assets), have been eliminated.

5.3.1.3 Fiscal year end date

All the Group companies are consolidated on the basis of their fiscal year, or, if the fiscal year dates differ, of audited financial statements for the period ending at the end of the Group's fiscal year.

5.3.1.4 Foreign currency translation principles

The euro is the functional currency of bioMérieux and the consolidated financial statements are presented in millions of euros.

5.3.1.4.1 Translation of the financial statements of foreign companies

Financial statements in foreign currencies are translated as follows:

Normal circumstances: the financial statements of foreign subsidiaries operating in a currency other than the euro or that of an economy subject to hyperinflation are translated as follows:

– Balance-sheet items are translated using the official exchange rate at the end of year.

– Income statement items are translated using the average exchange rate for each currency for the fiscal year.

– Cash flow statement items are translated using the average exchange rate for each currency for the fiscal year.

Differences resulting from the translation of the subsidiaries' financial statements are recognized in "translation reserve" and shown on a separate line under consolidated shareholders' equity.

Whenever a foreign subsidiary is sold, the translation reserve pertaining to that entity is recognized in the income statement according to the disposed portion of the entity.

The tables below show the principal exchange rates used for translations:

Average rates				
1 EURO =	**USD**	**JPY**	**GBP**	**BRL**
2009	1.39	130	0.89	2.77
2008	1.47	152	0.80	2.67
2007	1.37	161	0.68	2.66

Year-end rates				
1 EURO =	**USD**	**JPY**	**GBP**	**BRL**
2009	1.44	133	0.89	2.51
2008	1.39	126	0.95	3.25
2007	1.47	165	0.73	2.61

Special circumstances: the financial statements of subsidiaries operating in a currency other than that of the country in which they are located are translated as follows:

– Non-monetary items are translated at the applicable historical rate.

– Monetary items in the balance sheet are translated at the rate in effect at the end of the period, while those in the income statement are translated at the average rate for the period.

– Differences resulting from the translation of their financial statements are immediately recognized in income.

If the operating currency of the subsidiary concerned is not the euro, the financial statements are then translated into euros as shown under "Normal circumstances".

5.3.1.4.2 Translation of transactions in foreign currencies

As prescribed by IAS 21 "The effect of changes in foreign exchange rates", transactions in currencies other than the operating currency of the company performing them are translated using the exchange rate in effect on the date of the transaction. Exchange-rate gains or losses resulting from differences in rates between the transaction date and the payment date are recognized under the corresponding lines in the income statement (sales and purchases for commercial transactions).

Payables and receivables in foreign currencies are translated at the exchange rate in effect on December 31, 2009. The resulting currency translation gain or loss is recognized in the income statement at the end of the year.

Derivatives are measured and recognized in accordance with the general principles set forth in note 5.3.1.17 "Recognition and measurement of financial instruments". Accordingly, foreign-exchange derivatives are recognized in the balance sheet at their fair value at the end of each period.

For the first-time adoption of IAS-IFRS, as permitted under IFRS 1, translation reserves on January 1, 2004 has been cancelled and recognized as consolidated reserves.

5.3.1.5 Intangible assets

5.3.1.5.1 Research and development costs

As prescribed by IAS 38 "Intangible assets", research costs are not capitalized. Under IAS 38 "Intangible assets", development costs must be recognized as intangible assets whenever specific conditions are met, related to technical feasibility and marketing and profitability prospects. Given the high uncertainty attached to development in the Group, these conditions are not satisfied until the regulatory procedures required for the sale of products have been finalized. As most expenses are incurred before that stage, development costs are recognized as expenses for the period in which they are incurred.

5.3.1.5.2 Other intangible assets

Other intangible assets include mainly patents, licenses and computer software. All have a finite life. They are initially measured as follows:

– If purchased: at their purchase price

– In the case of business combinations: at fair value, based on the discounted value of estimated future cash flow.

– If produced in-house: at Group cost.

Costs directly attributable to the production or improvement of software developed in-house are capitalized if it is considered probable that expenses will generate future economic benefits. Other development costs are recognized as expenses when incurred.

Intangible assets are amortized in accordance with the expected pattern of consumption of future economic benefits embodied in the asset concerned, generally on a straight-line basis over periods of five to twenty years in the case of patents and licenses and three to six years in the case of computer software.

Intangible assets are carried on the balance sheet at their initial cost less accumulated amortization and, if applicable, impairments. Amortization allowances are recognized in income statement lines based on the assets' function. Impairment losses are recognized in income under "Other non-recurring income and expenses" if the definition applies to them (see note 5.3.1.16.3).

5.3.1.6 Goodwill

Goodwill represents the difference between the cost of business combinations and the Group's part in the fair value of the acquired entity's identifiable assets, liabilities and contingent liabilities on the acquisition date. Goodwill is measured in the operating currency of the acquired entity. The cost of business combinations includes expenses directly related to the acquisition and the impact of price adjustment clauses, whenever they can be reliably estimated. The clauses are discounted, if necessary, whenever they have a material negative impact.

Positive goodwill is recognized in the balance sheet on a separate "Goodwill" line. Negative goodwill is recognized directly in the income statement.

As prescribed by IFRS 3 "Business combinations", goodwill is not amortized. On the acquisition date, it is allocated to a cash-generating unit selected on the basis of synergies expected by the Group (see note 5.3.1.8). Goodwill impairment tests are performed as soon as there are indications that goodwill may be impaired and at least once a year. The procedure followed for these impairment tests and the manner in which impairment loss of value is recognized are set forth in note 5.3.1.8 “Impairment of fixed assets.”

Goodwill is presented in the balance sheet at cost, net of impairments, if any. Impairment losses are accounted for under "Other non-recurring income and expenses" in the income statement provided they meet the definition (see note 5.3.1.16.3) and cannot be reversed except in the event of a disposal.

As permitted under IFRS 1 (“First-time Adoption of IFRS”) options, the net book value of goodwill has not been restated on January 1, 2004 and accumulated amortization up to that date has been deducted from its gross value.

5.3.1.7 Property, plant and equipment

As prescribed by IAS 16 "Property, plant and equipment", property, plant and equipment are initially recorded in the balance sheet at their purchase or production cost, or at fair value on the date of business combinations. They are not revalued. Any revaluations by Group companies are eliminated when preparing the consolidated financial statements.

Property, plant and equipment are recognized by using the component approach. According to this method, each component of property, plant and equipment with a value that is material in terms of the aggregate cost of the asset and with a useful life that is different from that of the principal asset must be separately accounted for and depreciated. The only Group assets to which this method is applied are buildings.

The implementation of the revised IAS 23 "Borrowing Costs" has not led to capitalize borrowing costs.

Normal maintenance and repair costs of property, plant and equipment are expensed as incurred. Other subsequent expenses are capitalized only if they satisfy accounting conditions, such as for replacing an identified component.

Property, plant and equipment is carried at cost less accumulated depreciation and impairment losses.

The depreciable value of property, plant and equipment is its cost, as it is not considered to have residual value. It is depreciated on a straight-line basis.

The term over which property, plant and equipment is depreciated depends on the estimated useful life of asset categories:

Category	Useful life
Machinery and tools	3 - 10 years
Instruments *	3 - 5 years

** instruments placed with customers or used in house*

In the case of buildings, depreciation is calculated separately for each component:

Category	Useful life
Shell	30 - 40 years
Finishing work, fixtures and fittings	10 - 20 years

The useful life of assets is periodically reviewed. The impact of any change in their useful life is accounted for prospectively as a change in estimate.

Whenever events or market developments indicate that there is a risk that the value of assets may be impaired, the net value of the property, plant and equipment concerned is reviewed. If their recoverable value (see note 5.3.1.8) is less than their net book value, either the useful life is adjusted or an impairment loss is recorded and recognized in "Other non-recurring incomes and expenses", if the definition applies to it (see note 5.3.1.16.3).

Capital gains on intra-group transactions of property, plant and equipment (mainly instruments) are eliminated from the financial statements. However, the value of the corresponding assets is not adjusted by the amount of the write-off. The impact, which is not material in terms of the value of assets, is recognized in "deferred revenue" (8 million euros on December 31, 2009).

Assets held for sale

In accordance with IFRS 5 “Non-current Assets Held for Sale and Discontinued Operations”, the real estate assets of the Boxtel and Toronto sites have been reclassified in a specific category of current assets. Indeed, a property brokerage agreement has been executed for their sale in the context of the current shutdown of these sites.

These assets are no longer depreciated as of December 31, 2009, which is the date of their recognition under this item. They are measured at the lower of their carrying amount and their fair value less costs to sell.

Finance leases

As lessee: Leases are considered "finance leases" whenever they transfer to the lessee substantially all risks and benefits attached to the leased asset. Leases qualify as such on the basis of the nature of each contract, notably if they meet the following criteria:

– Ownership of the leased asset is transferred to the lessee at the end of the lease.

– The lease contains a purchase option at a low price.

– The term of the lease covers most of the estimated life of the leased asset.

– The present value of minimum future lease payments is substantially equal to the fair market value of the leased asset.

– The leased asset is of a specialized nature such that only the lessee can use it without making substantial modifications.

Whenever the Group leases property under an agreement classified as a finance lease, the fair value of the asset concerned or, if it is lower, the present value of minimum future lease payments, is capitalized and depreciated over the useful life of the asset. The corresponding debt is recognized in the balance sheet. Lease payments are broken down into principal repayments and interest expense.

Other leases are considered operating leases and lease payments are recognized as linear expenses over the term of the lease.

As lessor: when the Group leases assets to third parties on terms equivalent to a sale, the assets are recorded as though they had been sold, as prescribed by IAS 17 "Leases". Corresponding lease payments receivables are recorded as "other non-current assets" on the balance sheet, for the portion payable in more than one year, and "accounts receivable" for short-term payments. The corresponding financial revenue is recognized in the income statement during the period concerned, under "other financial items".

5.3.1.8 Impairment of fixed assets

Impairment tests are performed every year on all intangible assets with an indefinite useful life and on goodwill.

Impairment tests are performed on property, plant and equipment and intangible assets with a finite useful life whenever there are indications that their value may be impaired.

As indicated above, the definition of cash-generating units (CGUs) has been revised to reflect the Group's development, in particular following the significant acquisitions made in 2008, and in the context of the implementation of IFRS 8. The assets were previously grouped by legal entities, or groups of legal entities. The analysis conducted has led to the grouping of assets either by legal entities or by product lines (a set of tangible assets, mainly manufacturing plants, and intangible assets, essentially technologies, which generate flows from a product line or a set of product lines).

For information, there are no more goodwill monitored at Group level.

The recoverable amount of a generating unit or CGU grouping is mainly based on the discounted cash-flow projections over the next five years and end-value. The assumptions made regarding growth over the first 5 years are consistent with available business information and conservative assumptions have been used for the determination of the end value, including an infinite growth rate typically of 2% and a maximum of 3%.

The discount rate used for these calculations is the weighted average cost of capital before tax which amounted to 9.3% in 2008 and 9% in 2009. The cost of equity is calculated by taking into account a risk-free rate (French government OAT bond rate), the stock market risk premium, and the beta ratio (allowing for adjustment of the overall stock market risk on the basis of the sector risk). The cost of equity is reconciled with the cost applied by analysts.

The projection horizon may be extended depending on the maturity of the activities analyzed and the discount rates adjusted to take specific risks into account.

Tests were performed to assess the sensitivity of the recoverable amount to variations in actuarial assumptions, primarily the discount rate (range +/- 1%), and the infinity growth rate (range +/- 0.5%). The implementation of sensitivity tests would not lead to significant impairments being recognized.

In the event that the carrying value of a unit exceeds its recoverable value, an impairment is recognized on the corresponding assets, unless their identifiable fair value is higher.

Impairment losses are recognized immediately in income under other non-current operating expenses, if they meet the applicable definition (see note 5.3.1.16.3). In the case of goodwill, impairment losses cannot be reversed.

5.3.1.9 Financial assets

Financial assets include investment in non-consolidated companies, loans and receivables maturing in more than one year, including pension fund assets whenever these have not been definitively allocated to cover corresponding obligations, as well as deposits made. They are recognized and measured as set forth in note 5.3.1.17. Capital gains and losses on the sale of securities are recognized in accordance with the FIFO method.

5.3.1.10 Inventories

As prescribed by IAS 2 "Inventories", inventories are measured at the lower of cost and net realizable value.

Inventories of raw materials, goods and consumables are measured at their purchase price plus related expenses using the FIFO (first-in-first-out) method. Work-in-progress and finished goods are measured at their standard production cost, adjusted for changes recorded during the manufacturing period of products on hand. Standard production costs are calculated assuming a normal level of activity; they include both direct and indirect manufacturing expenses.

The implementation of the revised IAS 23 "Borrowing Costs" has not led to recognize borrowing costs in the value of inventories.

A provision on inventory value is recognized, if applicable, to reflect selling prices, obsolescence, residual shelf life, condition, sale prospects and, in the case of spare parts, changes in the corresponding instruments installed base.

5.3.1.11 Cash and cash equivalents

This line includes immediately available cash as well as short-term cash investments, in euros, highly liquid, that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value (e.g. money-market SICAV funds in euros).

Investments meeting those criteria are measured at the end of the period at their fair value, with value changes recognized in profit or loss (see note 5.3.1.17).

No investments are pledged or subject to restrictions.

5.3.1.12 Employee benefits

5.3.1.12.1 Short-term employee benefits

Short-term employee benefits include salaries and social security taxes, paid vacation and bonuses. They are recognized as expenses for the period in which employees perform the corresponding services. Outstanding payments at the end of the period are shown as "Other operating liabilities".

In the absence of material extra costs identified by the Group, the employee training entitlements (French regulation so-called “Droit Individuel à la Formation”) are accounted for as off-balance-sheet commitments.

5.3.1.12.2 Post-employment benefits

These include in particular pensions, retirement indemnities and post-employment health insurance. They are covered by either defined contribution plans or defined benefit plans.

Defined contribution plans: The Group pays contributions based on salaries to organizations responsible for paying out pensions and social security benefits, in accordance with the laws and agreements applicable in each country. The Group's obligation is limited to the payment of contributions. Contributions are recognized as expenses for the period in which employees perform the corresponding services. Outstanding payments at the end of the period are shown as "Other operating liabilities".

Defined benefit plans are the other systems:

– regular or supplementary pension plans (primarily in the United States, Germany and France) and contractual retirement payments (primarily in France and Japan);

– health insurance for retired employees.

Pension commitments are calculated in accordance with the "projected credit unit" method, taking into consideration actuarial assumptions such as discount rates, salary increases, employee turnover and mortality rates. The principal assumptions made are shown in the table below:

		bioMérieux SA	bioMérieux Inc
Salary increases			
	2009	3.50%	4.20%
	2008	3.50%	3.75%
Discount rate			
	2009	4.80%	5.70%
	2008	5.50%	6.20%
Expected return			
	2009	4.75%	8.00%
	2008	4.90%	8.00%

For the purpose of determining the discount rate, the Group considered various market rates and, as prescribed by IAS 19, chose an adjusted average of the Iboxx Corporate AA and Bloomberg indices on December 31, 2009 (Euro, Dollar and Pound Sterling).

The expected rate of return on plan assets is estimated by independent actuaries on the basis of their anticipations and the past returns on investments of the same nature.

Actuarial gains and losses are deferred and amortized in accordance with the so-called “corridor method”, based on the average working life or life expectancy of the employees covered by the plan.

Past service cost due to changes in benefits plan is spread over the average remaining vesting period.

Sensitivity tests are performed to measure the sensitivity of obligations to changes in certain actuarial assumptions.

5.3.1.12.3 Other long-term benefits

Other long-term benefits include long-service awards and 'jubilee' bonuses. The corresponding liabilities are recognized on an actuarial basis whenever they have a material impact. Actuarial gains and losses and past service costs are immediately recognized in the income statement.

5.3.1.13 Provisions – Contingent assets and liabilities

As prescribed by IAS 37 "Provisions, contingent liabilities and contingent assets", provisions are recognized when the Group has a legal or constructive obligation towards a third party, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and no inflow of resources of an equivalent amount is expected in return, and when the amount of the obligation can be reliably estimated.

In the case of restructurings, a provision is accrued as soon as a restructuring is announced publicly and the corresponding formal plan is detailed or implemented. Provisions for restructuring include in particular the cost of severance payments.

Provisions are discounted if the impact is material.

Contingent liabilities are listed in the notes to the financial statements, unless the probability of a disbursement is very low.

Contingent assets are disclosed in the notes to the financial statements whenever their realization is considered probable.

5.3.1.14 Deferred income taxes

Deferred income taxes are calculated for all the timing differences between the tax value of assets and liabilities and their book value in the consolidated financial statements. These differences arise in particular from:

– timing differences between financial reporting and tax reporting (non-deductible provisions, employee profit sharing, etc);

– consolidation restatements (accelerated depreciation, provisions, unrealized transferred profit in inventories and fixed assets, etc);

– not refundable withholding tax on the dividend distributions which will occur during the next fiscal year.

Deferred tax assets resulting from timing differences, consolidation restatements or tax losses carried forward are not recognized unless it is sufficiently probable that they will be used in the foreseeable future (not more than two years).

Deferred tax assets and liabilities are measured using the tax rates that are expected to apply to the period when the asset is realized or the liability is settled (comprehensive liability method). They are recognized at the enacted tax rate (or nearly enacted rate) for their nominal value without discounting.

Deferred tax assets and liabilities are included under "non-current assets" and "non-current liabilities", respectively. They are offset on the balance sheet if they are levied by the same taxing authority on the same entity (or group of entities) and if the entity has the legal right to net them out.

The Finance Act 2010, enacted on December 30, 2009, exempted French tax entities from professional tax from 2010 and replaced this tax with the Territorial Economic Contribution (*Contribution Economique Territoriale - CET*) which includes two new contributions: Businesses' Real Estate Contribution (*Contribution Foncière des Entreprises - CFE*), based on real estate rental values applied for the current Professional Tax, and the Contribution on the Added Value of Businesses (*Cotisation sur la Valeur Ajoutée des Entreprises - CVAE*), assessed on the added value recognized in financial statements.

Pursuant to the option given in the statement issued on January 14, 2010 by the French Accounting Council (*Conseil National de la Comptabilité – CNC*), the CVAE and the CFE shall be recognized as operating expenses, as same as the current accounting treatment of the professional tax. These new contributions are not recognized as income tax, and therefore have not given rise to any deferred tax computation as of December 31, 2009.

5.3.1.15 Other non-operating receivables and liabilities

Other non-operating receivables and liabilities are those that are not related to normal operations. They include receivables from the disposal of non-current assets and payables to suppliers of property, plant and equipment.

5.3.1.16 Presentation of the income statement

5.3.1.16.1 Recognition of revenue from business

Revenue is accounted for as prescribed by IAS 18 "Revenue".

Net sales

Revenue from the sale of products (reagents and instruments) and related services (technical support, training, shipping, etc.) is reported as "Net sales" in the income statement.

Revenue arising from the sale of goods is recognized when all of the following criteria have been satisfied:

– the significant risks and rewards of ownership have been transferred to the buyer;

– the Group no longer has effective control over the goods sold;

– the revenue and the costs resulting from the transaction can be reliably measured;

– it is probable that the economic benefits associated with the transaction will flow to the Group.

In the case of products, the foregoing criteria are satisfied when reagents are delivered and when sold instruments are installed.

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

When the Group provides goods to third parties under leases that have the effect of a sale, the goods concerned are accounted for as sold, as prescribed by IAS 17 "Leases" (see note 5.3.1.7).

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

Other revenue from business

Related revenue, which consists essentially of net proceeds from royalties, is shown in "Other operating income" and is recognized when earned.

5.3.1.16.2 Classification of current expenses

The cost of sales includes the following:

– The cost of raw materials consumed, including freight, direct and indirect payroll expenses for production personnel, the depreciation of assets used in production, external expenses of any kind related to manufacturing (utilities, maintenance, tools, etc.), as well as indirect expenses (portion of purchasing department, human resources, IT...). The expenses of the quality control, quality production, assurance, engineering, processes, logistics and other departments are included in production expenses.

– Distribution expenses, including shipping and warehousing, as well as the cost of shipping finished products to distribution centers or end users.

– Depreciation of instruments placed with or leased to customers.

– Technical support services, including the cost of installing and maintaining instruments placed or sold, regardless of whether such services are billed separately. Also included under this heading are personnel expenses, travel expenses and the cost of spare parts, as well as provisions for warranty on sold instruments.

Selling and marketing expenses include the expenses incurred by the strategy, marketing, sales and sales administration departments. They also include sales bonuses and commissions paid to employees of the sales departments and to independent sales agents. Advertising and promotion expenses are also considered as selling and marketing expenses.

General and administrative expenses include the cost of general management and support services (human resources, finance, IT, purchasing) net of allocations made to other departments, which use their services. Insurance premiums are also included in general and administrative expenses.

Research and development expenses include all spending for in-house and outsourced research and development work on new products as well as expenses related to regulations, intellectual property, technological monitoring and research and development quality assurance. Research and development grants are deducted from expenses under this heading.

Royalty payments (fixed or proportional) are included in the cost of sales of the corresponding products. If no product is marketed or marketable in the short term, they are considered research and development expenses.

Variable compensation (performance related bonuses, commissions, incentives and profit-sharing) as well as payments in shares are included in the corresponding payroll expenses.

Currency translation gains and losses are included in the income statement line corresponding to the transactions' nature (mostly net sales, cost of sales and financial expenses).

5.3.1.16.3 Other non-recurring operating income and expenses

Other non-recurring operating income and expenses include material, extraordinary and non-recurring items. They are presented separately to make it easier to assess results from ordinary business and primarily include net proceeds from disposals of fixed assets (other than instruments), restructuring charges and certain write-downs reflecting the impairment of assets. (see note 5.3.1.8).

Restructuring costs (including the cost of severance benefits) are recognized when the closing of a facility or a reduction in activity is officially announced, in the ordinary course of business, as well as subsequent adjustments reflecting costs actually incurred.

5.3.1.16.4 Financial income and expenses

Financial income and expenses are shown on two separate lines:

– The “Cost of net financial debt" includes interest expenses, fees and foreign-exchange gains and losses on the debt, and income generated by cash and cash equivalents.

– The “Other financial items" includes financial income on leased instruments, proceeds from disposals and write-downs of non-consolidated investments, delayed-payment interest charged to customers, discounting gains and losses, and the non-effective portion of hedge contracts on commercial transactions and on net investments in foreign operations.

5.3.1.16.5 Income tax

Tax expenses correspond to the aggregate of payable taxes and deferred taxes.

Tax credits are presented as a deduction of tax expenses.

5.3.1.17 Recognition and measurement of financial instruments

Financial instruments include financial assets, financial liabilities and derivatives (swaps, forward contracts, etc.).

Financial instruments are accounted for under several balance-sheet items: financial assets, other non-current assets, accounts receivable, other receivables and other liabilities (e.g. fair value gains and losses on derivatives), current and non-current financial debt, accounts payable, cash and cash equivalents.

As prescribed by the revised IAS 39 "Financial Instruments: Recognition and Measurement", financial instruments fall into five categories that do not correspond to specific balance-sheet headings. The classification determines the rules for the initial recognition and for measurements at each closing date. The categories and rules applicable to each are as follows:

5.3.1.17.1 « Investments held to maturity »

They consist exclusively of fixed-income securities acquired with the intention of holding on to them until they mature. As this time, the Group does not own any financial instruments corresponding to this definition.

5.3.1.17.2 « Financial assets and liabilities at fair value through profit or loss »

They comprise financial instruments held for the purpose of short-term transactions and those initially considered as such under the option allowed by the standard. The assets concerned are:

– shares of companies listed on an active market (recognized as "financial assets" in the balance sheet) other than those considered held for sale (see below).

– “cash and cash equivalents", including investment securities (reported in the balance sheet under that heading).

At this time, the Group does not have any financial liabilities in this category.

The items falling into this class are initially recognized and measured at the end of each period at fair value (exclusive of transaction expenses), which corresponds to the quoted market price at the balance sheet date and to the net asset value of investment securities. Changes in fair value are recognized in income statement.

5.3.1.17.3 « Loans, receivables and liabilities »

“Loans, receivables and liabilities" are financial assets and liabilities recognized and measured "at cost" or "amortized cost", as the case may be.

“Assets and liabilities measured at cost" are primarily deposits and accounts receivable and payable. They are initially recognized at fair value, which, for the Group, means their face value. They are measured at the end of each period at their initial book value, written down if applicable to reflect impairments. Their net book value at the end of the period represents a reasonable approximation of their fair value.

“Assets and liabilities measured at their amortized cost" are primarily current and non-current financial debt, loans and receivables from finance leases, reported on the balance sheet as "non-current assets" or "accounts receivable". These assets and liabilities are initially recognized at fair value, which, for the Group, is close to their contractual nominal value. Their net book value at the end of the period corresponds to their initial value, net of any amortization and written down, if applicable, to reflect impairments. Their net book value at the end of the period represents a reasonable approximation of their fair value.

Financial assets and liabilities that do not belong to any of the above categories are recognized as "assets held for sale". Items in this category are essentially the shares of non-consolidated entities that are unlisted, listed on an inactive market or listed on an active market but that the Group intends to hold on a long-term basis. These investments are shown in the balance sheet under financial assets.

5.3.1.17.4 « Assets held for sale »

“Assets held for sale" are recognized at fair value on their purchase date, which is generally close to their acquisition cost. Subsequent valuations are recognized as follows:

– Whenever fair value can be reliably measured at the end of the period, it is adjusted directly to other comprehensive income net of tax. If this causes the recognition of a long-term impairment, the loss would be recognized directly in income for the portion in excess of earlier gains recognized in equity.

– Conversely, "assets held for sale" are recognized at cost and are subject to impairment tests: a provision is recognized whenever their estimated value at the end of the period, measured on the basis of financial criteria applicable to the company concerned, is less than that cost. Impairments are recognized in the income statement and can be reversed only when the shares are sold.

5.3.1.17.5 Foreign currency or interest-rate « derivative instruments »

Foreign currency or interest-rate "derivative instruments" (e.g. swaps, forward contracts, options, etc.) are initially recognized at fair value. They are measured at fair value at the end of each period and recognized in the balance sheet as "non-operating assets and liabilities". Fair value is determined on the basis of information provided by the financial institution at the closing date. Accounting for changes in their fair value depends on the derivative and the hedging relationship:

– Fair value gains and losses on derivatives not qualifying as hedging instruments are recognized in the income statement.

– Fair value gains and losses on derivatives qualifying and used as fair-value hedges (e.g. hedges of receivables and liabilities in foreign currencies) are recognized in the income statement for their full value, symmetrically with the hedged item.

– Fair value gains and losses on derivatives qualifying and used as cash-flow hedges (e.g. hedges of future commercial transactions in foreign currencies and hedges of net investments in foreign operations) are recognized directly in other comprehensive income for the effective portion of the hedges, and in the income statement for their non-effective portion (mainly the time value of money in the case of forward currency transactions). Amounts recognized in other comprehensive income are recycled in the income statement in a symmetrical manner when the hedged item is accounted for.

The foregoing rules are applied provided that the hedging relationship is clearly set forth and documented at the time the item is hedged, and that the effectiveness of the hedge can be demonstrated.

Any financial assets have been reclassified between the above categories in 2009.

5.3.1.18 Payments in shares

Share-based payments concern:

– the bioMérieux SA payments in bonus shares approved by the shareholders’ meetings of June 9, 2005 and June 12, 2008;

– the bioTheranostics stock option plan approved by the shareholders’ meeting of this company, of September 24, 2008.

As prescribed by IFRS 2 "Share-based payment", the fair value of benefits granted is recognized as an expense in the period during which the rights to shares vest, with a corresponding increase in shareholders' equity.

The value is based on the price of the shares or options on the grant date, when beneficiaries are designated by the Board of Directors, and is revised at the end of each year on the basis of the number of shares in which rights have been vested.

At the end of the vesting period, the amount continues to be recognized in shareholders' equity, regardless of whether all shares have been attributed or not.

Under IFRS 2 "Share-Based Payment", the corresponding tax saving recognized in the local financial statements is allocated in the consolidated financial statements to the year during which the expense related to stock allocations is recognized.

5.3.1.19 Net income per share

Basic earning per share is calculated by dividing the consolidated net income by the weighted average number of shares outstanding for the period (net of treasury shares held for market-making purposes).

In the absence of dilutive instruments issued by bioMérieux SA, diluted earnings per share are identical to basic earnings per share.

5.3.1.20 Consolidated cash-flow statement

The consolidated cash-flow statement is for the most part in the form prescribed by the French Accounting Council (*Conseil National de la Comptabilité*) in its recommendation no. 2009.R.03 of July 2nd, 2009.

It lists separately:

– cash flow from operations,

– cash flow from investing activities,

– cash flow from financing activities.

Cash flow from investing activities includes the cash and cash equivalents of companies acquired or sold on the date of their consolidation or removal from consolidation.

“Cash flow from operating activities before cost of financial debt and income tax" corresponds to the aggregate of net income of consolidated companies, depreciation and provision allowances (except on current assets), expense relating to share-based payment, fair value gains and losses on financial instruments, gains or losses on capital transactions, net cost of debt, current deferred income tax expense and impairment losses, if any.

5.3.1.21 Segment reporting

As indicated above, and pursuant to IFRS 8 "Operating Segments", the Group has adopted a single operating segment (the *in vitro* diagnostics segment) as sole business segment and a sole geographic area.

In accordance with IFRS 8, information broken down by geographic area is provided in note 5.3.25 in compliance with the same accounting standards as those applied to prepare the consolidated statements. The Group wished to communicate information of a more detailed nature than that required under the standard, to ensure continuity with the information provided in previous years

5.3.1.22 Treasury shares

The Company has signed a market-making agreement with an investment firm, for the specific purpose of maintaining an orderly market in its shares. In this connection, it sometimes holds a small number of its own shares. It also purchases its own shares to cover its obligations under the payments in shares referred to in note 5.3.19.

Treasury shares held for the purpose of maintaining an orderly market or for payments in share are deducted from shareholders' equity; conversely, all corresponding transactions are recognized directly in equity (gains and losses from disposals, provisions, etc.).

5.3.2 Significant events and changes in scope of consolidation over the past two fiscal years

5.3.2.1 Fiscal year 2009

Boxtel site

In accordance with the time schedule, all activities at the site were stopped on December 31, 2009, with the exception of a production team of 44 which will remain active for the first six months of 2010 to meet the registration deadlines for microplate immunoassay reagents in certain countries.

5.3.2.2 Fiscal year 2008

Sysmex bioMérieux

On March 31, 2008, Sysmex acquired a 34 % interest in bioMérieux Japan, which changed its name to Sysmex bioMérieux Co., Ltd. Since April 1, 2008, the new entity has been in charge of the promotion and distribution of all bioMérieux product lines in Japan. It handles the registration and marketing of bioMérieux products in Japan. Sysmex is responsible for sales and customer relations.

The partial disposal of bioMérieux Japan shares generated a capital gain of 1.6 million euros, which was recognized in “Other non-recurring incomes and expenses”. A restructuring charge of 1.6 million euros was also recognized in connection with the reassignment of the staff.

New subsidiaries

In 2008, bioMérieux SA formed two new subsidiaries, in Singapore and Dubai. The Singapore entity provides regional support for sales in the ASEAN countries, South Korea, Australia and New Zealand. The United Arab Emirates entity serves bioMérieux operations in the Middle East.

In addition, the Algerian subsidiary, formed in 2007, is now up and running.

bioMérieux Spain

During the year, bioMérieux Spain was combined with Biomedics, a company acquired in 2007, by way of a merger with retroactive effect from January 1, 2008.

AB bioMérieux

On June 18, 2008, bioMérieux SA acquired AB BioDisk, a Swedish company specializing in antimicrobial resistance testing range and particular expertise in susceptibility testing of fastidious and unusual organisms, for SEK 643 million (68.8 million euros).

When acquired, AB BioDisk had 53 employees and its annual revenue exceeded 13 million euros in 2007.

AB BioDisk’s assets and liabilities had a fair value of 2.9 million euros, including the company’s inventories restated at their market value (1.1 million euros). On that basis, residual goodwill amounted to 65.9 million euros.

bioMérieux Shanghai

On January 31, 2008, Shanghai Kehua Bio-engineering and bioMérieux announced the formation of a joint venture, based in Shanghai. The new company’s name is Shanghai bioMérieux Bio-engineering and it is 60 % owned by bioMérieux.

bioMérieux’s microplate immunoassay manufacturing operations, currently located in Boxtel, will be realized by the new company since 2010.

bioMérieux South Africa

On January 4, 2008, bioMérieux South Africa purchased the diagnostic business of Omnimed, the company's former distributor there, for 4.7 million euros. The price covers installed base (1.9 million euros), inventories (1.2 million euros) and goodwill (1.6 million euros).

On August 27, 2008, bioMérieux SA sold 26 % of its subsidiary's shares to Litha Healthcare Holdings (pty) Ltd., in order to develop the business with local associates and to comply with Black Economic Empowerment (BEE) regulations.

The shares were sold for 9.4 million rand, resulting in a loss of 0.2 million euros recognized in "Other non-recurring incomes and expenses."

bioTheranostics

On September 11, 2008, bioMérieux acquired AviaraDx, a California company based in San Diego, for 60 million US dollars.

AviaraDx is a privately-held company specializing in molecular diagnostics of cancer biopsies. With a staff of 19 on the acquisition date, it commercializes two innovative tests used for the molecular classification of cancers and to assist oncologists in making critical therapeutic decisions. These tests are conducted in the company's high complexity CLIA certified service laboratory. With AviaraDx, bioMérieux has gained validated cancer biomarkers and a molecular-biology based technology for genetic expression assays.

The acquired assets and liabilities include technology with an estimated fair value of 47 million euros, amortizable over a period of 20 years, as well as a deferred tax liability resulting from the restated value of amortizable items (16.9 million dollars).

As a result, residual goodwill of 28.2 million dollars was recognized.

Following its acquisition by bioMérieux, AviaraDx was renamed bioTheranostics.

PML Microbiologicals

On December 8, 2008, bioMérieux acquired PML Microbiologicals Inc., a US company, for 29.3 million dollars.

The company provides culture media and microbiological control products for both industrial and clinical applications in North America. It has manufacturing and marketing teams in Portland, Oregon and Toronto, Ontario.

Founded in 1969, PML Microbiologicals had 172 employees at the date of its acquisition, and reported sales of 25 million dollars in 2008.

The acquired assets and liabilities have a fair value of 10.6 million dollars. This includes 3.3 million dollars for its technology and 0.6 million dollars for trademarks. Accordingly, residual goodwill of 18.7 million dollars was recognized.

5.3.3 Intangible assets

GROSS VALUE *In millions of euros*	Patents Technologies	Software	Other	Total
Total on December 31, 2007	**56.9**	**33.7**	**8.0**	**98.6**
Translation adjustment	0.6	0.4		1.0
Acquisitions / Increases	4.8	1.3	5.4	11.5
Change in the consolidation scope	35.9		0.1	36.0
Disposals / Decreases		-0.7	-0.2	-0.9
Reclassifications	0.6	2.2	-2.7	0.1
Total on December 31, 2008	**98.8**	**36.9**	**10.6**	**146.3**
Translation adjustment		-0.1		-0.1
Acquisitions / Increases	1.8	0.7	27.1	29.6
Change in the consolidation scope	1.4			1.4
Disposals / Decreases		-0.3	-8.8	-9.1
Reclassifications	-1.3	0.4	0.6	-0.3
Total on December 2009	**100.7**	**37.6**	**29.5**	**167.8**

AMORTIZATION AND IMPAIRMENTS *In million of euros*	Patents Technologies	Software	Other	Total
Total on December 31, 2007	**24.6**	**27.7**	**3.5**	**55.8**
Translation adjustment	0.7	0.2	0.1	1.0
Increases	9.1	3.3	0.1	12.5
Disposals / Decreases		-0.6	-0.1	-0.7
Reclassifications		0.4	-0.8	-0.4
Total on December 31, 2008 (a)	**34.4**	**31.0**	**2.8**	**68.2**
Translation adjustment	-0.3	-0.1		-0.4
Increases	4.9	3.3	0.1	8.3
Disposals / Decreases		-0.3		-0.3
Reclassifications	-0.6	-0.1	-0.3	-1.0
Total on December 2009 (a)	**38.4**	**33.8**	**2.6**	**74.8**

NET VALUE *In million of euros*	Patents Technologies	Software	Other	Total
Total on December 31, 2007	**32.3**	**6.0**	**4.5**	**42.8**
Total on December 31, 2008	**64.4**	**5.9**	**7.8**	**78.1**
Total on December 31, 2009	**62.3 (b)**	**3.8**	**26.9**	**93.0**

(a) Including impairment losses: 2.9 million euros in 2008 and 2009.

(b) Including bioTheranostics (32.5 million euros), BTF (9.1 million euros) and Bacterial Barcodes Inc (8.1 million euros)

5.3.4 Goodwill

BREAKDOWN *In millions of euros*	**Gross value 12/31/2009**	**Gross value 12/31/2008**	**Impairment test level**
AB bioMérieux (Sweden)	60.,2	56.8	Group of range of products
Organon Teknika	48.8	49.2	Group of range of products
bioTheranostics (USA)	15.3	20.3	Entity
PML (USA)	11.3	13.4	Group of range of products
Bacterial Barcodes (USA)	7.7	8.0	Group of range of products
BTF (Australia)	5.5	2.9	Group of range of products
Biotrol	4.8	4.8	Group of range of products
bioMérieux Inc (Vitek)	2.4	2.5	Group of range of products
bioMérieux South Africa	1.9	1.5	Entity
MDI (USA)	1.8	1.9	Group of range of products
bioMérieux Poland	1.7	1.7	Entity
bioMérieux Spain	1.7	1.7	Group of range of products
bioMérieux Greece	1.7	1.7	Entity
Micro Diagnostics (Australia)	1.6	1.2	Entity
bioMérieux Brazil	0.5	0.4	Entity
Total (a)	**166.9**	**168.0**	

(a) Impairment tests did not result in losses being recognized for the fiscal years for which the data is presented

CHANGE *In millions of euros*	**Gross value**
December 31, 2007	**76.9**
Translation adjustment	-10.7
Increases (a)	101.9
Decreases	-0.1
December 31, 2008	**168.0**
Translation adjustment	3.4
Change in the consolidation scope (b)	-4.5
December 31, 2009	**166.9**

(a) Goodwill from AB bioMérieux (65.9 million euros), bioTheranostics (19.7 million euros), PML (14.4 million euros), bioMérieux South Africa (1.6 million euros) and BTF (0.2 million euros)

(b) Adjustments of assets and liabilities fair value of bioTheranostics (- 4.5 million euros) and PML (- 1.7 million euros), and BTF earn-out fee payment (1.7 million euros)

5.3.5 Property, plant and equipment – receivables from finance leases

5.3.5.1 Property, plant and equipment – Detailed information

GROSS VALUE *In millions of euros*	Land	Buildings	Equipment	Capitalized instruments	Other fixed assets	Fixed assets in progress	Advances and deposits	Total
Total on December 31, 2007	**22.7**	**229.3**	**172.4**	**276.8**	**66.4**	**11.8**	**4.2**	**783.6**
Translation adjustment	0.3	0.9	1.0	-6.9	-0.3	0.4	0.1	**-4.5**
Change in the consolidation scope (a)	0.1	1.3	1.8		0.2	0.1		**3.5**
Acquisitions / Increases	0.9	8.5	12.8	38.4	5.0	14.4	4.0	**84.0**
Disposals / Decreases		-1.2	-3.5	-22.6	-4.6			**-31.9**
Reclassifications	1.4	3.6	6.6	0.1	1.0	-9.3	-3.9	**-0.5**
Total on December 31, 2008	**25.4**	**242.4**	**191.1**	**285.8**	**67.7**	**17.4**	**4.4**	**834.2**
Translation adjustment	-0.1		-1.0	5.6	0.6	-0.6		**4.5**
Acquisitions / Increases	0.8	18.5	14.1	38.2	4.7	20.0	3.6	**99.9**
Disposals / Decreases	-1.6	-3.2	-4.7	-21.6	-1.4			**-32.5**
Reclassifications (d)	-4.3	-22.2	8.6	0.3	0.9	-13.2	-3.4	**-33.3**
Total on December 31, 2009	**20.2**	**235.5**	**208.1**	**308.3**	**72.5**	**23.6**	**4.6**	**872.8**

DEPRECIATION AND IMPAIRMENTS *In millions of euros*	Land	Buildings	Equipment	Capitalized instruments	Other fixed assets	Fixed assets in progress	Advances and deposits	Total
Total on December 31, 2007	**0.2**	**113.5**	**127.4**	**210.0**	**48.0**	**0.3**		**499.4**
Translation adjustment		0.8	0.8	-4.1	-0.1			**-2.6**
Increases		11.8	13.2	31.6	5.9			**62.5**
Disposals / Decreases		-1.2	-2.8	-17.1	-4.1			**-25.2**
Reclassifications		0.3			-0.1	-0.3		**-0.1**
Total on December 31, 2008	**0.2**	**125.2**	**138.6**	**220.4**	**49.6**	**0.0**		**534.0**
Translation adjustment		-0.4	-0.6	3.2	0.3			**2.5**
Increases	0.1	12.6	15.3	31.9	5.6			**65.5**
Disposals / Decreases		-2.0	-4.8	-14.9	-1.2			**-22.9**
Reclassifications (d)	0.1	-19.1			-0.1			**-19.1**
Total on December 31, 2009 (b)	**0.4**	**116.3**	**148.5**	**240.6**	**54.2**	**0.0**		**560.0**

NET VALUE *In millions of euros*	Land	Buildings	Equipment	Capitalized instruments	Other fixed assets	Fixed assets in progress	Advances and deposits	Total (f)
Total on December 31, 2007	**22.5**	**115.8**	**45.0**	**66.8**	**18.4**	**11.5**	**4.2**	**284.2**
Total on December 31, 2008	**25.2**	**117.2**	**52.5**	**65.4**	**18.1**	**17.4**	**4.4**	**300.2**
Total on December 31, 2009 (d)	**19.8**	**119.2** (c)	**59.6**	**67.7** (e)	**18.3**	**23.6**	**4.6**	**312.8**

(a) Acquisition of AB bioMérieux (Sweden), bioTheranostics (USA) and PML (USA)

(b) Accumulated impairment losses amount to 0.5 million euros

(c) Including bioMérieux SA (82.1 million euros), bioMérieux Inc (18.6 million euros), bioMérieux Italy (7.2 million euros)

(d) Including assets held for sale reclassification (gross amount: 32.5 million euros; net value: 13.5 million euros). See note 5.3.5.2.

(e) Most of the instruments are placed with third-party customers

(f) Detailed information on leased assets is provided in note 5.3.5.3

5.3.5.2 Assets held for sale

GROSS VALUE *In millions of euros*	Site of Boxtel	Site of Toronto	Total
Total on December, 31 2008			
Reclassifications	31.3	1.2	**32.5**
Total on December, 31 2009	**31.3**	**1.2**	**32.5**

DEPRECIATION AND IMPAIRMENTS *In millions of euros*	Site of Boxtel	Site of Toronto	Total
Total on December, 31 2008			
Reclassifications	18.9	0.1	**19.0**
Total on December, 31 2009	**18.9**	**0.1**	**19.0**

NET VALUE *In millions of euros*	Site of Boxtel	Site of Toronto	Total
Total on December, 31 2008			
Total on December, 31 2009	**12.4**	**1.1**	**13.5**

No impairment loss has been recognized on these assets in 2009.

5.3.5.3 Leased assets

Whenever the Group leases assets under a finance lease equivalent to a purchase, the leased assets are accounted for as property, plant and equipment as set forth in note 5.3.1.7.

Total depreciation allowances on those assets amounted to 0.7 million euros in fiscal year 2009 and 1 million euros in 2008.

The corresponding liability, which is included in the balance sheet under financial debt, was 10.3 million euros on December 31, 2009 and 9.8 million euros on December 31, 2008 (see note 5.3.16.5.1).

Leased property included under property, plant and equipment						
In millions of euros		Land	Buildings	Equipment	Other	Total
12/31/2009	Gross value	0.8	15.6	1.0	1.7	19.1
	Accumulated depreciation		-7.7	-1.0	-1.4	-10.1
	Net value	**0.8**	**7.9**	**0.0**	**0.3**	**9.0**
12/31/2008	Gross value	0.8	14.3	1.0	1.7	17.8
	Accumulated depreciation		-7.2	-1.0	-1.2	-9.4
	Net value	**0.8**	**7.1**	**0.0**	**0.5**	**8.4**

5.3.5.4 Receivables from finance leases

Some instruments are sold (see note 5.3.1.7) under finance leases with a usual term of five years and an interest rate of approximately 10 %.

Receivables under such leases totaled 38.7 million euros as of December 31, 2009.

Breakdown *In millions of euros*	Under one year (a)	1 to 5 years (b)	Over 5 years (b)	**Total**
Gross value of receivables from finance leases	15.7	31.3	0.3	**47.3**
Accrued interests	-3.8	-4.6		**-8.4**
Present value of minimum future lease payments	11.9	26.7	0.3	**38.9**
Provisions	-0.1			**-0.1**
Present net value of minimum future lease payments	11.8	26.7	0.3	**38.7**

(a) Recognized as accounts receivable (see note 5.3.9)

(b) Recognized as other non-current assets

Receivables which are past due at the closing date and not written down represent a non-material amount.

5.3.6 Financial assets

In millions of euros	**12/31/2009**	**12/31/2008**
Loans and receivables	5.4 (a)	5.7
Investments available-for-sale	4.9	10.8
Financial assets at fair value through profit or loss	0.2	0.1
TOTAL	**10.5**	**16.6**

(a) Of which 3 million euros to cover post-retirement obligations (Germany)

CHANGE *In millions of euros*	**Gross value**	**Depreciation and change in the fair value**	**Net value**
December 31, 2007	**25.6**	**7.8**	**17.8**
Translation adjustment			0.0
Acquisitions / Increases	1.3	1.6	-0.3
Disposals / Decreases	-1.3	-0.4	-0.9
Reclassifications			0.0
December 31, 2008	**25.6**	**9.0**	**16.6**
Translation adjustment	0.0	-0.1	0.0
Acquisitions / Increases	0.4	3.5 (a)	-3.1
Disposals / Decreases	-5.7	-0.9 (a)	-4.8
Reclassifications	1.8 (b)	0.0	1.8
December 31, 2009	**22.1**	**11.5**	**10.5**

(a) Changes in fair value (2.6 million euros) are recognized in their entirety in income statement.

(b) See paragraph 5.3.7 - note (a)

In millions of euros	Ownership %	Net value	Shareholders' equity	
			Before net income	Net income
Investments available-for-sale				
AdvanDx	5.0%	1.9	2.9 (a)	-3.5 (a)
Avesthagen	3.8%	1.4	21.8 (b)	-7.7 (b)
Labtech	9.8%	1.3	8.2 (c)	0.2 (c)
InoDiag	1.8%	0.0	0.3 (d)	-0.7 (d)
Europroteome	8.8%	0.0	In liquidation	
ReLia (f)	13.5%	0.0	1.5 (c)	-2.0 (a)
Other		0.3		
		4.9		
Financial assets at fair value through profit or loss				
Dynavax Technologies	1.0%	0.2	19.6 (e)	-7.7 (e)
Oscient Pharma	0.2%	0.0	Chapter 11	
		0.2		

(a) Last available information : fiscal year ending December 31, 2009

(b) Most recent data available : financial statements for the period to March 31, 2009

(c) Last available information : fiscal year ending June 30, 2009

(d) Last available information : fiscal year ending December 31, 2008

(e) Most recent data available : financial statements for the period to September 30, 2009 (9 months)

(f) See paragraph 5.3.7 - note (a)

5.3.7 Investments in associates

INVESTMENTS IN ASSOCIATES *In millions of euros*	**12/31/2009**	**12/31/2008**
Investment in Relia (a)	0.0	1.8
Investment in Bergerie de la Combe au Loup (b)	0.0	0.1
TOTAL	**0.0**	**2.0**

(a) In accordance with IAS 28 “Investments in associates”, the consolidated value of ReLia investment under the equity method had been reclassified as investment “available-for-sale”, following the loss of significant influence caused by investment dilution without disposal.

(b) Investment disposal in September 2009

CHANGE *In millions of euros*	**Net value**
December 31, 2007	**3.1**
Translation adjustment	0.1
bioMerieux’ shares of net result of associated companies	-1.2
December 31, 2008	**2.0**
Change in the scope of consolidation and reclassification	-2.0
December 31, 2009	**0.0**

5.3.8 Inventories and work in progress

In millions of euros	**12/31/2009**	**12/31/2008**
Raw materials	53.4	56.3
Work in progress	43.9	36.6
Finished goods and other materials	83.2	84.1
Total gross value	**180.5** (a)	**177.0**
Provisions		
Raw materials	-8.5	-8.4
Work in progress	-2.2	-3.7
Finished goods and other materials	-11.2	-8.6
Total provisions	**-21.9**	**-20.7**
Raw materials	44.9	47.9
Work in progress	41.7	32.9
Finished goods and other materials	72.0	75.5
Net value	**158.6** (b)	**156.3**

(a) Including gross value of inventories relating to instrumentation : 32 %

(b) As of December 31, 2009 no pledge of inventories has been granted

5.3.9 Accounts receivable

In millions of euros	**12/31/2009**	**12/31/2008**
Accounts receivable(a)	358.8	327.8
Provisions (b)	-12.2	-12.4
Net value (c)	**346.6**	**315.4**

(a) Of the Group's trade receivables, 41 % are from the government and may be paid later than the date shown on the invoice.

(b) Impairments are recognized case-by-case on the basis of various criteria, including disputes, arrears, etc.

Receivables from private-sector customers that are past due and have not been written down represent 18 % of trade receivables outstanding in 2009, compared to 20 % in 2008. Most receivables are payable in less than six months.

(c) Including the short-term portion of receivables from finance lease contracts (see note 5.4).

Accounts receivable include receivables held against Greek public administrations, of which late payments are significant, representing a net value of approximately 22 million euros. Given the available information, including the political commitments assumed at European level, these receivables are deemed to be recoverable.

5.3.10 Other receivables

In millions of euros	12/31/2009	12/31/2008
Advances and deposits	2.8	2.4
Pre-paid expenses	8.5	6.5
Other receivable	21.9	20.4
Provisions		-0,5
Net value of other operating receivables	**33.2** (a)	**28.8**
Tax receivable	**22.2**	**11.6**
Non operating receivables	2.4 (b)	11.8
Provisions	0.0	-0.1
Net value of non operating receivables	**2.4**	**11.7**

(a) Most of other operating receivables are due within one year

(b) Including derivative financial instruments fair value of 0.1 million euros in 2009 versus 10.2 million euros in 2008

Other receivables which are past due and not written down represent a non-material amount.

5.3.11 Cash and cash equivalents

Cash and cash equivalents include available cash balances and short-term investments as defined in note 5.3.1.11:

In millions of euros	12/31/2009	12/31/2008
Cash	32.8	49.9 (a)
Short-term deposit (b)	14.2	2.9
Cash and cash equivalents	**47.0**	**52.8**

(a) Including 11.3 million euros in bioMerieux S.A. certificates of deposit in 2008

(b) Main short-term investments are the following :

	2009	2008
Name	3-month SICAV CA AM	3-month SICAV CA AM
Total	€ 1.6 million	€ 0.9 million
Type	Euro money-market fund	Euro money-market fund
ISIN code	FR0000296881	FR0000296881
Name	SICAV CA AM Eonia	SICAV CA AM COR
Total	€ 12.6 millions	€ 2 millions
Type	Euro money-market fund	Euro money-market fund
ISIN code	FR0007435920	FR0010251660

The Company regularly reviews the investments made by each euro money-market fund “SICAV” and their past performance to ensure that they qualify as “cash and cash equivalents” under the classification criteria of IAS 7.

The book value of the short-term investments corresponds to their market value. Changes in fair value on the closing date are not material, as investments were sold and bought back on December 31, 2009 in order to realize capital gains.

5.3.12 Share capital

As of December 31, 2009, the Company's share capital stock of 12,029,370 euros was divided into 39,453,740 shares, of which 26,250,839 were entitled to double voting rights. All references to the par value of shares were deleted by decision of the shareholders' meeting of March 19, 2001. As of December 31, 2009, no rights or securities with a dilutive impact were outstanding.

The number of the Company's shares outstanding did not change during the fiscal year.

As of December 31, 2009, the parent company held 900 of its own shares as part of a market-making contract with an outside firm (see note 5.3.1.22) and another 44,000 of its own shares intended for distribution as bonus shares under a program voted by the ordinary and extraordinary General Meetings of June 9, 2005 and June 12, 2008 (see note 5.3.19). During the year, it acquired 49,871 of its wn shares and sold 196,402.

The Company is not subject to any specific regulatory or contractual obligations in terms of its capital.

The Group does not have any specific policy concerning capital financing. Decisions on whether to finance with debt or equity are made on a case-by-case basis for each contemplated transaction. The equity used by the Group for its own operations corresponds to its consolidated shareholders' equity.

5.3.13 Changes in the translation reserve

In millions of euros	**Dollar (a)**	**Europe (b)**	**Latin America**	**Other**	**TOTAL**
Translation reserve on December 31, 2007	**-38.9**	**3.0**	**1.5**	**2.1**	**-32.3**
Impact of the translation on					
- shareholders' equity at closing exchange rates	13.5	-18.3	-4.6	-6.5	-15.9
- net income at average exchange rates	1.8	-0.5	0.1	0.6	2.0
Total	15.3	-18.8	-4.5	-5.9	-13.9
Translation reserve on December 31, 2008	**-23.6**	**-15.8**	**-3.0**	**-3.8**	**-46.2**
Impact of the translation on					
- shareholders' equity at closing exchange rates	-9.8	5.7	4.0	4.5	4.4
- net income at average exchange rates	-3.1	-0.1	-0.1	0.3	-3.0
Change in the consolidation scope	1.0				1.0
Total	-11.9	5.6	3.9	4.8	2.4
Translation reserve on December 31, 2009	**-35.5**	**-10.2**	**0.9**	**1.0**	**-43.8** (c)

(a) Dollar and related currencies : includes the United States and China

(b) Including the Middle East and Africa

(c) Including a translation reserve of 43.6 million euros attributable to the Group

5.3.14 Provisions – Contingent assets and liabilities

5.3.14.1 Current and non-current provisions

In millions of euros	Pensions and retirement indemnities	Product warranties (a)	Restructuring	Other contingencies	Total
December 31, 2007	**32.6**	**2.6**	**31.1** (g)	**12.6** (b)	**78.9** (c)
Allowances	8.2	4.1	2.8	6.2	21.3
Reversal (used)	-10.9	-3.1	-3.2	-5.1	-22.3
Reversal (non used)			-1.9	-3.7 (f)	-5.6
Net allowances	-2.7	1.0	-2.3	-2.6	-6.6 (d)
Reclassifications	0.1				0.1
Translation adjustment	0.1			0.3	0.4
December 31, 2008	**30.1**	**3.6**	**28.8** (g)	**10.3** (b)	**72.8** (c)
Allowances	11.7	3.6	3.4	7.0	25.7
Reversal (used)	-9.8	-4.0	-28.7	-3.2	-45.7
Reversal (non used)			-1.0		-1.0
Net allowances	1.9	-0.4	-26.3	3.8	-21.0 (e)
Reclassifications					0.0
Translation adjustment	-0.1				-0.1
December 31, 2009	**31.9**	**3.2**	**2.5** (g)	**14.1** (b)	**51.7** (c)

(a) Estimate of the costs likely to be incurred for instruments sold under warranty over the remaining warranty period

(b) Including claims and litigation provisions of 6.5 million euros on December, 31 2009, 4.2 million euros on December, 31 2008 and 9.7 million euros on December, 31 2007 ; for reasons of confidentiality, the breakdown between claims and litigation is not disclosed.

(c) Including provisions classified as current liabilities of 16 million euros on December 31, 2009, 38.4 million euros on December 31, 2008 and 7.5 million euros on December 31, 2007.

(d) Including net reversals affecting operating income (2.1 million euros), net allowance recognized in financial income (1.1 million euros) and net reversals affecting other non-recurring incomes and expenses (5.6 millions euros)

(e) Including net allowance affecting operating income (5.3 million euros), net allowance recognized in financial income (1.1 million euros) and net reversals affecting other non-recurring incomes and expenses (27.4 millions euros)

(f) Including the reversal of provisions for the DBV litigation of 3.3 million euros in 2008

(g) Including provisions for the closing of the Boxtel facility of 0.5 million euros on December 31, 2009, 27.3 million euros on December 31, 2008 and 30.6 million euros on December 31, 2007

5.3.14.2 Pension and other long-term benefit obligations

5.3.14.2.1 Defined benefit pension plans

5.3.14.2.1.1 Reconciliation of net liabilities with balance-sheet provisions

PROVISION FOR PENSION *In millions of euros* **Company**	**Type of liability**	On December 31, 2009 Present value of future obligations	Fair value of funds (a)	Deferred actuarial gains or losses (b)	Provision
France	Contractual retirement payments	16.7	10.9	0.8	**5.0**
USA	Pensions	72.5	45.8	19.4	**7.3**
Netherlands-	Pensions and early retirement	1.5			**1.5**
Germany	Pensions	6.0	1.6	1.2	**3.2** (c)
Japan	Contractual retirement payments	0.5			**0.5**
		97.2	58.3	21.4	**17.5**

PROVISION FOR PENSION *In millions of euros* **Company**	**Type of liability**	On December 31, 2008 Present value of future obligations	Fair value of funds (a)	Deferred actuarial gains or losses (b)	Provision
France	Contractual retirement payments	14.1	10.5	-1.0	**4.6**
USA	Pensions	60.6	35.0	18.7	**6.9**
Netherlands-	Pensions and early retirement	1.6			**1.6**
Germany	Pensions	5.2	1.8	0.4	**3.0** (c)
Japan	Contractual retirement payments	0.4		-0.1	**0.5**
		81.9	47.3	18.0	**16.6**

(a) Funds or regular payments

(b) All past-service costs have been recognized

(c) The corresponding fund is not irrevocably assigned to covering the liabilities and is booked in financial assets (see note 5.3.6)

5.3.14.2.1.2 Changes in net obligations during the fiscal year

The tables below show the principal post-employment obligations in fiscal year 2009.

In millions of euros	USA	France	Germany	Netherlands	Japan	Total	
Defined benefit obligation							
At the beginning of the fiscal year	**60.6**	**14.1**	**5.2**	**1.6**	**0.4**	**81.9**	
Net current service costs	3.9	0.6	0.1	1.9	0.1	6.6	
Interest costs	3.9	0.7	0.2			4.8	
Benefits payments	-0.9	-0.4	-0.3			-1.6	
Settlements and special termination benefits				-2.0		-2.0	(a)
Reclassification							
Cost of rendered services							
Translation adjustment	-2.5				-0.1	-2.6	
Actuarial (gains) losses	7.5	1.7	0.8		0.1	10.1	
At the end of the fiscal year	**72.5**	**16.7**	**6.0**	**1.5**	**0.5**	**97.2**	
Funding of obligations							
At the beginning of the fiscal year	**35.0**	**10.5**	**1.8**	**0.0**	**0.0**	**47.3**	
Employer contributions	5.7			2.0		7.7	
Expected return of funds	2.7	0.5	0.1			3.3	
Benefits payments	-0.9		-0.1			-1.0	
Settlements and special termination benefits			-0.2	-2.0		-2.2	
Reclassification							
Translation adjustment	-1.5					-1.5	
Actuarial (gains) losses	4.8	-0.1				4.7	
At the end of the fiscal year	**45.8**	**10.9**	**1.6**	**0.0**	**0.0**	**58.3**	
Of which, payments scheduled for 2009	3.1					3.1	
Deferred actuarial gains or losses							
At the beginning of the fiscal year	**18.7**	**-1.0**	**0.4**	**0.0**	**-0.1**	**18.0**	
Expenses recognized in 2009	-1.3					-1.3	
Settlements and special termination benefits							
New deferred items in 2009	2.7	1.8	0.8		0.1	5.4	(b)
Reclassification							
Translation adjustment	-0.7					-0.7	
At the end of the fiscal year	**19.4**	**0.8**	**1.2**	**0.0**	**0.0**	**21.4**	

(a) Scheduled closing of Boxtel facility

(b) Including an actuarial loss experience of 2.3 million euros

As of December 31, 2009, a one-percent increase in the discount rate would have a favorable impact of 14.6 % on obligations (or 13.6 million euros). This impact would be deferred as actuarial gains and would not immediately affect income.

5.3.14.2.1.3 Net expense for the fiscal year

In millions of euros	2009	2008
Net current service cost	6.6	6.4
Interest cost	4.8	4.4
Expected return on plan assets	-3.3	-3.5
Curtailments	0.2	-0.9
Other	1.3	-0.7
Total	**9.6**	**5.7**

5.3.14.2.1.4 Information on pension plan assets

Pension funds are invested as follows:

In millions of euros	12/31/2009			
	Stocks	Bonds	Other	**TOTAL**
France	0.9	9.1	0.9	**10.9**
USA	26.0	16.7	3.1 (a)	**45.8**
Germany			1.6	**1.6**
In millions of euros	**12/31/2008**			
	Stocks	Bonds	Other	**TOTAL**
France	1.8	7.8	0.9	**10.5**
USA	19.4	12.4	3.2 (a)	**35.0**
Germany			1.8	**1.8**

(a) Scheduled contribution

The table below shows the return on assets:

	2009 Return	**2008 Return**
France	4.0 %	4.2 %
USA	22.1 %	-26.9 %
Germany	2.9 %	4.0 %

5.3.14.2.1.5 Other information

The table below compares additional information over the past five years:

In millions of euros	**2009**	**2008**	**2007**	**2006**	**2005**
Present value of defined benefit obligation	97.2	81.9	76.1	116.8	119.9
Fair value of plan assets	58.3	47.3	52.2	85.1	76.9
Actuarial (gains) / losses as a % defined benefit obligation	10.4%	-1.5%	-1.2%	-6.8%	7.6%
Actuarial gains / (losses) as a % plan assets	8.1%	-28.5%	-5.9%	0.4%	1.7%

5.3.14.2.2 Other long-term benefits

OTHER LONG-TERM BENEFITS *In millions of euros* **Company**	**Type of liability**	December 31, 2009 Present value of obligations	Fair value of funds	Deferred actuarial gains or losses	Provision
France	Long service payments	7.1			7.1
Netherlands	Long service payments	0.1			0.1
					7.2
Other					
France	Other liabilities	0.6		-0.4	1.0
USA	Health insurance for retired staff	1.8		-0.2	2.0
					3.0
Other countries					
Other	Pensions and other benefits				**4.2**
TOTAL PROVISION FOR OTHER LONG-TERM EMPLOYEE BENEFITS					**14.4**

As of December 31, 2009, a one-percent increase in the ratio of medical costs would not significantly affect the value of the health insurance plan obligation in the United States and the corresponding income statement items.

OTHER LONG-TERM BENEFITS *In millions of euros* **Company**	**Type of liability**	December 31, 2008 Present value of obligations	Fair value of funds	Deferred actuarial gains or losses	Provision
France	Long service payments	6.5			6.5
Netherlands	Long service payments	0.4			0.4
					6.9
Other					
France	Other liabilities	0.5		-0.5	1.0
USA	Health insurance for retired staff	1.8		-0.2	2.0
					3.0
Other countries					
Other	Pensions and other benefits				**3.6**
TOTAL PROVISION FOR OTHER LONG-TERM EMPLOYEE BENEFITS					**13.5**

5.3.14.3 Other provisions

5.3.14.3.1 Provisions for claims and litigation

The Company is involved in claims and litigation arising in the ordinary course of business, the most significant of which is described below. bioMérieux believes that no current or pending claim or litigation will have a material adverse impact on its operations. When a risk is identified, a provision is recognized as soon as the risk can be reliably evaluated. The provision for claims and litigation, including the DBV dispute (see below), covers all the claims and litigation in which the Company is involved and amounted to 6.5 million euros on December 31, 2009.

DBV Litigation

This dispute is between the Group and the companies DBV and International Microbio in respect of a DBV patent on the diagnosis of mycoplasma.

Consistently with the favorable judgements rendered in 2007, the French Supreme Court rejected on June 3, 2008 the admissibility of the appeal instituted by DBV and International Microbio against the decision of the Paris Court of Appeal of June 14, 2007 which had ruled in favor of bioMérieux. This decision brought a final close to the French component of this dispute in favor of bioMérieux.

However, proceedings remain pending in Italy and Spain where the Company appealed to the Supreme Court.

In this context, and insofar as no new decision has been rendered since 2008, the provision which had been reversed in 2008 has not been changed in 2009.

5.3.14.3.2 Provisions for restructuring

Changes in provisions for restructuring

The income statement for fiscal year 2009 recognized a 26.3 million euro reversal, primarily relating to the Boxtel site (Netherlands) where most of the activities were stopped on December 31, 2009. In this context, the corresponding provision has been reduced from 27.3 million to 0.5 million euros in consideration of compensation paid and a reversal of 0.9 million euros primarily representing the excess arising from personnel transfers to other sites. In addition, an expense of 1.1 million euros was recognized in financial income in connection with the discounting of the provision.

Balance of provisions for restructuring charges

The provisions include provisions for restructuring resulting from recent measures and restructuring in progress. As of December 31, 2009, those provisions amounted to 2.5 million euros and concerned mainly the facility at Solna in Sweden (1.1 million euros).

5.3.14.4 Contingent assets and liabilities

Contingent assets

Contingent assets as of December 31, 2009 were not material.

Contingent liabilities

The Company was subject to a tax audit in Italy, as a consequence of which the transfer prices and share of common expenses charged to the subsidiary have been challenged.

The Company, as well as its advisors, are of the opinion that the claim is devoid of valid grounds and will vehemently object to the findings of the tax authorities. It shall use all available means of recourse to show the validity of its position. The duration and outcome of this litigation cannot be anticipated at this stage of the proceedings.

No other significant contingent liabilities were identified as of December 31, 2009.

5.3.15 Deferred taxes

CHANGE *In millions of euros*	Deferred tax assets	Deferred tax liabilities
December 31, 2007	**20.1**	**12.8**
Translation adjustment	0.4	-0.2
Change in the consolidation scope	0.1	13.3 (a)
Net allowances	4.4	0.1
Recognition in reserves	-3.0	-0.1
Other movements	-0.3	-0.3
December 31, 2008	**21.7**	**25.6**
Translation adjustment	-0.2	0.2
Change in the consolidation scope		-4.7 (b)
Net allowances	0.2	0.3
Recognition in reserves	4.2	-0.1
Other movements	0.2	-0.3
December 31, 2009	**26.1**	**21.0**

(a) Deferred tax liability of 10.5 million euros on the acquisition of bioTheranostics, calculated on the fair value of the acquired assets and liabilities, net of usable losses carried forward

Deferred tax liability of 2.3 million euros on the acquisition of AB bioMérieux, calculated on the fair value of the acquired assets and liabilities

Deferred tax liability of 0.5 million euros on the acquisition of PML, calculated on the fair value of the acquired assets and liabilities, net of usable losses carried forward

(b) Including adjustments of deferred income tax related to usable tax losses carried forward and fair value of assets and liabilities acquired of bioTheranostics (4.5 million euros) and PML (0.2 million euros). These restatements have been charged to goodwill

Deferred tax assets exist mainly in the United States, due to temporary tax differences resulting mainly from the depreciation period of fixed assets, the non-deductibility of certain provisions and the unrecognized transferred profit in inventories.

DEFERRED TAX ASSETS *In millions of euros*	Pensions provisions	Unrecognized transferred profit in inventories and PPE	Other	**Total**
December 31, 2007	5.2	9.2	5.7	**24.9**
Changes for the period	-0.6	0.9	0.9	**1.2**
Translation adjustment	0.1	0.3	0.0	**0.4**
December 31, 2008	4.7	10.4	6.6	**21.7**
Changes for the period	-0.2	4.6	0.2	**4.6**
Translation adjustment	-0.1	-0.1	0.0	**-0.2**
December 31, 2009	4.4	14.9	6.8	**26.1**

Deferred tax liabilities of 0.6 million euros resulted from changes in other comprehensive income (in the Group's case the recognition of financial instruments at fair value and deferred taxes on treasury shares).

Deferred tax assets resulting from losses carried forward amounted to 3.8 million euros on December 31, 2009.

Tax losses carried forward, not recognized as deferred tax assets, amount to 7.3 million euros (i.e. a potential tax saving of 2.5 million euros). Furthermore, no deferred tax assets are recognized on the restatements related to the concerned entities; the restatements amount to 2 million euros (for potential tax savings of 0.6 million euros).

The deferred tax liabilities arise mainly from the recognition at fair value of the fixed assets of bioTheranostics (7.1 million euros), bioMérieux Spain (merged with Biomedics: 3 million euros), BTF (2.5 million euros) and Bacterial Barcodes (2.4 million euros), in connection with their acquisition. Deferred tax liabilities also included provisions for taxes of 2 million euros on distributable reserves.

5.3.16 Net debt / (Net cash)

5.3.16.1 Debt refinancing

As of December 31, 2009, after distribution of 31.9 million euros in dividends to shareholders of bioMérieux SA, the Group's net debt amounted to 2.1 million euros.

bioMérieux S.A. has secured a 7-year term loan of 260 million euros in the form of a syndicated credit facility repayable in full at maturity (January 2013). The facility agreement contains default clauses (see note 5.3.16.3).

As of December 31, 2009, no amounts have been drawn under this facility.

5.3.16.2 Maturity of the net debt

The maturity schedule below refers to balance-sheet amounts. Repayments are not shown at their present value and interests not yet accrued are not included in, as most of the loans bear interest at a floating-rate.

In millions of euros	12/31/2008	Decrease / Increase	Change in the scope of consolidation	Net change in cash flow statements	Other changes (a)	12/31/2009
Cash	49.9	-15.6		-15.6	-1.5	32.8 (d)
Cash equivalents	2.9	11.3		11.3		14.2
Cash and cash equivalents	**52.8**	**-4.3**	**0.0**	**-4.3**	**-1.5**	**47.0**
Bank overdraft and other uncommitted debt	-21.3	-6.4		-6.4	-5.1	-32.8
Net cash and cash equivalents (A)	**31.5**	**-10.7**	**0.0**	**-10.7**	**-6.6**	**14.2**
Committed financial debt (B)	**82.4**	**-66.1**		**-66.1**		**16.3**
including portion which exceeds five years	*1.2*					*1.4*
between two and five years	*76.9*					*7.0* (b)
less than one year	*4.3*					*7.9* (c)
Net indebtedness (B) - (A)	**50.9**	**-55.4**	**0.0**	**-55.4**	**6.6**	**2.1**

(a) Impact of currency fluctuations and other changes

(b) Including the balance of the employee profit-sharing account (3.8 million euros),
Including a 2.5 million euros liability from the finance lease of administrative buildings in Italy

(c) Including a 6.2 million euros liability from finance leases, of which 5.8 million related to the Plaine de l'Ain logistics facility

(d) Including the balance of the employee profit-sharing account (1 million euros)

bioMérieux benefits from a syndicated credit facility until January 2013 (see 5.3.16.1), on which the 65 million euros drawdown made in 2008 was fully repaid during the fiscal year.

The Company complies with loan repayment schedules at the end of the fiscal year.

No agreement was signed prior to December 31, 2009 realted to loans that would become available in 2010.

5.3.16.3 Debt covenants

The syndicated facility requires compliance with one financial ratio only : net debt may not exceed three times EBITDA before acquisition expenses. As of December 31, 2009, the Company complies with this ratio, calculated twice a year.

As of December 31, 2009, the other long-term debt consisted mainly of liabilities arising from the leased Plaine de l'Ain logistics facility (IDC) and the employee profit-sharing plan, none of which are subject to financial ratio clauses.

5.3.16.4 Interest rate

As of December 31, 2009, the Group's debt (2.1 million euros) consisted mainly of floating-rate credit facilities (except for the loan from the employee profit-sharing fund).

5.3.16.5 Borrowings on assets under capital leases

5.3.16.5.1 Debt (principal portion)

In millions of euros	**12/31/2009**	**12/31/2008**
Under one year	6.4	1.2
One to five years	1.9	7.4
Over five years	2.0	1.2
Total	**10.3**	**9.8**

5.3.16.5.2 Future lease payments (principal and interest)

In millions of euros	**12/31/2009**	**12/31/2008**
Minimum future payments	**11.6**	**10.6**
under one year	*6.7*	*1.5*
one to five years	*2.7*	*7.9*
over five years	*2.2*	*1.2*
Less interest portion	-1.3	-0.8
Present value of future lease payments	**10.3**	**9.8**

5.3.16.6 Breakdown of net debt / (cash) by currency

In millions of euros	**12/31/2009**	**12/31/2008**
Euro zone	132.3	102.5
Other		
US dollar	-122.5	-53.6
Swedish kronor	-16.9	-7.7
South african rands	-3.1	0.1
Livre sterling	-1.0	-2.3
Polish zloty	-1.7	-2.3
Brazilian reals	8.3	1.5
Japanese yen	10.9	13.1
Other	-4.2	-0.4
Total	**2.1**	**50.9**

5.3.16.7 Loan guarantees

None of the Group's assets have been pledged as collateral to a bank.

For subsidiaries using external funding, bioMérieux SA may be required to issue a first demand guarantee in favor of banks granting these facilities.

5.3.17 Accounts payable and other liabilities

In millions of euros	**12/31/2009**	**12/31/2008**
Accounts payable	**116.6**	**120.2**
Advances and deposits received	1.8	1.5
Tax and payroll	121.9	110.1
Deferred income	28.6	26.2
Other	14.3	13.9
Other operating liabilities	**166.6** (a)	**151.7**
Taxes outstanding	**19.4**	**11.7**
Payables on property, plant & equipment	15.5	14.6
Other	13.4 (b)	0.5
Non operating liabilities	**28.9** (c)	**15.1**

(a) Operating liabilities are generally due in less than one year, with the exception of liabilities related to post-employment obligations by bioMérieux Italy (3.3 million euros) as well as certain deferred revenues under maintenance contracts

(b) Including derivative financial instruments fair value of 2 million euros in 2009, compared to a zero value on December 31, 2008.

(c) Non operating liabilities are, for the most part, due in less than one year

5.3.18 Payroll and benefits

In millions of euros	**2009**	**2008**
Wages and salaries	323.6 (a)	275.8
Benefits	116.1	95.2
Employee profit-sharing (b)	11.0	10.8
Total	**450.8** (c) (d)	**381.8**
Average number of employees	**6,298**	**5,863**
No. Of employees as of Dec. 31	**6,300**	**6,140**

(a) Of which 2.9 million euros corresponds to the fair value of payments in shares (see note 5.3.19)

(b) bioMérieux SA

(c) Including 32.3 million euros corresponding to restructuring charges recognized in “other non-recurring incomes and expenses”

(d) Including 17.3 million euros in contributions to defined contribution pension plans (excluding Spain and Portugal, for which the information is not available)

5.3.19 Payments in shares

5.3.19.1 Payments in bonus shares

	Bonus shares plan	
Company	bioMérieux SA	bioMérieux SA
Date of Shareholders' meeting authorizing the plan	June 9, 2005	June 12, 2008
Total numbers of shares authorized	1% of the share capital (394,537)	200,000
Beneficiaries	Corporate officers / employees	
Conditions	Continuous employment with Company over 2 or 4 from the date of grant	
Lock-up period	2 years from the expiration of the vesting period	
Number of shares granted in 2009	0	52,256
Number of shares granted as of 12/31/2009	286,000	62,256
Number of shares delivered in 2009	72,500	0
Number of shares delivered as of 12/31/2009	271,000	0
Number of shares forfeited in 2009	0	0
Number of shares to be delivered as of 12/31/2009	15,000	62,256
Number of shares outstanding as of 12/31/2009	0	137,744

Employee compensation expenses of 2.8 million euros were recognized in 2009 (see note 5.3.18).

As of December 31, 2009, bioMérieux SA held 44,000 of its own shares for use in connection with the foregoing grants. The Company will have to purchase another 33,256 shares to cover its commitments, the cost of which would be 2.7 million euros based on the share price as of December 31, 2009.

5.3.19.2 Stock option plan

	Stock options plan
Company	bioTheranostics
Date of Shareholders' meeting authorizing the plan	September 24, 2008
Total number of options authorized	1,000,000
Beneficiaries	Corporate officers / employees / consultants
Conditions	Continuous employment
Vesting period	Options vest over 4 years from the date of grant - 25% at the end of each year (cliff vesting)
Option expiration date	10 years from the date of grant
Subscription price per share	$6.00
Number of options granted in 2009	190,500
Number of options granted as of 12/31/2009	558,000
Number of shares able to be subscribed as of 12/31/2009	97,625
Number of options exercized as of 12/31/2009	0
Number of shares subscribed for as of 12/31/2009	0
Number of options forfeited in 2009	8,500
Number of options forfeited as of 12/31/2009	15,500
Number of options outstanding as of 12/31/2009	457,500

The employee compensation expense recognized in this connection in 2009 is not material.

The bioTheranostics' stock option plan has no material impact on the calculation of the net diluted earning per share.

5.3.20 Operating leases expenses

In millions of euros	**2009**	**2008**
Operating leases expenses	21.2	19.7

5.3.21 Net depreciation allowances and provisions

In millions of euros	**2009**	**2008**
Tangible and intangible assets depreciation / amortization	73.4	75.1
Provisions	-21.0	-6.6
Current assets depreciation	0.7	8.1
Financial assets depreciation	2.6	1.2
Total	**55.7**	**77.8**

5.3.22 Net financial expenses

5.3.22.1 Cost of net financial debt

In millions of euros	Income	Expenses	**2009**	**2008**
Interests	2.1 (a)	4.4	-2.3	-2.9
Foreign-exchange gains (losses)		0.2	-0.2	0.4
Interest-rate hedges				
TOTAL	**2.1**	**4.6**	**-2.5**	**-2.5**

(a) Interest income on invested cash balances

5.3.22.2 Other financial items

In millions of euros	Income	Expenses	**2009**	**2008**
Interest income on leased assets	4.2		4.2	3.5
Provision / Disposal on non-consolidated investments	9.0	8.7	0.3 (a)	-1.0
Other	1.8	4.9	-3.1 (b)	-3.3 (b)
Total	**15.0**	**13.6**	**1.4**	**-0.8**

(a) Including (in million euros) :

ExonHit Therapeutics investment disposal	3,3
Impairment loss on ReLia investment	-1,8
Impairment loss on AdvanDx investment	-1,6

(b) Including (in million euros) :

Hedges of future commercial transactions (time value)	-3,6	-2,1
Present value expense of Boxtel restructuring provision (see. note 5.3.14)	-1,1	-1,3
Delayed payment interests received from customers	1,8	0,9

5.3.22.3 Foreign-exchange gains and losses

Foreign-exchange gains and losses result from variations between the accounting rate and the rate at the time of payment (or the rate at the close of the fiscal year, if the payment has not been made). These differences only partially reflect the impact of currency fluctuations.

Transactions are initially translated at the exchange rate in effect on the date they take place. The exchange rate applicable to payments is either the rate in effect on the date of payment or the hedge rate (exclusive of time value) if the transaction was covered by a currency hedge.

Translation gains and losses on transactions are recognized under the relevant headings in income. The table below shows their impact in the income statement:

In millions of euros	**2009**	**2008**
Sales	3.7	3.0
Cost of material supplies and other external charges	10.2	-1.7
Financial items	-0.2	0.4
Total	**13.7**	**1.7**

5.3.23 Other non-recurring operating income and expenses

In millions of euros	Income	Expenses	**2009**	2008
Restructuring	30.0	40.1	**-10.1** (a)	-4.3 (a)
Partial disposal of shares				1.4 (b)
Gains (losses) on capital transactions	10.2	9.9	**0.3**	0.9
Other	0.6	0.3	**0.2**	1.2 (c)
Total	**40.8**	**50.3**	**-9.6**	**-0.8**

(a) Including (in million euros) :

Boxtel closing	-8.2	-1.3
. Extra costs incurred to transfer production	*-8.8*	*-1.9*
. Termination benefits paid to employees	*-27.0*	*-2.6*
. Net provision (allowance) / reversal for restructuring costs (see note 5.3.14.2.2)	*27.9*	*4.5*
. Other	*-0.3*	*-1.3*
Restructuring of Solna site (AB bioMérieux)	-1.1	
Restructuring of Toronto site (PML)	-0.8	
Restructuring of bioMérieux Japan		-1.6

(b) Including a gain on disposal of 34 % of bioMérieux Japan shares (1.6 million euros) and a loss on the disposal of 26 % of bioMérieux South Africa shares (0.2 million euros)

(c) Including net reversals of provisions for litigation: 3 million euros on December 31, 2008 (see note 5.3.14)

5.3.24 Income tax

5.3.24.1 Analysis of income tax expense

In millions of euros	2009		2008	
	Tax	**Rate**	**Tax**	**Rate**
Theoretical tax at French normal rate(a)	**69.7**	**34.4%**	**62.9**	**34.4%**
- Impact of reduced tax rates on certain incomes and foreign tax rates	-1.7	-0.8%	-0.3	-0.2%
- Taxes on dividends	-0.5	-0.2%	3.6	2.0%
- Impact of permanent differences	0.5	0.2%	-1.8	-1.0%
- Deferred tax assets not recognized on losses carried forward	0.5	0.2%	1.8	1.0%
- Use of deferred tax assets not previously recognized	0.0	0.0%	-2.3	-1.2%
- Tax credits (including tax credit on R&D expenditure)	-14.1	-6.9%	-12.4	-6.8%
Actual consolidated tax expenses	**54.4**	**26.9%**	**51.5**	**28.2%**

(a) Normal French corporate income tax rate applied to income before taxes of consoliated companies.
The basic corporate income tax rate in France is 33.33 %. Act n° 99-1140 of December 29, 1999 on the Funding of Social Security created an additional tax that raised the legal rate by 1.1 %.

5.3.24.2 Breakdown of income tax expense

In millions of euros	**2009**	**2008**
Income tax on current operating income	55.6	51.6
Income tax on income and expenses	-2.5	0.5
Income tax on net financial expenses	1.3	-0.6
Total	**54.4**	**51.5**
Net income tax expense		
of which current tax expenses	54.3	56.0
of which net deferred income tax expense	0.1	-4.5

5.3.25 Information by geographic area

The information broken down by geographic area as shown in the tables below has been established in accordance with the accounting principles used to prepare consolidated financial statements.

December 31, 2009 *In millions of euros*	Europe	North America	Asia-Pacific	Latin America	Intra-group transactions	Consolidated total
Net sales						
Consolidated net sales (based on end-customer's nationality)	**694.5**	**288.9**	**151.2**	**88.8**		**1,223.4**
Net export sales from the region	707.2	294.7	142.5	79.0		1,223.4
Inter-region sales	124.4	217.6	2.6	1.7	-346.2	0.0
Net sales generated by the region	**831.6**	**512.3**	**145.1**	**80.6**	**-346.2**	**1,223.4**
Income						
Current operating income for the region	94.9	119.6	7.9	4.1	-13.2	213.3
Other unallocated operating income and expenses						-9.6
Operating income						**203.7**
Cost of net financial debt						-2.5
Other unallocated financial expenses						1.4
Associated companies' share in the income						0,0
Income before taxes						**202.6**
Income tax						-54.4
Net income of consolidated companies						**148.2**
Other information						
Total capital expenditures (including long-term finance leases)	**-72.9**	**-45.6**	**-8.9**	**-6.6**		**-134.0**
Depreciation and amortization	**-49.4**	**-18.9**	**-4.8**	**-5.8**		**-79.0**
Unallocated depreciation and amortization						-0.9
Total depreciation and amortization						**-79.9**
Balance sheet						
Assets						
Assets by region	817.9	324.2	78.9	57.5	-271.4	1,007.2
Of which intangible assets & PPE	*244.4*	*128.5*	*25.2*	*21.2*		*419.2*
Investments in associated companies						0.0
Unallocated assets						252.5
Consolidated assets						**1,259.7**
Liabilities and shareholders' equity						
Liabilities by region	405.0	137.1	44.2	20.1	-271.4	335.0
Shareholders' equity (incl. minority interests)						806.4
Financial debt						49.1
Other unallocated liabilities						69.2
Consolidated liabilities and shareholders' equity						**1,259.7**

December 31, 2008 *In millions of euros*	Europe	North America	Asia-Pacific	Latin America	Intra-group transactions	Consolidated total
Net sales						
Consolidated net sales (based on end-customer's nationality)	**662.6**	**242.8**	**129.2**	**75.9**		**1,110.5**
Net export sales from the region	675.6	248.1	119.8	67.0		1,110.5
Inter-region sales	103.3	167.2	1.5	1.9	-273.9	0.0
Net sales generated by the region	**778.9**	**415.3**	**121.3**	**68.9**	**-273.9**	**1,110.5**
Income						
Current operating income for the region	69.8	116.5	5.2	1.6	-6.2	186.9
Other unallocated operating income and expenses						-0.8
Operating income						**186.1**
Cost of net financial debt						-2.5
Other unallocated financial expenses						-0.8
Income before taxes						**181.5**
Income tax						-51.5
Net income of consolidated companies						**130.0**
Other information						
Total capital expenditures (including long-term finance leases)	**60.0**	**33.0**	**7.4**	**8.2**		**108.6**
Depreciation and amortization	**55.2**	**14.6**	**4.5**	**5.4**		**79.7**
Unallocated depreciation and amortization						-1.9
Total depreciation and amortization						**77.8**
Balance sheet						
Assets						
Assets by region	726.2	317.4	71.0	45.6	-228.6	931.7
Of which intangible assets & PPE	*222.5*	*118.9*	*22.0*	*14.9*		*378.3*
Investments in associated companies						2.0
Unallocated assets						255.5
Consolidated assets						**1,189.2**
Liabilities and shareholders' equity						
Liabilities by region	387.0	121.5	43.5	21.3	-228.6	344.7
Shareholders' equity (incl. minority interests)						688.4
Financial debt						103.7
Other unallocated liabilities						52.4
Consolidated liabilities and shareholders' equity						**1,189.2**

5.3.26 Auditors' fees

In thousand of euros	2009							2008						
	Deloitte & Associés		CCA		Other		**Total**	Deloitte & Associés		CCA		Other		**Total**
Auditing	**682**	***99%***	**126**	***100%***	**364**	***97%***	**1,172**	**696**	***98%***	**129**	***100%***	**220**	***93%***	**1,045**
- bioMérieux SA	161	*23%*	126	*100%*			287	153	*22%*	129	*100%*			282
- fully consolidated companies	521	*76%*			364	*97%*	886	543	*76%*			220	*93%*	763
Audit-related services	8				13	*3%*	**20**	10		4		2	*1%*	**12**
AUDIT	**690**	***100%***	**126**	***100%***	**377**	***100%***	**1,193**	**706**	***99%***	**129**	***100%***	**222**	***94%***	**1,057**
Legal, tax, social	13	*0%*				*0%*	13	4	*0%*				*0%*	4
Other						*6%*	0					15	*6%*	15
Other missions	**13**	***1%***	**0**		**0**	***6%***	**13**	**4**	***1%***	**0**		**15**	***6%***	**19**
TOTAL	**703**	***100%***	**126**	***100%***	**377**	***100%***	**1,206**	**710**	***100%***	**129**	***100%***	**237**	***100%***	**1,076**

5.3.27 Risk management

5.3.27.1 Exchange-rate risk

5.3.27.1.1 Group policy

As more than half of the Group's business is conducted outside the euro zone, its sales, its income and balance sheet can be significantly affected by fluctuations in exchange rates between the euro and other currencies. Sales are affected in particular by euro/US dollar exchange rate variations (about 26% of the sales in 2009) and, more occasionally, variations in the rate of the euro against other currencies.

However, some operating expenses, especially those incurred in the United States, are paid for in US dollars, mitigating the impact of fluctuations of the US dollar on operating income.

Other currencies represent nearly 28% of the Company’s sales. However, costs denominated in other currencies are limited, and the Company is therefore exposed to the risk of a fall in these currencies. This exposure is spread over approximately 20 currencies, none of which accounts for more than 3% of Group sales. This exposure thus becomes significant if several of these currencies fluctuate against the euro in the same direction, without any set-off.

The Group's current policy, which is subject to change, is to seek to hedge the impact of exchange-rate fluctuations on budgeted net income. It uses hedging instruments, when they are available at a reasonable cost, in order to lessen risks from currency fluctuations. Its current practice is to put in place global hedges covering similar risks. Hedge contracts are purchased to cover transactions within budget and not for speculative purposes.

Distribution subsidiaries are currently billed in their local currencies by manufacturing subsidiaries (except where prohibited by law), so that currency risks can be managed at the corporate level for manufacturing entities.

Whenever possible, the Group hedges currency risks from financial debt in currencies other than those of the country in which operations are located, so as to offset any accounting risks.

Besides the impact on the Company’s earnings, fluctuations in exchange rates can lead to fluctuations in shareholders’ equity: indeed, because of its worldwide presence, many of its assets and liabilities are recognized in dollars or other currencies. To date, the Company does not hedge against this asset value exchange risk.

Hedges consist mainly of sales or purchases of currency futures (with maturity of less than 18 months as of December 31, 2009). Detailed information on hedging transactions is shown in note 5.3.27.1.3.

5.3.27.1.2 Currency exposure

Net sales

The table below shows the currencies of sales by Group entities:

In millions of euros	2009 m€	2009 %	2008 m€	2008 %
Euro	**561**	***46%***	**517**	***47%***
Other				
Dollars (a)	312	*26%*	282	*25%*
Japanese yen	36	*3%*	29	*3%*
UK sterling	35	*3%*	36	*3%*
Brazilian real	31	*3%*	28	*3%*
Canadian dollar	28	*2%*	26	*2%*
Polish zloty	25	*2%*	29	*3%*
Other currencies	195	*16%*	163	*15%*
Sub-total	**663**	***54%***	**594**	***53%***
TOTAL	**1,223**	**100%**	**1,111**	**100%**
Sensitivity (b)	**-7**		**-6**	

(a) Dollar and related currencies: includes the United States and China

(b) Impact on sales of a one-percent increase in the euro exchange rate against all currencies

Group net equity

A one-percent increase in the euro exchange rate against all currencies would have the following effect:

In millions of euros	**2009**	**2008**
Net income	**-1.4**	**-1.2**
Net equity (a)	**-4.1**	**-3.7**

(a) Translated by using the closing rate

Exposure of receivables and liabilities

The table below shows the exposure of the Group's principal companies (bioMérieux SA and bioMérieux Inc) to foreign-exchange risks on December 31, 2009:

	USD	**JPY**	**ZAR**	**ARS**	**GBP**
(in millions of currency)					
Receivables (in currency)	50.7	1,205	54.3	27.3	4.1
Liabilities (in currency)	-52.5	-13	0.0	0.0	-0.1
Net exchange exposure before hedging	**-1.8**	**1,192**	**54.3**	**27.3**	**4.0**
Hedging	-0.2	1,075	45.2	20.3	3.4
Net exchange exposure after hedging	**-1.6**	**117**	**9.1**	**7.0**	**0.6**
(in millions of euros)					
Net exchange exposure after hedging	-1.1	1	0.9	1.3	0.7
Sensitivity (a)	**0**	**0**	**0**	**0**	**0**

(a) Impact of a one-percent increase in the exchange rate on the net exchange rate exposure, as of December 31, 2009, taking into account currency hedging instruments

5.3.27.1.3 Currency hedging instruments

bioMérieux uses hedging instruments to reduce currency risks that may have an impact on budgeted net income. Its general policy is to use global hedges covering similar risks. Hedge contracts are purchased to cover transactions within budget and not for speculative purposes.

Currency hedges in effect on December 31, 2009 were as follows:

Currency hedges on December 31, 2009 *In millions of euros*	Total	Expiration date < 1 year	 1 - 5 years	Market value (a)
Hedges of existing commercial transactions				
- Currency forward contracts	122.7	122.7		
- Options	2.7	2.7		
Total	**125.4**	**125.4**		
Hedges of future commercial transactions				
- Currency forward contracts	228.3	208.7	19.6	-3.0
- Options	6.0	4.7	1.3	0.6
Total	**234.3**	**213.4**	**20.9**	**-2.4**
Foreign net investments hedges				
- Currency forward contracts	110.6	110.6		0.6
- Options				-0.1
Total	**110.6**	**110.6**		**0.5**

(a) Difference between the present value of the hedging instrument on December 31, 2009 and its market value on December 31, 2009

The market value of future commercial hedging transactions recorded on the balance sheet of December 31, 2009 (-2.4 million euros) includes premiums paid (0.3 million euros), the variation in fair value recognized under other comprehensive income (-2.6 million euros) and that recognized in income (-0.1 million euros).

The market value of foreign net investment hedge contracts as of December 31, 2009 (0.5 million euros) includes premiums collected (-0.1 million euros), the variation in fair value recognized under other comprehensive income (0.7 million euros) and that recognized in income (-0.1 million euros).

Futures and options outstanding on December 31, 2009 mature within less than 18 months.

"Recycling" in current operating income of the effective portion of cash flow hedges previously recognized under reserves amounts to 12.7 million euros for the fiscal year 2009.

5.3.27.2 Credit risk

The Group does not have a significant exposure to credit risks. The net book value of its receivables reflects the fair value of net cash flows to be collected. The impact of net write-downs of trade receivables and net exposure related to Greek public administration are set out in note 5.3.9.

5.3.27.3 Liquidity risk

Financial liabilities due in less than one year and in more than one year are classified in the balance sheet as current and non-current liabilities, respectively.

The Group is not exposed to a liquidity risk, as total current financial assets far exceed current financial liabilities and as seasonal fluctuations do not have a material impact on the business.

Accordingly, the only maturity schedule shown pertains to the net debt, in note 5.3.16.2.

5.3.27.4 Interest-rate risk

Given the level of the Company's net debt (2.1 million euros as of December 31, 2009), its exposure to interest-rate risks is not deemed material and was not hedged. A change in interest rates of 100 basis points in 2009 would not have had a material impact on net financial expenses resulting from investments and financial debts.

5.3.27.5 Counterparty risk

The Group's financial transactions (credit facilities, financial market transactions, financial investments, etc.) are with leading banks and are spread among all of its banking partners in order to limit counterparty risks.

5.3.27.6 Financial instruments: financial assets and liabilities

The table below shows a breakdown of financial assets and liabilities (other than taxes and contributions payable or receivable) by category, as prescribed by IAS 39 "Financial instruments: recognition and measurement" (see note 5.3.1.17), and a comparison between their book value and fair value:

			12/31/2009		12/31/2008	
	Note	Category	Net book value	Fair value	Net book value	Fair value
Assets :						
Financial assets:	6		**10.5**	**10.5**	**16.6**	**16.6**
- loans and receivables		D	5.4	5.4	5.7	5.7
- investments held for sale		A	4.9	4.9	10.8	10.8
- financial assets at fair value through profit or loss		B	0.2	0.2	0.1	0.1
Investments in associates	7	D			2.0	2.0
Other non-current assets (receivables from finance leases - long term)	5.4	C	27.0	27.0	26.0	26.0
Accounts receivable:	9		**346.6**	**346.6**	**315.4**	**315.4**
- accounts receivable		D	334.8	334.8	304.5	304.5
- receivables from finance leases - short term	5.4	C	11.8	11.8	10.9	10.9
Other receivables:						
- advances and deposits	10	D	2.8	2.8	2.4	2.4
- derivative instruments	10	(*)	**0.1**	**0.1**	**10.2**	**10.2**
- future commercial transactions hedges	27.1.3		0.1	0.1	12.8	12.8
- net investments hedges	27.1.3				-2.6	-2.6
Cash and cash equivalents	11	B	47.0	47.0	52.8	52.8
Liabilities:						
Accounts payable	17	D	116.6	116.6	120.2	120.2
Other liabilities:	17					
- advances and deposits received		D	1.9	1.9	1.5	1.5
- other operating liabilities		D	14.3	14.3	13.9	13.9
- payables on property, plant and equipment		D	15.5	15.5	14.6	14.6
- derivative instruments	17	(*)	**2.0**	**2.0**	**0.0**	**0.0**
- future commercial transactions hedges	27.1.3		2.5	2.5		
- foreign net investments	27.1.3		-0.5	-0.5		
Financial debt (short term and long term)	16.2	C	49.1	49.1	103.7	103.7

A : available-for-sale assets or liabilities

B : assets and liabilities at fair value through income

C : assets and liabilities measured at depreciated cost

D : assets and liabilities measured at cost

(*) : accounted for at fair value; the counterpart in the balance sheet depends on the qualification of the risk-hedging (see note 5.3.1.17)

There were no reclassifications among categories in 2009, with the exception of the ReLia investment (see notes 5.3.6 and 5.3.7).

Impairments of financial assets concern primarily trade receivables (note 5.3.9) and financial assets (note 5.3.6).

Impairments and changes in fair value of financial assets are recognized solely in income.

No financial asset is used as a financial guarantee.

5.3.28 Off-balance-sheet commitments

Outstanding commitments made or received as of December 31, 2009 were as follows:

– bioMérieux SA participates in a research program coordinated by Institut Mérieux, together with bioMérieux, Transgene, Genosafe and the Genethon association; the project's objective is to develop a new generation of diagnoses and therapies focusing on cancers, infectious diseases and genetic disorders. Known under the acronym "ADNA" (for "Advanced Diagnostics for New therapeutic Approaches"), the program receives financing from the French government's Industrial Innovation Agency ("*Agence de l'Innovation Industrielle*"), which merged with OSEO ANVAR in 2007. In this respect, bioMérieux SA has agreed to spend 136.5 million euros in research and development for the period from 2007 through 2017. In return, bioMérieux SA will receive subsidies and repayable grants of up to 19.4 million euros (including 4.2 million euros for fiscal years 2006 to 2008) and 23.1 million euros, respectively. If projects are successful, bioMérieux SA will have to reimburse the repayable grants proportionally to its revenue (2 %) and then pay 1 to 2 % of the revenue, depending on the projects, until 2027 or 2029. The public financing agreement was approved by the European authorities on October 22, 2008.

– bioMérieux Inc and bioMérieux SA are parties to various agreements that call for payments based on progress in corresponding research projects or a minimum volume of sales (35 million euros).

– Within the framework of the acquisition of CEA-Industrie's interest in Apibio in December 2004, bioMérieux SA agreed to an incentive clause with CEA-Industrie covering the period from 2010 to 2014, under which it would pay CEA-Industrie 3.5 % of any revenue generated by the application of technologies developed by Apibio (primarily MICAM and OLISA), capped at 1.1 million euros.

– Real estate rent commitments made by the various Group companies amount to 16.6 million euros as of December 31, 2009, of which 11 million euros with maturity exceeding a year.

– bioMérieux SA has secured a syndicated credit facility of 260 million euros repayable in full at maturity in 2013 (see note 5.3.16.1).

– Bank guarantees obtained by the Group in connection with bids made by it totaled 11.5 million euros as of December 31, 2009.

– bioMérieux Inc holds a call option in respect of the 7% interest it does not yet own in bioMérieux Mexique, based on a formula taking into account this company's sales and income; the impact on bioMérieux's shareholders' equity and financial indebtedness is not significant.

– Following acquisition-disposal transactions, the Company is subject to earn-out clauses. At the end of the period, the enforcement of such clauses was not deemed likely, or the amount involved could not be reliably ascertained.

– bioMérieux SA benefits from a earn-out clause following the sale of its interest in Harmonie SA. This clause provides for profit-sharing in favour of bioMérieux in respect of net revenue from the patents transferred, over a period of 20 years (2026).

– bioMérieux SA's obligations to its employees in terms of training (French so-called "*Droit Individuel à la Formation*") were estimated, as of December 31, 2009 to amount to the maximum of 245,082 hours.

– bioMérieux Inc and bioMérieux SA have multiple purchase commitments for the years 2010 and 2011, in the amount of 34.7 million euros.

– Other commitments given (endorsements and guarantees other than real estate rent obligations) amount to 2.3 million euros.

– Other commitments received amount to 1.2 million euros.

5.3.29 Transactions with related parties

5.3.29.1 Compensation of officers and directors

An aggregate of 12 million euros was paid in fiscal year 2009 as compensation to officers and Executive Committee members. This includes fixed compensation of 3 million euros and variable compensation of 6.1 million euros, directors' fees of 0.2 million euros, pension and insurance benefits of 0.3 million euros, as well as grants of shares not yet fully vested (2.4 million euros).

5.3.29.2 Other transactions with non-consolidated affiliates

Institut Mérieux, which held 58.9 % of bioMérieux SA's shares as of December 31, 2009, provided consultancy and support services to bioMérieux SA, bioMérieux Inc. and bioMérieux BV valued at 6.4 million euros for the year. Conversely, bioMérieux S.A. billed Institut Mérieux 1.1 million euros for expenses incurred on its behalf.

During 2009, the Group supplied reagents and instruments with a value of 3.1 million euros to entities of the Silliker Group Corp., in which Institut Mérieux holds a majority interest. In addition, bioMérieux Italy re-billed 0.2 million euros for services provided.

ABL, which is wholly-owned by TSGH, itself 100 % controlled by Institut Mérieux, is a bioMérieux Inc subcontractor; it billed a total of 1.7 million euros as of December 31, 2009. bioMérieux Inc also provided services to ABL valued at 1 million euros during the fiscal year.

bioMérieux Afrique du Sud, 26% held by Litha Healthcare Holdings (Pty), paid 1.6 million euros to Omnimed, itself 26% held by Litha Healthcare Holdings (Pty) ltd, for administrative services.

Thera Conseil, 98.24% held by Institut Mérieux, billed bioMérieux SA for services in the amount of 1 million euros for fiscal year 2009.

bioMérieux SA contributed 1.3 million euros to Fondation Christophe & Rodolphe Mérieux and 1 million euros to Fondation Mérieux for humanitarian projects.

bioMérieux SA purchased raw materials and services for a total amount of 2 million euros in 2009 from La Bergerie de la Combe au Loup, which was 20% held by bioMérieux SA and which was sold in September 2009.

The Company and Transgene (which is 55.28% held by Institut Mérieux indirectly through TSGH) are bound by various agreements pertaining to research and development pursuant to which the Company has not collected nor paid any amount in respect of fiscal year 2009.

5.3.30 Subsequent events

Collaboration agreements

– In January 2010, Royal Philips Electronics and bioMérieux announced the signature of an agreement to jointly develop fully automated handheld diagnostic testing solutions that can be deployed at the Point of Care (POC) - *i.e.* close to the patient, for their marketing by bioMerieux within hospitals and by Philips in the ambulances. The collaboration aims to improve diagnosis and management of disease in critical care settings within hospitals (for example, Emergency Departments, Coronary Units and Intensive Care Units (ICUs)).

– ExonHit Therapeutics and bioMérieux are continuing to collaborate to develop blood biomarkers for the detection of prostate cancer. Their colon cancer program has been terminated, since the results did not reach the expected level of performance.

Acquisitions

– In January 2010, bioMérieux announced the acquisition of rapid test manufacturer Meikang Biotech and its production plant in Shanghai. This major step reinforces bioMérieux's position in the Point of Care and rapid test markets in both emerging and developed countries and gives it fully-owned, integrated manufacturing and R&D capabilities in China. bioMérieux plans to establish its Greater China headquarters, as well as its Asia-Pacific office and certain corporate functions at the new site in 2010.

– As part of its development plan in China, bioMérieux signed, in February 2010, a share purchase agreement to acquire the Chinese company Zenka, which has all of the authorizations to market in China the principal culture media used by microbiological labs. Based in Shanghai, the company currently employs 10 people and does not yet generate significant revenues.

5.3.31 Consolidation

bioMérieux is a fully consolidated entity of Compagnie Mérieux Alliance (17 Rue Bourgelat, 69002 - Lyon).

5.3.32 List of consolidated companies as of December 31, 2009

		2009 (a)	2008 (a)
bioMérieux SA	69280 Marcy l'Etoile - France R.C.S. Lyon B 673 620 399	Parent company	
AB bioMérieux	Dalvägen 10 169 56 Solna, Stockholm - Sweden	100%	100%
ABG STELLA	1409 Foulk Road, Suite 102, P.O.Box 7108 Wilmington, DE 19803-0108 - USA	100%	100%
Bacterial Barcodes Inc	425 River Road - Athens - GA 30602 - USA	100%	100%
bioMérieux South Africa	7 Malibongwe Dr, Cnr Aimee St. Fontainebleau, Randburg, PO BOX 2316 Randburg 2125 – South Africa	74%	74%
bioMérieux Algeria	36 rue Ahmed Ouaked - 16302 Dely Ibrahim Alger, Algeria	100%	100%
bioMérieux Germany	Weberstrasse 8 - D 72622 Nürtingen - Germany	100%	100%
bioMérieux Argentina	Av. Congreso 1745 - (C1428BUE) Capital federal - Buenos Aires - Argentina	100%	100%
bioMérieux Australia	Unit 25, Parkview Business Centre - 1 Maitland Place Baulkham Hills NSW 2153 - Australia	100%	100%
bioMérieux Austria	Eduard-Kittenberger-Gasse 97, A-1230 Wien - Austria	100%	100%
bioMérieux Belgium	Media Square - 18-19 Place des Carabiniers - 1030 Bruxelles - Belgium	100%	100%
bioMérieux Benelux BV	Boseind 15 - PO Box 23 - 5281 RM Boxtel - Netherlands	100%	100%
bioMérieux Brazil	Estrada Do Mapuá, 491 Jacarepaguá - CEP 22710 261 Rio de Janeiro - RJ - Brazil	100%	100%
bioMérieux BV	Boseind 15 - PO Box 84 - 5281 RM Boxtel - Netherlands	100%	100%
bioMérieux Canada	7815 Henri Bourassa - West - H4S 1P7 Saint Laurent (Québec) Canada	100%	100%
bioMérieux Chile	Seminario 131 - Providencia - Santiago - Chile	100%	100%
bioMérieux China	17/Floor, Yen Sheng Center 64 Hoi Yuen Road, Kwun Tong - Kowloon - Hong Kong - China	100%	100%
bioMérieux Colombia	Carrera 7 N° 127-48 - Oficina 806 - Bogota DC - Colombia	100%	100%
bioMérieux Korea	7th floor Yoo Sung Building #830-67, Yeoksam-dong, Kangnam ku - Séoul - Korea	100%	100%
bioMérieux CZ	Hvezdova 1716/2b - Praha 4 - 140 78 Czech Republic	100%	100%
bioMérieux Denmark	Smedeholm 13C - 2730 Herlev - Denmark	100%	100%
bioMérieux Spain	Manuel Tovar 45 - 47 - 28034 Madrid - Spain	100%	100%
bioMérieux Finland	Rajatorpantie 41C - 01640 Vantaa - Finland	100%	100%
bioMérieux Greece	Papanikoli 70 - 15232 Halandri - Athens - Greece	100%	100%
bioMérieux Hong Kong Investment	17/Floor, Yen Sheng Center 64 Hoi Yuen Road, Kwun Tong - Kowloon - Hong Kong - China	100%	100%

		2009 (a)	2008 (a)
bioMérieux Hungary	Foti ut.56 - HU - 1047 Budapest - Hungary	100%	100%
bioMérieux Inc	100 Rodolphe Street - Durham NC 27712 - USA	100%	100%
bioMérieux India	A-32, MohanCo-operative Ind. Estate - New Delhi 110 044 - India	100%	100%
bioMérieux International SAS (formerly Stella SAS)	69280 Marcy l'Etoile - France	100%	100%
bioMérieux Italy	Via di Campigliano, 58 - 50126 Ponte a Ema - Firenze - Italy	100%	100%
bioMérieux Mexico	Chihuahua 88, col. Progreso - Mexico 01080, DF - Mexico	93%	93%
bioMérieux Middle-East	DHCC - Building n° A/P 26 - Healthcare City - Dubaï United Arab Emirates	100%	100%
bioMérieux Norway	Økernveien 145 - N-0580 Oslo - Norway	100%	100%
bioMérieux New-Zealand	22/10 Airbourne Road - North Harbour - Auckland - New-Zealand	100%	100%
bioMérieux Poland	ul. Zeromskiego 17 - Warsawa 01-882 - Poland	100%	100%
bioMérieux Portugal	Av. 25 de Abril de 1974, N°23-3° - 2795-197 LINDA A VELHA Portugal	100%	100%
bioMérieux United Kingdom	Grafton Way, Basingstoke - Hampshire RG 22 6HY – United Kingdom	100%	100%
bioMérieux Russia	Derbenevskaya ul. 20, str. 11 - Moscow 115 114 - Russia	100%	100%
bioMérieux Singapore	11 - Biopolis Way - Helios blk - 11#10-03 Singapore 138667	100%	100%
bioMérieux Sweden	Hantverksvagen 15 - 43633 Askim - Sweden	100%	100%
bioMérieux Switzerland	51 Avenue Blanc - Case Postale - 1211 Genève 2 - Switzerland	100%	100%
bioMérieux Thailand	3195/9 Vibulthani Tower, 4th floor - Rama IV Road - Klongton - Klongtoey - Bangkok 10110 - Thailand	100%	100%
bioMérieux Turkey	Degirmen Sok. Nida Plaza Kat:6 - 34742 Kozyatagi - Istanbul - Turkey	100%	100%
BTF Pty Limited	Unit 1, 35-41 Waterloo Road - North Ryde NSW 2113 - Australia	100%	100%
bioTheranostics	11025 Roselle Street - Suite 200 - San Diego CA 92121 - USA	100%	100%
PML Microbiologicals	27120 SW 95ème avenue - Wilsonville OR 97070 - USA	100%	100%
Shangaï bioMérieux Bio-engineering	Unit 02 to 05, 28/F, Hai Tong Securities Tower - 689 Guang Dong Road - Huangpu District - Shangai 200001 - PR China	60%	60%
Sysmex bioMérieux (formerly bioMérieux Japon)	Central Tower 8th - 1 2 2 Osaki Shinagawa-ku - Tokyo 141-0032 - Japan	66%	66%

(a) The percentage of voting rights is identical to the percentage of ownership.

Two companies were accounted for by the equity method in 2008:

		2009	2008 (a)
Bergerie Combe Au Loup	Bazourgues - Boisset St Priest - 42560 St Jean Soleymieux - France	(b)	20%
Relia Diagnosic Systems LLC	One Market - Suite 1475 - Steuart Tower - San Francisco - USA	(c)	15%

(a) The percentage of voting rights is identical to the percentage of ownership.

(b) La Bergerie Combe Au Loup investments have been disposed on September 2009

(c) Further to the loss of significant influence over ReLIA, the investments have been deconsolidated without disposal (see notes 5.3.1.2 and 5.3.6)

5.4 STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

The statutory auditors' report on the consolidated financial statements for the years ended December 31, 2008 and December 31, 2007 are respectively presented in paragraph 5.4 of the reference document filed with the AMF on June 10, 2009 under number D.09-0495 and paragraph 5.4 of the reference document filed on June 2, 2008 under number D.08-0456.

To the Shareholders,

In compliance with the assignment entrusted to us by your Annual General Meeting, we hereby report to you, for the year ended December 31, 2009, on:

– the audit of the accompanying consolidated financial statements of bioMérieux SA;

– the justification of our assessments;

– the specific verification required by law.

These consolidated financial statements have been approved by the Board of Directors. Our role is to express an opinion on these consolidated financial statements, based on our audit.

Opinion on the consolidated financial statements

We conducted our audit in accordance with professional standards applicable in France. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit involves performing procedures, on a test basis or by selection, to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at December 31, 2009 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Without qualifying the opinion expressed above, we would draw your attention to note 1 of the financial statements relating to the accounting standards applied and that describes the methods for implementing IAS 1 revised and IFRS 8.

Justification of assessments

In accordance with Article L.823-9 of the French Commercial Code (Code de commerce), relating to the justification of our assessments, we bring the following matters to your attention:

– As described in notes 1.12 and 14.1 of the financial statements, the provisions intended to cover the Group's retirement commitments are calculated based on actuarial estimates made by experts appointed by Group companies. Our work consisted, notably, in examining the financial information used, assessing the assumptions adopted and verifying that notes 1.12 and 14.1 of the financial statements provide appropriate disclosure.

– As described in note 1.8 of the financial statements, your company performs annual impairment tests on goodwill. We examined the methods used to implement the impairment tests as well as the financial information and assumptions used by your company and we verified that note 1.8 provides appropriate disclosure.

– Finally, the Group records provisions to cover litigation and restructurings, such as described in notes 1.13 and 14.3 of the financial statements. Our work consisted in assessing the financial information and assumptions on which these estimates are based, reviewing the calculations made by the Company and examining the procedures for approving these estimates by Executive Management. On this basis, we have assessed the reasonableness of these estimates.

These assessments were made in the context of our audit of the consolidated financial statements taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

Specific verification

As required by law, we have also verified the information given in the Group's management report. We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

Lyon and Villeurbanne, March 23rd, 2010
The Statutory Auditors

COMMISSARIAT CONTRÔLE AUDIT - C.C.A.	**DELOITTE & ASSOCIÉS**
Danielle PISSARD	Alain DESCOINS

5.5 BIOMERIEUX SA'S BUSINESS AND FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2007, 2008 AND 2009

5.5.I – BUSINESS

The annual financial statements for the fiscal year ended December 31, 2009 have been drawn up in accordance with the rules of presentation and valuation methods required under applicable regulations.

New Subsidiaries

In January 2009, the Company subscribed for the capital increase in its new subsidiary in Russia incorporated in August 2008. The shares thus acquired are valued at 1.1 million euros (50 million rubles).

Disposals of equity investments

On September 3, 2009, the Company sold to NAM all shares that it held in "Bergerie de la Combe au Loup" for 140,000 euros. This transaction was recognized as a capital gain on disposal of 128,000 euros.

In December 2009, the Company sold its entire shareholding in ExonHit Therapeutics for a price of 7.5 million euros. This transaction was recognized as a capital gain on disposal of 3.3 million euros.

During the third quarter of 2009, the Company sold 26% of its Dynavax securities. This transaction was recognized as a capital loss on disposal of 0.5 million euros, offset by a reversal of impairment reserve of 0.6 million euros.

BTF earn-out

On September 12, 2007, bioMérieux S.A. acquired shares in the Australian company BTF. The transaction amounted to 11.6 million euros in 2007. In 2009, an earn-out fee payment of 1.7 million euros was recognized in the financial statements.

Acquisition of assets from Profos

In March 2009, the Company acquired assets from Profos, including in particular patents and inventories of materials, having a value of 0.6 million euros.

Transfers

During the second half of 2009, production for several businesses of the Group was transferred from subsidiaries to the French sites: bioMérieux BV's NucliSENS® and bioMérieux Inc's DiversiLab®.

Project Magellan "Global ERP"

Project Magellan, which entered the design and build phase as of March 2009, mobilizes 38.9 FTE as of December 31, 2009. Furthermore, as of December 31, 2009, the Company accounted for 12.2 million euros of external services relating to the project, including a 6.4 million euro share accruing to the subsidiaries.

OPUS share ownership plan

In 2009, the Company implemented a share bonus plan open to all of its personnel worldwide. For bioMérieux SA, eligible employees were entitled to invest their 2008 profit-sharing income in the "Opus Classic" fund, set up in 2004 when bioMérieux was listed. The Company's contribution to this transaction amounted to 0.9 million euros. 51% of bioMérieux SA's personnel participated in this plan.

Net sales

During the fiscal year ended December 31, 2009, net sales amounted to 645.6 million euros, compared to 599.2 million euros for the previous year, i.e. a 7.7% increase.

– Domestic sales were up 2.5%.

– Sales to subsidiaries were up 10.8%.

– Sales to distributors were up 0.9%.

Gross operating income

Gross operating income amounted to 58.1 million euros, i.e. 9% of sales. It was down 17.7% as compared to the previous fiscal year.

The 7.7 million euro increase (+ 24.5%) in services weighed down on gross operating income. The costs relating to Project Magellan contributed to this increase.

The taxes (other than income tax) increased by 33.5% due to the combined effect of an increase in taxes (+0.9 million euros) and a reduction in operating grants (+2.2 million euros).

Payroll and benefits increased by 13% and thus represent 29.5% of sales as compared to 28.1% for the previous year.

Operating income

Operating income, after depreciations and provisions, fell from 31.3 million euros in 2008 to 25.9 million euros as of December 31, 2009, i.e. a 17.1% decrease.

Financial income

Financial income amounted to 52.5 million euros, as compared to 47.4 million euros for the previous year. The 5.3 million euro increase in dividends collected from subsidiaries contributed to this figure.

Current income

Current income before taxes amounted to a profit of 78.5 million euros, as compared to 78.7 million euros for the previous year.

Extraordinary income

Extraordinary income as of December 31, 2009 consisted of a 4.4 million euro loss, as compared to a gain of 0.3 million euros as of December 31, 2008.

Extraordinary income for 2009 is affected by extra costs relating to the transfer of bioMérieux BV's NucliSENS® business (6.2 million euros), offset in part by the capital gains realized from the sale of the ExonHit Therapeutics securities (3.3 million euros).

The net expense recognized on the final bonus shares distribution was down by -1.9 million euros.

Conversely, reversals of provisions of 3 million euros were accounted for during the previous fiscal year within the framework of the DBV dispute.

Net income

Net income amounts to 81.8 million euros, up 3.1 million euros as compared to the previous fiscal year. It represents 12.7% of sales, as compared to 13.1% as of December 31, 2008.

Investments

48.7 million euros were spent to acquire tangible and intangible assets, of which 3.7 million euros for instruments.

In particular, the Company continued to invest in facilities, allocating 17.9 million euros to buildings and installations on all sites. Investments in industrial plants and equipments have grown by 12.7 million euros.

The net book value of written-off tangible and intangible assets represents 1.1 million euros.

The gross value of financial assets increased by 38.6 million euros (acquisitions - disposals) excluding reclassification of loan accounts to subsidiaries. A dividend receivable from ABG Stella has been recognized in the amount of 41 million euros in the financial statements closed as of December 31, 2009. Conversely, equity investments and other capital securities lost 5.3 million euros in value (of which 4.2 million euros in respect of ExonHit).

Indebtedness

The Company's indebtedness amounted to 74 million euros as of end December 2009. After taking into consideration reclassification of loans to subsidiaries (see. change of presentation § 5.5.1.8) of 47.3 million euros, net indebtedness increased by 8.5 million euros.

Non tax-deductible expenses

The financial statements for the year ended include a non tax-deductible expense under articles 223 quater and 223 quinquies of the French General Tax Code of 156,814.10 euros, corresponding to the non-deductible portion of car rental payments by bioMérieux SA.

Term of payment to suppliers

The balances of supplier accounts are broken down as follows at the close of the fiscal year ended December 31, 2009:

ACCOUNTS PAYABLES AS OF 12/31/2009 *In thousands euros by maturity*	**Accounts payable Invoices not yet received**	**Operating accounts payable + bills payable**	**Fixed assets accounts payable + bills payable**	**TOTAL**
Litigation more than 1 year		1,594		1,594
Overdue more than 10 days		3,920	374	4,294
Overdue less than 10 days		4,370	620	4,990
0 to 30 days		39,407	5,235	44,641
31 to 60 days		31,528	1,818	33,346
61 to 90 days		6,079	173	6,251
More than 90 days		229	428	657
Not yet due	46,369			46,369
Total	**46,369**	**87,126**	**8,648**	**142,143**

The above supplier balances include 313,000 euros in respect of negative operating supplier account balances and 39,000 euros in respect of negative asset supplier account balances respectively recorded in the balance sheet under the "other operating receivables" and "non-operating receivables" items.

5.5.II – BIOMERIEUX SA FINANCIAL STATEMENTS

The financial statements of bioMérieux SA for fiscal years ended December 31, 2008 and December 31, 2007 are respectively presented in paragraph 5.5 of the reference document filed on June 10, 2009 under number D.09-0495, and in paragraph 5.5 of the reference document filed on June 2, 2008 under number D.08-0456, with the AMF.

INCOME STATEMENT

In millions of euros	**2009**	**2008**	**2007**
Sales goods and finished products	597.8	557.0	512.4
Other revenues	47.8	42.2	40.5
Net sales (note 5.5.21)	**645.6**	**599.2**	**552.9**
Production included in inventories (work in progress and finished products)	15.7	5.0	5.1
Capitalized production	5.4	4.4	6.2
Total production	**666.7**	**608.6**	**564.2**
Cost of material and supplies	-268.7	-225.3	-209.1
Change in raw material and instrument inventories	6.2	2.4	2.7
External charges	-143.8	-137.8	-123.0
Added value	**260.4**	**247.9**	**234.8**
Taxes, other than income tax	-12.0	-9.0	-13.0
Payroll and benefits (note 5.5.22)	-190.3	-168.3	-160.7
Gross operating income	**58.1**	**70.6**	**61.1**
Depreciations and provisions	-34.5	-34.3	-33.9
Other operating income (expenses)	2.3	-5.0	-4.4
Operating income	**25.9**	**31.3**	**22.8**
Financial expenses (net) (note 5.5.25)	-1.0	-3.0	-1.3
Net investment income	53.6	50.4	10.8
Income before exceptional items and taxes	**78.5**	**78.7**	**32.3**
Exceptional items (note 5.5.27)	-4.4	0.3	2.9
Employee profit-sharing	0.0	-2.6	-1.0
Income tax (note 5.5.28)	7.8	2.3	-1.0
Net income	**81.9**	**78.7**	**33.2**
Net income per share (a)	**2.07**	**1.99**	**0.84**

(a) In the absence of dilutive instruments, diluted net earnings per share is identical to basic net earnings per share

BALANCE SHEET

Assets *In millions of euros*	**Net 12/31/2009**	**Net 12/31/2008**	**Net 12/31/2007**
Fixed assets			
. Intangible assets (note 5.5.3)	30.4	31.8	32.9
. Property, plant and equipment (note 5.5.4)	142.3	130.2	125.9
. Financial assets (note 5.5.5)	274.0	289.1	221.8
Total	**446.7**	**451.1**	**380.6**
Current assets			
. Inventories and work in progress (note 5.5.6)	103.2	83.2	76.8
. Accounts receivable (note 5.5.7)	203.5	186.0	164.9
. Other operating receivables (note 5.5.8)	24.0	21.4	14.0
. Non operating receivables (note 5.5.8)	17.0	13.4	12.6
. Cash and cash equivalents (note 5.5.10)	80.2	26.0	33.5
Total	**427.9**	**330.0**	**301.8**
Foreign currency translation adjustment (note 5.5.12)	**1.4**	**4.9**	**1.5**
Total assets	***876.0***	***786.0***	***683.9***
Liabilities and shareholders' equity	**12/31/2009**	**12/31/2008**	**12/31/2007**
Shareholders' equity (note 5.5.13.2)			
. Share capital (note 5.5.13.1)	12.0	12.0	12.0
. Additional paid-in capital	63.5	63.5	63.5
. Retained earnings	277.7	230.9	227.5
. Statutory provisions and grants (note 5.5.14)	29.5	28.6	26.7
. Net income for the year	81.8	78.7	33.2
Total	**464.5**	**413.7**	**362.9**
Provisions (note 5.5.15)	**29.7**	**32.5**	**34.4**
Liabilities			
. Financial debt (note 5.5.16.2)	154.3	139.0	106.7
. Accounts payables (note 5.5.17)	131.7	113.9	103.3
. Other operating liabilities (note 5.5.17)	82.8	72.0	65.0
. Non operating liabilities (note 5.5.17)	10.7	12.6	10.5
Total	**379.5**	**337.5**	**285.5**
Foreign currency translation adjustment (note 5.5.18)	**2.3**	**2.3**	**1.1**
Total liabilities and shareholders' equity	***876.0***	***786.0***	***683.9***

STATEMENT OF CHANGE IN THE NET FINANCIAL DEBT

In millions of euros	**2009**	**2008**	**2007**
Net income	81.8	78.7	33.2
Depreciation, amortization and provisions, net	34.1	32.1	63.3
Net realized capital gains (losses)	-2.9	0.7	-3.2
Loss on merger		0.2	
Cash flow from operating activities	**113.0**	**111.7**	**93.3**
Decrease (increase) in inventories	-21.9	-7.4	-7.8
Increase (decrease) in accounts receivable	-17.3	-21.1	-13.2
Increase (decrease) in accounts payable and other operating working capital	29.3	8.6	25.5
Decrease (increase) in operating working capital requirements	**-9.9**	**-19.9**	**4.5**
Increase (decrease) in income tax payable	-8.0	1.2	-9.2
Other	5.1	-2.9	0.3
Decrease (increase) in working capital requirements	**-12.8**	**-21.6**	**-4.4**
Net cash flow from operations	**100.2**	**90.1**	**88.9**
Capital expenditures	-48.7	-32.0	-31.7
Sale of property, plant and equipment	17.0	4.5	5.4
Change in net payables related to fixed assets	-1.5	1.8	1.7
Investments securities	-2.9 (1)	-72.7 (2)	-26.4 (3)
Increase in loans and advances to affiliates		-3.7	-14.2 (4)
Change in other financial fixed assets	-40.7 (5)	2.4	-0.5
Net cash flow from (used in) investments activities	**-76.8**	**-99.7**	**-65.7**
Dividends	-31.9 (6)	-29.8	-29.9
Net cash flow from (used in) shareholders' equity	**-31.9**	**-29.8**	**-29.9**
Change in net debt (excluding exchange rates effects)	**-8.5**	**-39.4**	**-6.7**
Analysis of change in net indebtedness			
Net indebtedness at the beginning of the year	113.1	73.2	66.4
Change in cash pool accounting	-47.3		
Impact of currency fluctuations on net indebtedness	-0.2	0.4	0.1
Change in net indebtedness :	**8.5**	**39.4**	**6.8**
- Confirmed facilities	*13.4*	*62.0*	*2.8*
- Cash and other bank deposits	*-4.9*	*-22.6*	*4.0*
Net indebtedness at the end of the year (note 5.5.16.2)	**74.1**	**113.0**	**73.3**

(1) Including bMx russia share capital increase and BTF earn-out fee payment
(2) Including purchase of AB bioMérieux shares (-68.7 million euros), and subscription for issue by HK Investment (-3.6 million euros)
(3) Including purchase of BTF shares (-11.6 million euros), subscription for issue by bioMérieux South Africa (-8 million euros)
(4) Including loan to bioMérieux Spain (-10 million euros)
(5) Including ABG Stella dividends payable (41 million euros)
(6) Dividend distribution decided by the shareholders' meeting of June 12, 2009

5.5.1 Preliminary observations

Notes 5.5.1.1 to 5.5.1.7 to the financial statements are presented in 5.5.I.

5.5.1.1 Subsidiaries

Cf. 5.5.I

5.5.1.2 Disposals of equity interests

Cf. 5.5.I

5.5.1.3 BTF earn-out

Cf. 5.5.I

5.5.1.4 Acquisition of assets from Profos

Cf. 5.5.I

5.5.1.5 Transfers

Cf. 5.5.I

5.5.1.6 Project Magellan

Cf. 5.5.I

5.5.1.7 Opus share ownership plan

Cf. 5.5.I

5.5.1.8 Change of presentation

To optimize the group cash pooling transactions and to improve financial information, loans to subsidiaries have been reclassified, as assets recognized in the balance sheet, from the "Long-term investments" item to the "Cash" item, in an amount of 47.3 million euros.

5.5.2 Notes and accounting principles

The financial statements have been prepared in accordance with regulation 99-03 of the French Accounting Rules Board (*Comité de la Réglementation Comptable*) of April 29, 1999.

5.5.2.1 Intangible assets

Intangible assets consist of patents and licenses, most of which are amortized over a period of five years, and software amortized over three to six years, depending on its expected useful life.

These assets are measured at cost (purchase price and incidental costs, exclusive of acquisition expenses).

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

5.5.2.2 Property, plant and equipment

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

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

This approach only applies to buildings.

Depreciation is calculated by the straight-line method, over the estimated useful life of various categories of assets. The principal useful lives are as follows:

Machinery and tools	3 - 10 years
Instruments *	3 - 5 years

**Instruments either placed with third parties or used in-house*

In the case of buildings, depreciation is calculated separately for each component:

Shell	30 - 40 years
Finishing work, fixtures and fittings	10 - 20 years

At the time the new rule was applied to assets, in fiscal year 2005, a retrospective calculation showed that there had been an overall excess depreciation, estimated at 4.4 million euros at the start of the period, which led to the following entries:

Net reversal of depreciation in the books	-4.4 million euros
Accelerated depreciation allowances	7.7 million euros
Balance brought forward	-3.3 million euros

Whenever events or market developments indicate that there is a risk that the value of assets may be impaired, the net value of the property, plant and equipment concerned is reviewed. If their recovery value is less than their net book value, an impairment is recognized so that the assets are measured at their market value.

5.5.2.3 Financial assets

Long-term investment holdings are accounted for at their purchase price.

Investments in subsidiaries and affiliates are written down whenever their value in use is less than their cost. That value is estimated by taking into account the revenue, debt and, if applicable, the technology and real estate owned by the entity concerned.

Other investment holdings are written down whenever their market value falls below their cost. In particular, the market value of listed securities is their average trading price during the last month of the fiscal year.

Other financial assets include shares purchased under a market-making agreement with an investment broker, for the specific purpose of maintaining an orderly market in the Company's shares. Own shares held are measured at their average trading price during the last month of the fiscal year.

5.5.2.4 Inventories

Inventories are measured at cost or at net market value, if lower.

Inventories of raw materials and consumables are measured at their purchase price plus related expenses using the FIFO (first-in-first-out) method. Work-in-progress and finished goods are measured at their standard production cost, adjusted for changes recorded during the fiscal year.

5.5.2.5 Cash

Cash includes available cash balances and short-term investments.

Short-term investments include 44,000 treasury shares purchased in 2008 in connection with a plan to distribute free shares pursuant to a resolution by the special shareholders' meetings of June 9, 2005 and June 12, 2008. As prescribed by the French National Accounting Council in its November 6, 2008 notice, treasury shares allocated to existing plans were not written down to reflect market prices.

5.5.2.6 Provisions

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

5.5.2.7 Post-employment benefits

The Company has not opted for recognizing its liabilities with respect to post-employment benefits. However, these obligations are estimated in accordance with the actuarial and accounting rules prescribed by IAS 19.

5.5.2.8 Translation adjustment

Revenue and expenses in foreign currencies are recognized at their value in euros on the date of the transaction, translated at the applicable cumulative average exchange rate. Foreign-exchange gains and losses on commercial transactions resulting from differences in exchange rates between the date on which transactions are accounted for and the date on which the corresponding payment is made are recognized under the corresponding heading in the income statement (purchases and sales).

Receivables and liabilities in foreign currencies are translated at the exchange rate in effect at the end of the fiscal year or, if hedged, at the hedging rate. Any differences resulting from this valuation are recognized as unrealized foreign-exchange gains and losses. Provisions are set aside for unrealized foreign-exchange losses and are recognized in income (purchases or sales) whenever the receivable or liability is related to a commercial transaction.

Unrealized foreign-exchange gains and losses offset each other whenever they concern the same currency and third party and have close maturities.

5.5.2.9 Dividends received

Dividends collected are recognized net of withholding taxes applicable in the country from which they are distributed.

5.5.2.10 Research & Development

Research and development costs are accounted for as expenses for the year in which they are incurred.

5.5.2.11 Net income per share

Income per share (basic earnings) is calculated by dividing net income by the weighted average number of shares outstanding during the fiscal year.

5.5.2.12 Financial instruments

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

5.5.2.13 Statement of change in net financial debt

The statement of change in net financial debt explains changes in the Company's debt, meaning all of its borrowings and debt, regardless of their maturity, net of cash and short-term bank borrowings.

It lists separately:

– cash flow from operations,

– cash flow from investments,

– cash flow used in shareholders' equity.

Cash flow for the period corresponds to the aggregate of net income, depreciation and amortization allowances, net new provisions (impairment and contingency and loss allowances), exclusive of capital gains or losses on the sale of assets.

5.5.2.14 Consolidated group

The Company prepares consolidated financial statements in which the annual financial statements of its subsidiaries are fully consolidated whenever bioMérieux effectively controls those subsidiaries, or accounted for by the equity method if the Company has a significant influence over the entities concerned.

The Company is a fully consolidated subsidiary of Compagnie Mérieux Alliance S.A.S (17 Rue Bourgelat, 69002 Lyon)

5.5.2.15 Tax consolidation

Since January 1, 2005, bioMérieux S.A. has been the parent company, for tax purposes, of a consolidated group made up of S.A.S. bioMérieux International and itself.

5.5.3 Intangible assets

BREAKDOWN *In millions ofeuros*	**Gross value**	**Depreciation and impairment loss**	**Net value 12/31/2009**	**Net value 12/31/2008**	**Net value 12/31/2007**
Patents, technologies	33.1	23.7	9.4	11.6	14.6
Software	23.9	21.1	2.8	2.7	3.0
Acquired business	11.3		11.3	11.3	10.5
Advances and deposits	6.9		6.9	6.2	4.8
Other	0.3	0.3			
Total	**75.5**	**45.1**	**30.4**	**31.8**	**32.9**

CHANGE *In millions of euros*	**Gross value**	**Depreciation and impairment loss**	**Net value**
December 31, 2007	**66.5**	**33.6**	**32.9**
Acquisitions / Increases	5.8	6.6	-0.8
Disposals / Decreases	-1.3	-1.0	-0.3
December 31, 2008	**71.0**	**39.2**	**31.8**
Acquisitions / Increases	12.6	6.0	6.6
Disposals / Decreases	-8.1	-0.1	-8.0
December 31, 2009	**75.5**	**45.1**	**30.4**

5.5.4 Property, plant and equipment

BREAKDOWN *In millions of euros*	**Gross value**	**Depreciation and impairment loss**	**Net value 12/31/2009**	**Net value 12/31/2008**	**Net value 12/31/2007**
Land	8.8	0.3	8.5	7.9	7.0
Buildings	158.8	78.4	80.4	67.5	70.6
Equipment	121.3	89.4	31.9	27.9	26.2
Capitalized instruments	43.2	35.6	7.6 (a)	9.4 (a)	11.2 (a)
Other fixed assets	22.7	16.9	5.8	5.7	5.7
Fixed assets in progress	3.4	0.5	2.9	7.0	1.3
Advances and deposits	5.2		5.2	4.8	3.9
Total	**363.4**	**221.1**	**142.3**	**130.2**	**125.9**

(a) Most of the capitalized instruments are placed with customers

CHANGE *In millions of euros*	**Gross value**	**Depreciation and impairment loss**	**Net value**
December 31, 2007	**320.2**	**194.3**	**125.9**
Acquisitions / Increases	26.1	21.5	4.6
Disposals / Decreases	-8.3	-8.0	-0.3
December 31, 2008	**338.0**	**207.8**	**130.2**
Acquisitions / Increases	36.2	23.0	13.2
Disposals / Decreases	-10.7	-9.6	-1.1
December 31, 2009	**363.5**	**221.2**	**142.3**

5.5.5 Financial assets

BREAKDOWN *In millions ofeuros*	**Gross value**	**Provisions**	**Net value 12/31/2009**	**Net value 12/31/2008**	**Net value 12/31/2007**
Investments	286.7	64.7	222.0	230.5	166.9
Other financial assets	8.7	7.2	1.5	1.5	2.3
Related receivables	48.5		48.5	54.8	51.0
Other	2.0 (a)		2.0	2.3	1.6
Total	**345.9**	**71.9**	**274.0**	**289.1**	**221.8**

(a) Including 900 own shares with a value of 72,086 euros and 72 Sicav CA AM fund shares with a value of 1,573,396 euros held on December 31, 2009 under an agency agreement with Crédit Agricole Cheuvreux (see note 5.5.2.3).

CHANGE *In millions of euros*	**Gross value**	**Provisions**	**Net value**
December 31, 2007	**285.7**	**63.9**	**221.8**
Acquisitions / Increases	91.1	4.5	86.6
Disposals / Decreases	-22.2	-2.9	-19.3
December 31, 2008	**354.6**	**65.5**	**289.1**
Acquisitions / Increases	43.9	9.8	34.1
Disposals / Decreases	-5.3	-3.4	-1.9
Reclassifications	-47.3 (a)		-47.3
December 31, 2009	**345.9**	**71.9 (b)**	**274.0**

(a) Change in cash pool accounting, reclassification from financial assets to cash equivalent
(b) Including 53.3 million euros for the write-off of bioMerieux BV shares

5.5.5.1 Subsidiaries and associates on December 31, 2009

See table below

	Share capital		Net equity except share capital	Percentage of equity held	Book value of shares held before impairment depreciation	Book value of shares held after impairment depreciation	Outstanding loans and advances by the Company	Revenue for the last fiscal year	Net income for the last fiscal year	Dividends received by the Company during the year	Notes
	(Currencies in millions)		(Currencies in millions)		(In millions of euros)	(In millions of euros)	(In millions of euros)	(Currencies in millions)	(Currencies in millions)	(In millions of euros)	
A - SUBSIDIARIES (50 % or more of the equity held by bioMérieux) :											
. AB bioMérieux	SEK	0.2	210.6	100.0 %	68.7	68.7		238.6	174.8	3.0	01/01/09 - 12/31/09
. ABG Stella	USD	0.0	483.0	100.0 %	55.5	55.5		626.6	119.3		01/01/09 - 12/31/09
. bioMérieux West Africa	EUR	0.1	0.1	100.0 %	0.1	0.1		0.2	0.0		01/01/09 - 12/31/09
. bioMérieux Argentina	ARS	0.5	18.0	100.0 %	5.4	5.4		54.9	3.9		01/01/09 - 12/31/09
. bioMérieux Colombia	COP	0.5	8.7	100.0 %	2.2	2.2		31.4	0.2		01/01/09 - 12/31/09
. bioMérieux Brazil	BRL	48.8	-10.3	100.0 %	24.0	21.1		92.6	-2.2		01/01/09 - 12/31/09
. bioMérieux Germany	EUR	3.5	4.7	100.0 %	3.8	3.8		65.5	2.9	3.0	01/01/09 - 12/31/09
. bioMérieux Austria	EUR	0.1	0.5	100.0 %	0.1	0.1	2.1	17.6	0.5		01/01/09 - 12/31/09
. bioMérieux Belgium	EUR	0.3	3.4	100.0 %	0.3	0.3	0.3	25.3	1.8	1.1	01/01/09 - 12/31/09
. bioMérieux Chile	CLP	1,686.6	1,209.1	100.0 %	3.1	3.1		7,164.9	562.3		01/01/09 - 12/31/09
. bioMérieux Korea	KRW	1,000.0	2,444.5	100.0 %	0.7	0.7		27,951.2	1,106.7		01/01/09 - 12/31/09
. bioMérieux Denmark	DKK	0.5	4.8	100.0 %	0.5	0.5		45.3	1.9	0.3	01/01/09 - 12/31/09
. bioMérieux Finland	EUR	0.0	0.4	100.0 %	0.1	0.1		4.4	0.3	0.1	01/01/09 - 12/31/09
. bioMérieux Greece	EUR	2.0	1.0	100.0 %	4.1	4.1		16.5	0.7		01/01/09 - 12/31/09
. bioMérieux Bénelux BV	EUR	0.0	4.8	100.0 %	0.1	0.1		33.7	1.0		01/01/09 - 12/31/09
. bioMérieux China	HKD	1.5	95.2	100.0 %	4.6	4.6		470.0	29.6		01/01/09 - 12/31/09
. bioMérieux Hungary	HUF	3.0	19.5	100.0 %	0.0	0.0		12.4	-4.3		01/01/09 - 12/31/09
. bioMérieux HK Investment LTD	HKD	41.2	-6.2	100.0 %	3.6	3.6		0.0	-3.6		01/01/09 - 12/31/09
. bioMérieux India	INR	60.8	24.1	100.0 %	1.4	1.4		1,025.9	39.7		01/01/09 - 12/31/09
. bioMérieux Italy	EUR	9.0	24.1	100.0 %	12.8	12.8	22.0	98.4	5.7	1.0	01/01/09 - 12/31/09
. bioMérieux Japan	JPY	0.5	-1.4	66.0 %	3.9	3.9	4.2	4.7	0.0		01/01/09 - 12/31/09
. bioMérieux Spain	EUR	0.2	18.0	100.0 %	0.3	0.3	12.5	65.2	2.1		01/01/09 - 12/31/09
. bioMérieux Middle-East	AED	0.1	-0.5	100.0 %	0.0	0.0	0.3	0.0	-0.4		01/01/09 - 12/31/09
. bioMérieux Norway	NOK	2.8	3.4	100.0 %	0.3	0.3		51.6	2.6	0.2	01/01/09 - 12/31/09
. bioMérieux Poland	PLN	0.4	35.4	100.0 %	1.5	1.5		108.2	11.0	3.6	01/01/09 - 12/31/09
. bioMérieux Portugal	EUR	1.6	8.6	100.0 %	2.0	2.0	2.8	20.9	1.1	1.1	01/01/09 - 12/31/09
. bioMérieux Czech Republic	CZK	0.2	1.4	100.0 %	0.0	0.0	0.5	144.3	-7.9		01/01/09 - 12/31/09
. bioMérieux Russia	USD	0.3	-1.5	100.0 %	0.2	0.0		0.7	-0.2		01/01/09 - 12/31/09
. bioMérieux Russia OOO	RUB	55.7	-34.7	100.0 %	1.3	1.3		348.8	-21.2		01/01/09 - 12/31/09
. bioMérieux Sweden	SEK	0.5	1.7	100.0 %	0.2	0.2		136.3	-0.8	0.3	01/01/09 - 12/31/09
. bioMérieux Switzerland	CHF	0.4	3.3	100.0 %	0.6	0.6		29.0	2.3	1.3	01/01/09 - 12/31/09
. bioMérieux Thailand	THB	35.0	52.6	100.0 %	0.9	0.9		258.8	4.7		01/01/09 - 12/31/09
. bioMérieux Turkey	EUR	3.3	26.0	100.0 %	2.7	2.7		44.0	7.0	1.2	01/01/09 - 12/31/09
. bioMérieux UK	GBP	0.0	5.7	100.0 %	1.2	1.2		37.1	2.0	3.4	01/01/09 - 12/31/09
. bioMérieux BV	EUR	22.7	-30.2	100.0 %	53.3	0.0	24.1	40.1	-0.9		01/01/09 - 12/31/09
. bioMérieux Singapore	SGD	0.1	1.2	100.0 %	0.1	0.1	0.1	4.8	1.1		01/01/09 - 12/31/09
. bioMérieux International SAS	EUR	0.0	0.4	100.0 %	0.0	0.0	0.3	12.4	0.4		01/01/09 - 12/31/09
. BTF	AUD	4.1	1.5	100.0 %	13.6	13.6		8.5	2.4		01/01/09 - 12/31/09
. South Africa	ZAR	50.0	44.8	74.0 %	3.7	3.7		267.9	30.9		01/01/09 - 12/31/09
. bioMérieux Algeria	DZD	58.0	-6.8	100.0 %	0.6	0.6		0.0	-0.4		01/01/09 - 12/31/09
TOTAL SUBSIDIARIES					**277.6**	**221.2**					

	Share capital		Reserves and retained earnings before income allocation	Percentage of equity held	Book value of shares held before impairment depreciation	Book value of shares held after impairment depreciation	Outstanding loans and advances by the Company	Revenue for the last fiscal year	Net income for the last fiscal year	Dividends received by the Company during the year	Notes
B - INVESTMENTS (5 to 50 % of the equity held by bioMérieux)											
. Théra conseil	EUR	0.3	0.3	1.8 %	0.0	0.0		1.4	0.1		01/01/08 - 12/31/08
. Inodiag	EUR	0.8	-1.2	1.8 %	0.9	0.0		0.1	-0.7		01/01/08 - 12/31/08
. GeNeuro	CHF	0.4	9.2	9.8 %	0.1	0.1		0.2	1.5		01/01/09 - 12/31/09
. Relia diagnostic systems Inc	USD	12.0	-12.8	13.5 %	6.8	0.0		0.7	-2.8		01/01/09 - 12/31/09
. Labtech LTD	AUD	11.5	1.7	9.8 %	1.3	0.6		2.2	0.3		07/01/08 - 06/30/09
TOTAL INVESTMENTS					**9.1**	**0.7**					
C – OTHER SECURITIES											
. Europroteome AG	EUR			8.8 %	2.0	0.0					In liquidation
. Dynavax	USD	0.0	13.5	1.0 %	1.8	0.2		37.1	-20.8		01/01/08 - 12/31/08
. Oscient Pharma	USD	3.7	-84.8	0.2 %	3.5	0.0		86.8	-64.8		01/01/08 - 12/31/08
. Avesthagen	INR	42.1	891.9	3.8 %	1.4	1.4		201.4	-520.0		04/01/08 - 03/12/09
TOTAL OTHER SECURITIES					**8.7**	**1.6**					
GRAND TOTAL					**295.4**	**223.5**					

5.5.6 Inventories and work in progress

In millions of euros	12/31/2009	12/31/2008	12/31/2007
Raw material	29.9	23.1	22.3
Work in progress	35.2	23.0	21.6
Finished goods and other materials	46.2	43.3	38.2
Total gross value	**111.3** (a)	**89.4**	**82.1**
Depreciation	-8.1	-6.2	-5.3
Total net value	**103.2**	**83.2**	**76.8**

(a) Including gross value of inventories relating to instrumentation: 16.9 %
Including controlled inventories of 1.5 million euros recognized in accordance with the new rule on accounting for assets

5.5.7 Accounts receivable

In millions of euros	12/31/2009	12/31/2008	12/31/2007
Accounts receivable	204.2	186.9	165.8
Depreciation	-0.7	-0.9	-0.9
Net value	**203.5**	**186.0**	**164.9**

5.5.7.1 Receivables recognized in more than one asset item

Receivables in bills of exchange *In millions of euros*	12/31/2009	12/31/2008	12/31/2007
Trade receivables	0.3	0.6	0.3
Total	**0.3**	**0.6**	**0.3**

5.5.8 Other receivables

In millions of euros	12/31/2009	12/31/2008	12/31/2007
Advances and deposits	1.2	0.8	1.0
Pre-paid expenses	5.3	3.7	3.4
Other receivables	17.5	17.4	9.6
Total gross value	**24.0**	**21.9**	**14.0**
Depreciation		-0.5	
Net value of other operating receivables	**24.0**	**21.4**	**14.0**
Non-operating receivables	17.0	13.4	12.6
Total gross value	**17.0**	**13.4**	**12.6**
Depreciation			
Net value of non-operating receivables	**17.0**	**13.4**	**12.6**

5.5.8.1 Breakdown of deferred expenses

In millions of euros	12/31/2009	12/31/2008	12/31/2007
Relating to purchases	2.3		
Relating to external services and others	2.7	3.2	2.0
Relating to other operating expenses	0.3	0.5	1.4
Total	**5.3**	**3.7**	**3.4**

5.5.9 Maturity of trade and other receivables

Net value in millions of euros	12/31/2009	12/31/2008	12/31/2007
Trade receivables	**203.5**	**186.0**	**164.9**
- Less than 1 year	199.6	182.5	162.8
- More than 1 year	3.9	3.5	2.1
Other operating receivables	**24.0**	**21.4**	**14.0**
- Less than 1 year	23.1	20.7	13.3
- More than 1 year	0.9	0.7	0.7
Non-operating receivables	**17.0**	**13.4**	**12.6**
- Less than 1 year	16.8	13.0	12.3
- More than 1 year	0.2	0.4	0.3

5.5.10 Cash

Cash includes available cash balances and short-term investments.

In millions of euros	12/31/2009	12/31/2008	12/31/2007
Short-term deposit (a)	15.3	24.4	30.9
Cash pooling	62.7		
Cash	2.2	1.6	2.6
Total	**80.2**	**26.0**	**33.5**

(a) Detailed information on short-term deposits

	2009	2008	2007
Name	44,000 own shares	172,500 own shares	120,900 own shares
Total	€2.8 millions	€11.1 millions	€7 millions
Type	Shares	Shares	Shares
Isin code	FR0010096479	FR0010096479	FR0010096479
Name	SICAV CAAM EONIA	SICAV CAAM COR	SICAV BFP
Total	€12.5 millions	€2 millions	€5 millions
Type	Euro money-market fund	Euro money-market fund	Euro money-market fund
Isin code	FR0007435920	FR0010251660	N/A
Name		Certificates of deposit	Certificates of deposit
Total		€11.3 millions	€18.9 millions
Type		Euro money-market fund	Euro money-market fund
Isin code		N/A	N/A

5.5.10.1 Bonus share plan

	Bonus share plan		
Company	bioMérieux SA	bioMérieux SA	
Date of Shareholders' meeting authorizing the plan	06/09/2005	06/12/2008	
Total numbers of shares authorized	1 % of the share capital (394,537)	200,000	
Beneficiaries	Corporate officers / employees		Global Share Plan contribution
Vesting period	Continuous employment with Company over 2 or 4 years from the date of grant		
Lock-up period	2 years from the expiration of the waiting period		
Number of shares granted in 2009	0	46,500	5,756
Number of shares granted as of 12/31/2009	286,000	56,500	5,756
Number of shares delivered in 2009	72,500	0	0
Number of shares delicered as of 12/31/2009	271,000	0	0
Number of shares forfeited in 2009	0	0	0
Number of shares to be delivered as of 12/31/2009	15,000	56,500	5,756
Number of shares outstanding as of 12/31/2009	0	137,744	0

Taking into account the 44,000 shares already acquired as of December 31, 2009 by bioMérieux SA, the entire bonus share plan, representing 77,256 shares, is not fully covered as of December 31, 2009.

5.5.11 Valuation of fungible current assets

There is no material difference between the value of those elements as shown on the balance sheet and their market value.

5.5.12 Unrealized foreign-exchange losses

In millions of euros	**12/31/2009**	**12/31/2008**	**12/31/2007**
On operating liabilities	0.2	0.1	
On financial debts	0.1		0.5
On trade receivables	1.0	3.8	1.0
On non-operating receivables	0.1	1.0	
Total	**1.4**	**4.9**	**1.5**

5.5.13 Shareholders' equity

5.5.13.1 Share capital

As of December 31, 2009, the share capital amounting to 12,029,370 euros is divided into 39,453,740 shares, to which 65,659,679 voting rights are attached. The reference to the par value of shares was deleted by decision of the Shareholders' meeting of March 19, 2001. No rights or securities with a dilutive impact were outstanding as of December 31, 2009.

The number of shares outstanding did not change during fiscal year 2009.

On December 31, 2009, the Company held:

– 900 treasury shares under a market-making agreement with an outside service provider (see note 5.5.5). During fiscal year 2009, it bought back 49,871 of its own shares and sold 67,902.

– 44,000 treasury shares intended for the bonus distribution authorized by the ordinary and extraordinary shareholders' meetings of June 9, 2005 and June 12, 2008. During fiscal year 2009, the Company did not acquire any shares, it sold 56,000 shares and it distributed 72,500 shares.

5.5.13.2 Changes in shareholders' equity

In millions of euros	**Share capital**	**Additional paid-in capital**	**Retained earnings**	**Statutory provisions**	**Grants**	**Total**
December 31, 2007	**12.0**	**63.5**	**260.7**	**26.6**	**0.1**	**362.9**
Net income for the year			78.7			78.7
Dividends			-29.8			-29.8
Other movements				1.9		1.9
December 31, 2008	**12.0**	**63.5**	**309.6**	**28.5**	**0.1**	**413.7**
Net income for the year			81.8			81.8
Dividends			-31.9			-31.9
Other movements				0.9		0.9
December 31, 2009	**12.0**	**63.5**	**359.5**	**29.4**	**0.1**	**464.5**

5.5.14 Regulated provisions

In millions of euros	**Accelerated amortization**	**Provisions for price increase**	**Total**
December 31, 2007	**25.5**	**1.1**	**26.6**
Allowances	5.9	0.4	6.3
Reversal	-4.1	-0.2	-4.3
December 31, 2008	**27.3**	**1.3**	**28.6**
Allowances	5.6	0.2	5.8
Reversal	-5.0		-5.0
December 31, 2009	**27.9**	**1.5**	**29.4**

5.5.15 Provisions

In millions of euros	**Other employee benefits**	**Product warranties** (a)	**Other contingencies**	**Total**
December 31, 2007	**6.5**	**0.5**	**27.4**	**34.4**
Allowances	0.7	1.0	13.2	14.9
Reversal (used)	-0.5	-0.5	-12.2	-13.2
Reversal (unused)			-3.6	-3.6
Net allowances	0.2	0.5	-2.6	-1.9
December 31, 2008	**6.7**	**1.0**	**24.8**	**32.5**
Allowances	1.0	0.6	7.2	8.8
Reversal (used)	-0.4	-1.0	-10.2	-11.6
Reversal (unused)				
Net allowances	0.6	-0.4	-3.0	-2.8
December 31, 2009	**7.3**	**0.6**	**21.8** (b)	**29.7**

(a) Estimate of the costs likely to be incurred for instruments sold under warranty over the remaining warranty period.

(b) Including litigation provision of 3.6 million euros. For purposes of confidentiality, the breakdown between cases is not disclosed.

5.5.15.1 Provisions for post-retirement and related benefits

These provisions include one of 7.1 million euros for long-term employment bonuses, calculated as prescribed by IAS 19. The actuarial assumptions used to calculate this amount take into consideration the length of service of Company employees, their turnover and life expectancy, and assume a yearly salary increase of 3.5 % and a discount rate of 4.8 %.

5.5.15.2 Provisions for litigation

The Company is involved in litigation arising in the ordinary course of business, the most significant of which is described below. bioMérieux believes that no current or pending litigation will have a material adverse impact on its operations. When a risk is identified, a provision is recognized as soon as the risk can be reliably evaluated. The provision for litigation, including for the dispute with DBV, covers all litigation in which the Group is involved and amounted to 3.6 million euros on December 31, 2009.

5.5.15.3 D.B.V. litigation

This dispute is between the Group and the companies DBV and International Microbio in respect of a DBV patent on the diagnosis of mycoplasma.

Consistently with the favorable judgements rendered in 2007, the French Supreme Court rejected on June 3, 2008 the admissibility of the appeal instituted by DBV and International Microbio against the decision of the Paris Court of Appeal of June 14, 2007 which had ruled in favor of bioMérieux. This decision brought a final close to the French component of this dispute in favor of bioMérieux.

However, proceedings remain pending in Italy and Spain where the Company appealed to the Supreme Court.

In this context, and insofar as no new decision has been rendered since 2008, the provision which had been reversed in 2008 has not been changed in 2009.

5.5.16 Net indebtedness

5.5.16.1 Debt refinancing

bioMérieux S.A. has secured a 7-year term loan of 260 million euros in the form of a credit facility repayable in full at maturity (January 2013). The facility agreement contains default clauses.

As of December 31, 2009, no amount has been drawn under this facility.

5.5.16.2 Maturity of the debt

In millions of euros	**12/31/2009**	**12/31/2008**	**12/31/2007**
Over five years	0.1		
Between one and five years	4.4	69.4	8.5
Total long-term debt	**4.5**	**69.4**	**8.5**
Less than one year	149.8 (a)	69.6	98.2
Total debt	**154.3**	**139.0**	**106.7**
Short-term deposits (b)	-15.6	-24.4	-30.9
Cash	-64.6 (c)	-1.6	-2.6
Net indebtedness	**74.1**	**113.0**	**73.2**

(a) Including cash pooling 145 million euros
(b) The book value of short-term deposits is identical to their market value
(c) Including cash pooling 62.7 million euros

5.5.17 Accounts payable and other liabilities

In millions of euros	**12/31/2009**	**12/31/2008**	**12/31/2007**
Accounts payables	**131.7**	**113.9**	**103.3**
Tax and payroll	71.3	61.0	56.2
Deferred income	2.7	2.6	3.6
Other	8.8	8.4	5.3
Other operating liabilities	**82.8**	**72.0**	**65.1**
Payables on property, plant and equipment	10.7	12.6	10.5
Non operating liabilities	**10.7**	**12.6**	**10.5**

5.5.17.1 Liabilities recognized in more than one balance-sheet item

Liabilities in bills of exchange *In millions of euros*	**12/31/2009**	**12/31/2008**	**12/31/2007**
Accounts payable	3.4	10.0	9.5
Payables on property, plant and equipment	1.3	4.9	1.6
Other payables	0.1	0.1	0.1
Total	**4.8**	**15.0**	**11.2**

5.5.17.2 Deferred income

Deferred income primarily concerns equipment rental and maintenance contracts for which invoices were issued in advance.

5.5.17.3 Maturity of trade payables and other liabilities

In millions of euros	**12/31/2009**	**12/31/2008**	**12/31/2007**
Accounts payable			
Less than one year	131.7	113.9	103.3
Total	**131.7**	**113.9**	**103.3**
Other operating liabilities			
Less than one year	82.7	70.9	64.0
More than one year	0.1	1.1	1.0
Total	**82.8**	**72.0**	**65.0**
Non operating liabilities			
Less than one year	10.7	12.6	10.5
Total	**10.7**	**12.6**	**10.5**

5.5.17.4 Breakdown of accrued expenses

In millions of euros	**12/31/2009**	**12/31/2008**	**12/31/2007**
Other financial debts	0.0	0.2	0.1
Payables	44.3	32.8	36.7
Fiscal and social payables	53.4	44.1	42.2
Other operating liabilities	3.9	3.6	3.9
Payables on property, plant and equipment	2.1	0.7	1.9
Total	**103.7**	**81.4**	**84.8**

5.5.18 Unrealized foreign-exchange gains

In millions of euros	12/31/2009	12/31/2008	12/31/2007
On operating payables		1.2	0.2
On operating receivables	2.3	0.9	0.3
On financial loans		0.1	0.1
On financial debts		0.1	0.5
Total	**2.3**	**2.3**	**1.1**

5.5.19 Balance-sheet items pertaining to associates

In millions of euros	12/31/2009	12/31/2008	12/31/2007
Total financial assets	**337.2**	**344.8**	**276.1**
Operating receivables	147.8	130.6	110.5
Non operating receivables		3.8	0.2
Total receivables	**147.8**	**134.4**	**110.7**
Total cash and cash equivalent (a)	**62.7**		
Operating liabilities	65.9	54.5	52.1
Non operating liabilities	0.4	0.5	0.2
Financial debts (b)	144.8	65.1	94.8
Total liabilities	**211.1**	**120.1**	**147.1**

(a) Cash pooling (loan)
(b) Cash pooling (debt)

5.5.20 Financial commitments

5.5.20.1 Commitments made

In millions of euros	12/31/2009	12/31/2008	12/31/2007
Approvals, pledges and guarantees, including guarantees with affiliated companies €53.3 million	54.6	34.4	30.2
Capital leases and rents	6.5	7.5	8.7
Total	**61.1**	**41.9**	**38.9**

5.5.20.2 Commitments received

In millions of euros	**12/31/2009**	**12/31/2008**	**12/31/2007**
Approvals, pledges and guarantees among which the connected companies €0 million	0.1	0.4	0.3
Revolving credit facility not used at the end of December 2009	260.0	260.0	260.0
Total	**260.1**	**260.4**	**260.3**

5.5.20.3 Currency hedging instruments

5.5.20.3.1 Exchange-rate risk

Hedging instruments are used to hedge trade or financial receivables or liabilities.

Potential foreign-exchange gains and losses on those hedging instruments, measured on the basis of trading prices on December 31, 2009, are recognized in the balance sheet whenever they pertain to instruments used to hedge receivables or liabilities.

The following hedge contracts were outstanding on December 31, 2009:

– Forward sales of 40.7 million euros to hedge trade receivables.

– Forward sales of 11.1 million euros to hedge financial liabilities.

– Forward purchases of 144.4 million euros to hedge financial liabilities.

In addition, foreign-exchange hedge contracts were entered into in anticipation of fiscal year 2010 budgetary positions. The contracts have an aggregate net value of 147.7 million euros.

Based on their market value on December 31, 2009 the combined hedge contracts generate unrealized losses of 1.9 million euros.

Lastly, hedge contracts are used to hedge the results of foreign subsidiaries. They had an aggregate value of 110.5 million euros and led to the recognition of a gain of 0.6 million euros on December 31, 2009.

For information purposes, the table below shows the currencies of sales by Group entities:

In millions of euros	**2009**		**2008**		**2007**	
	m€	**%**	**m€**	**%**	**m€**	**%**
Euro	**423.3**	**66 %**	**386.0**	**64 %**	**372.0**	**67 %**
Other						
US dollar	93.6	*15 %*	105.6	*18 %*	92.7	*17 %*
UK sterling	20.4	*3 %*	22.2	*4 %*	22.1	*4 %*
Polish zloties	14.4	*2 %*	15.9	*3 %*	13.4	*2 %*
Swiss francs	11.9	*2 %*	10.3	*2 %*	8.8	*2 %*
Swedish kronors	10.3	*2 %*	2.9	*0 %*	2.2	*0 %*
Brazilian reals	9.9	*2 %*	10.0	*2 %*		*0 %*
Turkish liras	8.5	*1 %*	8.9	*1 %*	8.5	*2 %*
Other currencies	53.1	*8 %*	37.3	*6 %*	33.1	*6 %*
Total	**645.6**	***100 %***	**599.2**	***100 %***	**552.9**	***100 %***

5.5.20.3.2 Interest-rate risk

As of December 31, 2009, there were no interest-rate swap contracts outstanding.

5.5.20.4 Information concerning capital leases

In millions of euros	**Value**	**Rent expenses** (a)		**Depreciation expense** (a)	
		current	**accumulated**	**current**	**accumulated**
Land	0.8		0.7		
Buildings	11.4	0.7	9.3	0.6	6.3
Total	**12.2**	**0.7**	**10.0**	**0.6**	**6.3**

In millions of euros	**Rent expenses to be paid**				**Residual value**
	Less than one year	**One to five years**	**More than five years**	**Total**	
Land	0.1			0.1	0.6
Buildings	0.8			0.8	4.6
Total	**0.9**	**0.0**	**0.0**	**0.9**	**5.2**

(a) Capital lease in effect on December 31, 2009

5.5.20.5 Supplementary pensions, severance and related benefits

An actuarial assessment of the Company's obligations was made on December 31, 2009, based on:

– the expected turnover and mortality rate of payroll employees,

– assumed annual salary increases of 3.5 %,

– an assumed retirement age of 62 to 63 for employees with sufficient service to entitle them to full pension benefits,

– a 4.8 % discount rate.

The Company's obligations were valued at 17 million euros. They are partially covered by an insurance fund to which annual premiums are paid. No provision has been recognized in the annual financial statements for the unfunded balance of 6.1 million euros.

On December 31, 2009, the obligations consisted of the following elements:

– Contractual retirement payments 16.5 million euros

– Other liabilities 0.5 million euros

5.5.20.6 Individual training entitlements

bioMérieux SA's obligations to its employees in terms of training (Droit Individuel à la Formation) were estimated as of December 31, 2009 to amount to the equivalent of 245,082 working hours.

5.5.20.7 Other liabilities

– Commitments granted in respect of various research agreements amounted to 29.9 million euros as of December 31, 2009.

– bioMérieux SA participates in a research program coordinated by Institut Mérieux, together with bioMérieux, Transgene, Genosafe and the Genethon association; the project's objective is to develop a new generation of diagnoses and therapies focusing on cancers, infectious diseases and genetic disorders. Known under the acronym "ADNA" (for "Advanced Diagnostics for New therapeutic Approaches"), the program receives financing from the French government's Industrial Innovation Agency ("*Agence de l'Innovation Industrielle*"), which merged with OSEO ANVAR in 2007. In this respect, bioMérieux SA has agreed to spend 136.5 million euros in research and development for the period from 2007 through 2017. In return, bioMérieux SA will receive subsidies and repayable grants of up to 19.4 million euros (including 4.2 million euros for fiscal years 2006 to 2008) and 23.1 million euros, respectively. If projects are successful, bioMérieux SA will have to reimburse the repayable grants proportionally to its revenue (2 %) and then pay 1 to 2 % of the revenue, depending on the projects, until 2027 or 2029. The public financing agreement was approved by the European authorities on October 22, 2008.

– Within the framework of the acquisition of CEA-Industrie's interest in Apibio in December 2004, bioMérieux SA agreed to an incentive clause with CEA-Industrie covering the period from 2010 to 2014, under which it would pay CEA-Industrie 3.5 % of any revenue generated by the application of technologies developed by Apibio (primarily MICAM and OLISA). This incentive mechanism is capped at 1.1 million euros.

– The Board of Directors, using the authority granted to it by the ordinary and extraordinary shareholders' meetings of June 9, 2005 and June 12, 2008, within the framework of the bonus share plan set up by it, and after consulting with the Compensation Committee, has decided to award 77,256 bonus shares of which 69,002 shares shall vest permanently after 2 years and 8,254 after 4 years, subject to compliance by the beneficiaries thereof with the acquisition terms and criteria. The Company, which has acquired 44,000 shares as of December 31, 2009, bears a financial commitment of 2.7 million euros.

– Through STELHYS SNC, the Company benefits from an earn-out clause resulting from the sale of its interest in Harmonie S.A. This clause provides that bioMérieux is entitled to share in the net income arising from the transferred patents over a period of twenty years (until 2026).

– The Share Purchase Agreement signed as part of the acquisition of BTF provides for payment of an earn-out fee by bioMérieux SA. This price supplement, which is contingent on the fulfillment of certain objectives, could reach a maximum of 5 million Australian dollars for the year 2010.

– As part of the sale of 26% of the shares in bioMérieux South Africa to Litha, an earn-out fee of 3.6 million rands could be paid no later than on January 31, 2012. This price supplement is contingent on the attainment of an aggregate sales figure of 410 million rands for the years 2010 and 2011.

– The agreement signed with Oxford Immunotec refers to a purchase commitment of 10.6 million euros in respect of the years 2010/2011, partly covered by a provision of 0.7 million euros.

– The agreement entered into with Quidel includes a purchase commitment of 6.5 million US dollars for the period from July 2010 through June 2011.

5.5.21 Breakdown of revenue

In millions of euros	**France**	**Export**	**Total 2009**	**Total 2008**	**Total 2007**
Sales	13.0	62.7	75.7	67.4	63.1
Sold production (goods)	147.2	362.5	509.7	477.8	437.7
Sold production (services)	15.9	44.3	60.2	54.0	52.1
Total	**176.1**	**469.5**	**645.6**	**599.2**	**552.9**

5.5.22 Payroll and benefits

In millions of euros	**2009**	**2008**	**2007**
Wages and salaries	119.6	107.7	103.6
Incentive plan	10.4	8.2	6.9
Benefits	60.3	52.4	50.2
Total	**190.3**	**168.3**	**160.7**
Employee profit-sharing		2.6	1.0
Total	**190.3**	**170.9**	**161,7**
Average number of employees	**2,605**	**2,447**	**2,368**
No. od employees as of Dec. 31	**2,687**	**2,510**	**2,395**

5.5.22.1 Breakdown of workforce

In FTE	**2009**	**2008**	**2007**
Average headcount			
Executive	1,078	978	932
Supervisor	45	46	42
Employee	75	75	60
Technician	463	898	875
Worker	944	450	459
Total	**2,605**	**2,447**	**2,368**
Closing headcount			
Executive	1,110	1,026	942
Supervisor	45	45	50
Employee	79	83	70
Technician	984	914	885
Worker	469	442	448
Total	**2,687**	**2,510**	**2,395**

5.5.23 Officers' compensation

Compensation paid to Company officers and directors for 2009 consisted of directors' fees of 216,000 euros paid to the members of the Board of Directors (284,000 euros in 2008).

5.5.24 Research & Development expenses

Research and development expenses for fiscal year 2009 amounted to 100.7 million euros.

5.5.25 Net financial expenses

5.5.25.1 Breakdown of net financial expenses

In millions of euros	**2009**	**2008**	**2007**
Net financial expenses	-0.1	-1.0	-1.1
Depreciation	-6.8 (a)	-3.8 (b)	-30.9 (c)
Moss from merger		-0.2	
Withdrawal of receivables		-1.5	
Dividends	60.7	55.4	40.9
Exchange rate differences	-1.3	-1.5	0.6
Total	**52.5**	**47.4**	**9.5**

(a) Including net write-downs of 0.5 million euros on the shares of subsidiairies and 6.3 million euros on other investments

(b) Including net write-downs of 1.3 million euros on the shares of subsidiairies and 2.5 million euros on other investments

(c) Including net write-downs of 29.7 million euros on the shares of subsidiairies and 1.2 million euros on other investments

5.5.25.2 Foreign-exchange gains and losses

Foreign-exchange gains and losses result from variations between the accounting rate and the rate at the time of payment (or the rate at the close of the fiscal year, if the payment has not been made). These differences only partially reflect the impact of currency fluctuations.

Translation gains and losses on transactions are recognized under the relevant headings in income. The table below shows their impact in the income statement:

In millions of euros	**2009**	**2008**	**2007**
Sales	4.7	-0.4	-1.2
Cost of material supplies and other external charges	0.9	-1.0	-0.3
Financial items	-1.3	-1.5	0.6
Total	**4.3**	**-2.9**	**-0.9**

5.5.26 Associates: financial income and expenses

In millions of euros	**2009**	**2008**	**2007**
Net financial expenses	-1.5	-5.3	-4.5
Received dividends	60.7	55.4	40.9
Revenues from investments	1.4	2.5	1.9
Other financial incomes		0.7	0.4
Total	**60.6**	**53.3**	**38.7**

5.5.27 Extraordinary items

In millions of euros	Income	Expenses	Net 2009	Net 2008	Net 2007
Capital transactions	17.1	14.2	2.9	-0.7	3.2
Statutory provisions	4.9	5.8	-0.9	-2.0	-1.5
Other	5.0	11.4	-6.4 (a)	3.0	1.2
Total	**27.0**	**31.4**	**-4.4**	**0.3**	**2.9**

(a) Including provision for the transfer of bioMérieux BV activity (NucliSENS): 6.2 million euros

5.5.28 Income and taxes

As of December 31, 2009, the Company recognized various tax credits totaling 13.7 million euros, including a research tax credit for an estimated 11.6 million euros. The aggregate amount of tax credits exceeds the corporation tax computed on the basis of the tax income, and the Company holds a net tax credit of 7.8 million euros, as compared to 2.3 million euros for the pevious year.

5.5.28.1 Breakdown of corporate income tax

In millions of euros	2009			2008	2007
	Before tax	Tax	After tax		
Current income before tax	78.4	5.1	83.5	80.1	30.6
Exceptional income	-4.4	1.8	-2.6	0.9	2.5
Employees profit-sharing		0.9	0.9	-2.3	0.1
Total income	**74.0**	**7.8**	**81.8**	**78.7**	**33.2**

5.5.28.2 Income exclusive of valuation allowances

In millions of euros	2009	2008	2007
Net income for the year	81.8	78.7	33.2
Income tax	7.8	2.3	-1.0
Net income before tax	74.0	76.4	34.2
Total statutory provisions	-0.9	-1.9	-1.5
Income tax before tax and without statutory provisions	**74.9**	**78.3**	**35.7**
Income tax	7.8	2.3	-1.0
Tax on exceptional valuation at 34.43 %	-0.3	-0.7	-0.5
Net tax expense	**7.5**	**1.6**	**-1.5**
Net income without statutory provisions	**82.4**	**79.9**	**34.2**

5.5.28.3 Change in future tax liabilities

In millions of euros	**2009** Rate 34.43 %	**2008** Rate 34.43 %	**2007** Rate 34.43 %
Accelerated amortization and statutory provisions	10.1	9.8	9.2
Total deferred tax iabilities	**10.1**	**9.8**	**9.2**
Non deductible provisions	-1.1	-2.0	-2.6
Impact of the implementation of the new regulation for assets		-0.2	-0.5
Liabilities currency foreign translation adjustments	-0.8	-0.8	-0.4
Acquisition costs to be spread over five years	-0.1	-0.1	
Total deferred tax assets	**-2.0**	**-3.1**	**-3.5**
Total deferred tax expenses	**8.1**	**6.7**	**5.7**

5.6 STATUTORY AUDITORS' REPORT ON THE FINANCIAL STATEMENTS

The statutory auditors' report on the consolidated financial statements for the years ended December 31, 2008 and December 31, 2007 are respectively presented in paragraph 5.4 of the reference document filed with the AMF on June 10, 2009 under number D.09-0495 and paragraph 5.4 of the reference document filed on June 2, 2008 under number D.08-0456.

To the Shareholders,

In compliance with the assignment entrusted to us by your Annual General Meeting, we hereby report to you for the year ended December 31, 2009 on:

– the audit of the accompanying financial statements of bioMérieux SA;

– the justification of our assessments;

– the specific verifications and disclosures required by law.

These financial statements have been approved by the Board of Directors. Our role is to express an opinion on these financial statements, based on our audit.

Opinion on the financial statements

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

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the company as at December 31, 2009 and of the results of its operations for the year then ended in accordance with accounting principles generally accepted in France.

Without qualifying the opinion expressed above, we would draw your attention to note 1.8 of the financial statements which describes the change in presentation for advances made to subsidiaries and presented under assets in the 2009 balance sheet.

Justification of appreciations

In accordance with Article L.823-9 of the French Commercial Code (Code de commerce), relating to the justification of our assessments, we bring the following matters to your attention:

– As described in note 2-3 of the financial statements, your company impairs non-consolidated investments whose value in use is less than their net carrying amount. Our work consisted in assessing the assumptions and financial information used by your company to value these investments and to review the calculations made.

– Your company also records provisions for litigation, as described in notes 2-6, 15-2 and 3 of the financial statements. Our work consisted in assessing the financial information and assumptions on which these estimates are based, reviewing the calculations made by the company and examining the procedures for approving these estimates by Executive Management.

On this basis, we have assessed the reasonableness of these estimates.

These assessments were performed as part of our audit approach for the annual financial statements taken as a whole and contributed to the expression of our opinion in the first part of this report.

Specific verifications and disclosures

We have also performed the other procedures required by law, in accordance with professional standards applicable in France.

We have no matters to report regarding the fair presentation and consistency with the financial statements of the information given in the management report of the Board of Directors and the documents addressed to the shareholders in respect of the financial position and the financial statements.

Concerning the disclosures provided in accordance with Article L.225-102-1 of the French Commercial Code on the compensation and benefits paid to corporate officers as well as the commitments made on their behalf, we have verified the consistency of such information with the financial statements or with the financial information that was used as a basis for preparing these financial statements and, when necessary, with the information obtained by your company from the companies controlling it or controlled by it. On the basis of this work, we attest to the accuracy and fairness of this information.

Pursuant to the law, we have ensured ourselves that the various disclosures relating to the identity of holders of capital and voting rights have been communicated in the management report.

Lyon and Villeurbanne, March 23rd, 2010
The Statutory Auditors

COMMISSARIAT CONTRÔLE AUDIT - C.C.A. — **DELOITTE & ASSOCIÉS**

Danielle PISSARD — Alain DESCOINS

5.7 STATUTORY AUDITORS' SPECIAL REPORT ON REGULATED AGREEMENTS

To the shareholders,

In our capacity as statutory auditors of your company, we hereby report to you on regulated agreements and commitments.

Agreements and commitments authorized during the year

In accordance with Article L.225-40 of the French Commercial Code (Code de Commerce), we have been informed of the following agreements and commitments which were subject to the prior approval of your Board of Directors.

The terms of our engagement do not require us to identify the existence of agreements and commitments, but to communicate to you, based on information provided to us, the principal terms and conditions of those agreements and commitments brought to our attention, without expressing an opinion on their usefulness and appropriateness. It is your responsibility, pursuant to Article R. 225- 31 of the French Commercial Code (Code de commerce), to assess the interest involved in respect of the conclusion of these agreements and commitments for the purpose of approving them.

We conducted the steps and verifications that we deemed necessary in accordance with professional standards laid down by the French National Statutory Auditors' Association. Those standards require that we verify the consistency of the information provided to us with the corresponding source documents.

With Transgene

Collaboration on the ADNA project to develop an HPV accompanying test:

Nature and purpose: Service provider agreement between bioMérieux and Transgene, pursuant to which bioMerieux is entrusted with the development of an HPV accompanying test on behalf of Transgene.

Terms and conditions: The two parties' contributions to this program are as follows:

Pooling of resources and knowledge.

Financing of development by Transgene through payment of 782,000 euros to bioMérieux as development progresses and results are obtained.

Intellectual property in the results remains the property of Transgene, excluding developments derived from technologies contributed by bioMerieux.

The transfer to Transgene of the kits developed by bioMérieux will take place at cost price, increased by a 15% margin.

Amount recognized as income in 2009 by bioMérieux: €0

Relevant persons: Alain Mérieux, Benoît Habert, Christian Bréchot, Philippe Archinard and TSGH.

Agreements and undertakings approved during earlier fiscal years, the performance of which continued during the year ended

Furthermore, pursuant to Article R.225-30 of the French Commercial Code, we were informed that the performance of the following agreements and undertakings, approved during earlier fiscal years, continued during the year ended.

With Thera Conseil

Nature and purpose: Your company has executed a determinable license to occupy in respect of a property located in Tassin (not entailing the security of tenure attaching to commercial leases), at 45 Avenue du 11 Novembre 1918, for a term of 23 months effective as of March 14, 2008.

Terms and conditions: Annual fee of 36,000 euros, excluding VAT, excluding charges, payable each quarter in arrears.

Amount invoiced over the year: 36,000 euros

With Institut Mérieux and Transgene

Consortium agreement within the framework of the ADNA project ("Advanced Diagnostics for New Therapeutic Approaches"):

Nature and purpose: The purpose of the agreement is to set forth the governing rules and the status of the intellectual property in and use of the results produced by the consortium.

The parties to the consortium agreement include Institut Mérieux, bioMérieux SA and various other companies, including Transgene SA, with a view to the implementation of a research and development project known as "ADNA" (*Advanced Diagnostics for New Therapeutic Approaches*) which is designed to contribute to the development of personalized medical care in the fields of infectious diseases, cancers and rare genetic disorders.

Terms and conditions: the agreement came into force in October 2008 following approval by the European Commission of the project's financing by OSEO-ANVAR (formerly known as "*Agence pour l'Innovation Industrielle*").

With Institut Mérieux

Service provider agreement within the framework of the ADNA project:

Nature and purpose: Institut Mérieux, in its capacity as leading company under the ADNA project, undertakes to provide coordination services.

Terms and conditions: bioMérieux is liable for a share of the direct and indirect expenses incurred by Institut Mérieux in connection with the performance of its assignments, proportional to bioMérieux's share of the budget eligible for grants and repayable advances.

For 2009, the amount invoiced to bioMérieux was 306,757 euros.

Service provider agreement:

Nature and purpose: Your company entered into a service agreement with Institut Mérieux effective January 1, 2002 (amended by 2 riders in 2007).

Terms and conditions:

– Under rider 1, compensation is based on services provided by Institut Mérieux (personnel costs and contributions, plus 8%) and is allocated between the Institut Mérieux group companies in accordance with three allocation ratios based on the respective weightings of capital assets, sales figures and wage bill.

– Rider 2 governs the apportionment of the cost of allocation of free shares when the beneficiary employee has been transferred within the Institut Mérieux group during the vesting period. The Institut Mérieux group companies allocating free shares then invoice the cost, without any profit margin, arising from the allocation of bonus shares in proportion to the time spent by the employee concerned with each of the companies during the vesting period.

In 2009:

– under rider 1, Institut Mérieux invoiced your company for 3,301,337 euros,

– under rider 2, your company invoiced Institut Mérieux for 294,000 euros.

IT and telephone service agreement:

Nature and purpose: Your company entered into an agreement for the provision of IT and telephone services with Institut Mérieux for a period of one year, thereafter tacitly renewable for an identical period.

Terms and conditions: The reinvoicing of IT services by your company includes a 10% margin whereas a fixed annual fee of 1,500 euros has been set for the hotline.

For 2009, the total amount invoiced by your company was 117,973 euros.

Usage of the name "Mérieux":

Nature and purpose: Institut Mérieux has the possibility of using the family name "Mérieux" for identified activities that are distinct from those of your company, provided such use is not detrimental to the interests of your company. Institut Mérieux may also be granted the exclusive use of the family name "Mérieux" should your company come to be controlled by a third party not wishing to retain the corporate name.

Terms and conditions: This agreement had no impact during the fiscal year.

Benefit pension plan:

Nature and purpose: Your Company initiated a common defined benefit pension plan for managers with a professional classification coefficient of 800, within the meaning of the national collective agreement governing the pharmaceutical industry. Following the group restructuring, plan beneficiaries may be employees of Institut Mérieux. The purpose of the agreement therefore was to secure the membership of Institut Mérieux.

Terms and conditions: Alain Mérieux was the plan's sole beneficiary. The agreement was terminated and no amount was paid in 2009.

With Institut Mérieux, Silliker Group Corp. and Transgene

Agreement concerning the division of costs related to the severance of Group employees:

Nature and purpose: division of the future cost of the possible termination of employees who have worked for several Institut Mérieux Group entities.

Terms and conditions: The entity terminating an employee shall pay all "severance benefits" to the employee concerned, which "costs" will then be divided with the other entities based on the aggregate compensation paid by each of them to the employee since the start of his or her employment with the group.

No billings were made in this connection during the year.

With Fondation Mérieux

Specific partnership and charitable patronage agreement:

Nature and purpose: As Fondation Mérieux wishes to have its own research facilities to develop health solutions that meet the constraints of developing countries, bioMérieux decided to give financial support to this project by entering into a sponsorship agreement and made available to it a laboratory team and related resources. This agreement, which was entered into for a term of three years, represents financial aid of 1.5 million euros in 2008, 1 million euros in 2009 and 0.5 million euros in 2010.

Fondation Mérieux is entitled to access other skills and resources within bioMérieux and shall own all the results of research carried out in the laboratory.

Terms and conditions: The various resources made available to Fondation Mérieux by your company in 2009 represent a financial amount of €1,000,000.

With Ipsen

Cooperation agreement in the field of theranostics:

Nature and purpose: Cooperation between bioMérieux and Ipsen for the development of an accompanying diagnostic test for a new molecule currently in phase I clinical development by Ipsen, intended for the treatment of breast cancer.

Terms and conditions: Ipsen supplies the samples needed by bioMérieux for conducting research and development on this accompanying test. bioMérieux must design a test capable of identifying patients likely to benefit from this new treatment. Half of the development cost is payable by Ipsen. The test will contribute to the clinical development of the Ipsen molecule, as well as to that of a diagnostic test that could be distributed by bioMérieux.

With Fondation Christophe et Rodolphe Mérieux

Nature and purpose: Your Company has entered into a charitable contribution agreement with Fondation Christophe & Rodolphe Mérieux. The amount of annual contributions is submitted each year to the Board of Directors for approval.

Terms and conditions: For fiscal year 2009, your company recognized an expense of 1,325,000 euros.

With Transgene

Cancer co-operation program with Transgene:

Nature and purpose: Co-operation between bioMérieux and Transgene in a program designed to discover genomic markers for lung cancer diagnosis and prognosis. The program is conducted by Transgene as part of a clinical study (MVA-MUC1-IL2).

Terms and conditions: The contributions of the two parties to the program are as follows:

bioMérieux contribution: installation and three years' maintenance of an Affymetrix station, training of Transgene personnel in the use of this station, supply of chips and reagents necessary for analyses and support for Transgene if necessary.

Transgene contribution: purchase in 2006 of an Affymetrix station from bioMérieux via a leasing company for €260,000 (over year 2006), collection and sorting of samples, analysis using the Affymetrix station, biomathematical analysis of data obtained.

Each party assumes the costs relating to its contribution; there is no payment of research and development expenses from one party to the other.

With Silliker Group Corp

Nature and purpose: Your Company entered into a corporate services agreement dated January 4, 1999.

Terms and conditions: For fiscal year 2009, your company invoiced Silliker Group Corp 53,605 euros.

Lyon and Villeurbanne, March 23, 2010
The Statutory Auditors

COMMISSARIAT CONTRÔLE AUDIT - C.C.A.	**DELOITTE & ASSOCIÉS**
Danielle PISSARD	Alain DESCOINS

5.8 REPORT BY THE CHAIRMAN OF THE BOARD OF DIRECTORS ON THE CONDITIONS OF PREPARATION AND ORGANIZATION OF THE BOARD OF DIRECTORS' WORK AND ON INTERNAL CONTROL PROCEDURES

5.8.1 Preparation and organization of the Board of Directors' work

5.8.1.1 Legal framework of corporate governance

In terms of corporate governance, the Company complies with applicable legal obligations, and has furthermore elected to comply with the Corporate Governance Code of the AFEP/MEDEF which summarizes current corporate governance principles. This code may be viewed online on the MEDEF website (http://www.code-afep-medef.com). The following paragraphs set out the provisions of this code that are disapplied, as well as the reasons therefor.

Regarding officers' and directors' terms of office

The term of office is set at six years under the by-laws, but a draft resolution is submitted to the Shareholders' Meeting of June 2010 to amend the by-laws to bring the term of office down to four years.

Renewal of appointments by tranche or by block: In particular in light of the Company's historical background (seven directors out of nine were appointed during the year 2004) the tranche or block renewal mechanism cannot be easily justified.

Regarding the existence of an Appointments Committee

This prerogative is exercised by the General Management ("*Direction Générale*").

Regarding the Audit Committee and its duties

The Audit Committee assesses the validity of the accounting methods and verifies the absence of conflicts of interest *ex post facto* but the Board of Directors addresses any significant matters in advance.

Off-balance sheet risks and commitments are listed in the appendices and they are not of such significance as to need a special report by the Chief Financial Officer.

Regarding the appraisal of the Board of Directors

The Board of Directors appraises General Management performance in an independent and collective manner.

5.8.1.2 The Board of Directors

5.8.1.2.1 Composition and organization

The Company is incorporated as a French limited company (*société anonyme*) with a Board of Directors.

The Board of Directors has resolved to entrust the General Management to the Chairman and to appoint aDeputy Managing Director, a director. The terms of office of Alain Mérieux, Chairman and Chief Executive Officer and of Alexandre Mérieux, Deputy Managing Director, are due to expire during the Ordinary Shareholders' Meeting of June 2010. The Board of Directors shall move that the Meeting renew these appointments for a term of four years.

As of December 31, 2009, the Board of Directors comprises nine directors. In addition to the terms of office of Alain Mérieux and Alexandre Mérieux, those of Michel Angé, Georges Hibon, Michele Palladino, of Groupe Industriel Marcel Dassault, represented by Benoît Habert, of TSGH represented by Philippe Archinard, are due to expire at the Ordinary Shareholders' Meeting of June 2010. The Board of Directors shall move that the Meeting renew these appointments for a term of four years. It will be proposed that Philippe Archinard be appointed as individual director to replace TSGH.

The Board of Directors shall move that the Shareholders' Meeting amend the Company's by-laws to reduce director's terms of office from six years to four years. If this resolution is adopted, Jean Luc Bélingard's term of office will expire and it will be proposed that it be renewed for a term of four years. Christian Bréchot's term of office would then expire early, during the Ordinary Shareholders' Meeting to be held in 2012.

The Company's by-laws provide that the Board of Directors may take on three non-voting members/observers or "censors" (*censeurs*). The term of office of Philippe Villet, appointed as a sole censor for a term of three years by the Shareholders' Meeting of June 7, 2007 is due to expire, and it shall be proposed that the Shareholders' meeting appoint Harold Boël, born in New York (USA) on August 27, 1964, as censor for a term of three years.

The Board of Directors' meeting of May 18, 1990 appointed a Vice Chairman, Gérard Trouyez.

Finally, four representatives of the Works Council attend Board of Directors' meetings.

On March 15, 2004, the Company's Board of Directors adopted internal rules intended to set out its operating procedures, and complementing the provisions contained in the law, regulations and the Company's by-laws. These rules were updated in 2007 and in 2009 to reflect new statutory provisions and the recommendations of the AFEP/MEDEF corporate governance code. All members of the Board have agreed to observe them.

Those rules provide that, prior to taking their seat, all directors must make sure that they are fully informed of their general and specific obligations and are familiar with securities regulations pertaining to breaches of exchange regulations. They must *inter alia* take cognizance of laws and regulations, the bylaws, the Board of Directors' rules and any additional information that the Board of Directors may provide to them, and must comply with them. The rules also provide that directors (i) even where they are themselves shareholders and must own at least ten shares, represent all of the shareholders and must in all circumstances act in accordance with the Company's interests, (ii) are required to report to the Board of Directors any actual or potential conflict of interest, and must refrain from participating in the corresponding vote, (iii) must devote all of the necessary time and attention to the performance of their duties, (iv) must be diligent and participate in all meetings of the Board of Directors and, if applicable, of committees on which they serve, (v) must consider themselves bound by a strict duty of confidentiality that exceeds the mere requirement contained in laws and regulations to refrain from disclosing non-public information acquired as a result of their position, (vi) are bound by a duty of loyalty and (vii) must refrain from trading in the Company's securities otherwise than in accordance with the Company's code of conduct.

5.8.1.2.2 Outside Directors

The internal rules of the Board of Directors provide that directors are considered outside directors when they do not have any direct or indirect relationship of any nature whatsoever with the Company, the group or its management, which could compromise their freedom of judgment.

In light of this definition, the Board of Directors comprises four outside directors out of its nine members:
Groupe Industriel Marcel Dassault, represented by Benoît Habert,
Michele Palladino,
Michel Angé,
Jean-Luc Bélingard.

5.8.1.2.3 The duties of the Board of Directors

The Board of Directors sets the direction of the Company's business activity and ensures that they are implemented. Subject to the authority expressly granted to Shareholders' Meetings and within the limit of the corporate objects, it deals with any matter relating to the Company's affairs and operations and settles issues concerning same. The Board of Directors carries out all audits and checks it deems appropriate.

Furthermore, the internal rules of the Board of Directors provide that it has the specific obligation to make decisions on (i) the approval of the strategic plans of the Company and its subsidiaries, (ii) the approval of the annual budget and its implementation each quarter, and (iii) the approval of all strategic transactions (acquisitions, exchanges, transactions, the granting of security, financing on any terms and conditions, etc.) in excess of 30 million euros not provided for in the strategic plan or the budget.

Finally, the rules also provide that the Board of Directors must be notified of any significant event affecting the operation of the Company and more specifically its financial position, cash position and commitments.

During the fiscal year ended, the Board of Directors of the Company met on five occasions. The signatures appearing on the attendance register of the Board of Directors shows that all directors were present or represented at each of these meetings and the Board has thus in particular:

– analyzed the quarterly reviews of the Company's operation and affairs and major projects;

– drawn up the financial statements and the consolidated financial statements for the fiscal year ended December 31, 2008 and prepared the Shareholders' Meeting;

– drawn up the interim financial statements and draft budget for fiscal 2010;

– approved the regulated agreements;

– assessed the functioning of the Board of Directors;

– reviewed the status of foreign subsidiaries;

– authorized and recorded endorsement and guarantee commitments;

– modified the composition of the Audit and Strategic Committees; and

– set up the employee share ownership plans.

Under its internal rules, the Board of Directors includes in its agenda, once a year, a discussion on its functioning in particular to (i) form an opinion on the quality and effectiveness of debates by the Board of Directors, (ii) assess the effective role of the Board of Directors in respect of its assignments and (iii) analyze the reasons underlying any malfunctions perceived by the Chairman, the directors or the shareholders and (iv) to analyze the criteria applicable to director's independence.

At its meeting of June 11, 2009, the Board of Directors carried out a self-assessment using in particular a questionnaire in which each director was able to state his opinion. The analysis of the responses obtained, which the Board of Directors discussed, showed that the composition, organization and functioning, in particular in term of collective performance and members' individual contributions, are deemed satisfactory by all directors.

5.8.1.3 The Board's specialist committees

The internal rules of the Board of Directors provide that the Board of Directors may set up one or more standing or *ad hoc* Committees intended to facilitate its work and efficiently contribute to the preparation of its decisions.

The committees are responsible for examining issues referred to them by the Board of Directors or the Chairman of the Board, for preparing the Board of Directors' work on these issues, and reporting their findings to the Board of Directors in the form of reports, proposals, communications or recommendations.

The committees' role is strictly consultative. The Board of Directors determines at its own discretion how to follow up on the findings reported by the committees. The directors remain free to vote as they wish and are not bound by the work, investigations or reports of the committees and are not bound by any recommendations made by the committees.

5.8.1.3.1 The Audit Committee

Composition of the Audit Committee

The Audit Committee consists of three members appointed by the Board of Directors from among its members and not forming part of the Company's Management. It comprises a majority of outside directors and at least one member possessing specialist knowledge in financial and accounting matters.

The Audit Committee, set up on December 20, 2002, consists as of December 31, 2009, of Michel Angé, Benoît Habert and Georges Hibon. Michel Angé and Benoît Habert are the outside directors within the meaning of the internal rules of the Board of Directors of the Company. The Committee comprises two thirds outside members. Michel Angé chairs this Committee.

Functioning of the Audit Committee

The Committee meets (including by telephone conference calls) as often as it deems necessary and at least twice a year, before the review by the Board of Directors of the annual and half-yearly interim financial statements. The committee appoints a Chairman from among its members, who may not hold any appointment (other than as director) or management position within the Company or the Group

Duties of the Audit Committee

Under the internal rules of the Board of Directors, the Audit Committee's duties are to assist the Board of Directors, in particular by monitoring the financial information preparation process, the effectiveness of the internal control and risk management systems, the statutory audit of annual financial statements and, if any, of the consolidated financial statements by the Statutory Auditors, the independence of the Statutory Auditors and to review the Company's draft financial disclosure documents relating in particular to the half-yearly interim financial statements, the annual financial statements and the quarterly financial reporting.

All of the members of the Audit Committee met on six occasions in 2009 and in particular reviewed the press releases relating to sales for the fourth quarter 2008, the annual financial statements 2008, sales for the first and second quarter 2009, the half-yearly interim financial statements 2009 and sales for the third quarter 2009. It has reviewed the half-yearly interim financial statements and the annual financial statements as well as the corresponding reports. The Committee has also reviewed the Chairman's report on the internal control procedures and the main disputes, risks and off-balance sheet commitments. Lastly, it has conducted a summary review of internal control and risk management.

In accordance with its operational rules, the Audit Committee has reported to the Board of Directors on the performance of its assignment and submitted to it the observations that it deemed useful.

5.8.1.3.2 Compensation Committee

Composition of the Compensation Committee

Pursuant to the internal rules of the Board of Directors, the Compensation Committee consists of three members appointed by the Board of Directors from among its members. It consists of a majority of outside directors.

The Company's Compensation Committee was set up by the Board of Directors' meeting of March 15, 2004.

As of December 31, 2009, the Compensation Committee is comprised of Georges Hibon, Michele Palladino and Jean-Luc Bélingard. Michele Palladino and Jean-Luc Bélingard are outside directors within the meaning of the internal rules of the Board of Directors of the Company. The Committee comprises two thirds of outside members. Georges Hibon chairs this Committee.

Functioning of the Compensation Committee

The Compensation Committee meets at least once a year, when called by the Chairman of the Board of Directors.

With regard to the compensation of the Company's representatives, the primary tasks of the Compensation Committee are to: (i) make recommendations to the Board of Directors concerning the fixed and variable compensation, supplementary and specific retirement pension and health and welfare benefit plan, benefits in-kind and other financial benefits to which the Chairman and Chief Executive Officer and, if applicable, theDeputy Managing Director, may be entitled; (ii) propose to the Board of Directors the total sum to be earmarked for directors' fees, the rules governing the distribution of such fees and the sums to be paid to individual directors as fees, taking into consideration their attendance at Board of Directors and Committee meetings; and (iii) propose rules, where applicable, to the Board of Directors for setting the variable portion of compensation paid to Company representatives and oversee their implementation. The Compensation Committee also receives information on the compensation policy of the principal non-director managers (*dirigeants non mandataires*).

Regarding the stock options or bonus shares policy, the Compensation Committee submits to the Board of Directors its observations regarding the Company's overall stock option or bonus shares policy as proposed by the Chairman and Chief Executive Officer and, if applicable, the Deputy Managing Director, and issues opinions in particular on such matters as categories of employees to whom options are granted, options granted to Company representatives being examined on a case-by-case basis by the Committee.

The Compensation Committee met on three occasions in 2009. The main subjects addressed at these meetings were the following: the compensation policy and the employee share ownership plan.

In accordance with its operating rules, the Compensation Committee has reported to the Board of Directors on the performance of its duties and has provided it with all useful information.

5.8.1.4 Conduct of General Management

5.8.1.4.1 General management

The Chairman and Chief Executive Officer holds the broadest authority to act in all circumstances on behalf of the Company. He exercises his authority within the limits of the corporate objects and subject to the authority expressly granted by law to the shareholders' meetings and to the Board of Directors. He represents the Company in its relations and dealings with third parties.

The Board of Directors has not laid down any specific limitations on the Managing Director’s powers, with the exception of certain provisions of its internal rules that require the Managing Director to refer the following matters to the Board: (i) the approval of the strategic plan of the Company and of its subsidiaries, (ii) the approval of the annual budget and its implementation each quarter and (iii) the approval of all strategic transactions (acquisitions, exchanges, transactions, the granting of security, financing on any terms and conditions, etc.) in excess of 30 million euros not provided for in the strategic plan or the budget.

Two Committees assist bioMérieux’s General Management in the performance of its duties.

5.8.1.4.2 The committees

Strategic Committee

This Committee currently comprises four members (Alain Mérieux, Stéphane Bancel, Alexandre Mérieux and Jean Luc Bélingard since June 2009), and proposes to the Board of Directors medium and long-term strategic objectives for the Group, focusing in particular on (i) the business development objectives, (ii) scientific and technological options, (iii) geographical expansion policies, (iv) strategic alliances and partnerships, and (v) communication and management policies relating to the Group’s image.

Executive Committee

This Committee is chaired by Stéphane Bancel (Chief Executive Officer) and is comprised of Thierry Bernard (Director of Worldwide Sales), Eric Bouvier (Human Resources Manager and Head of Immunoassays), Richard Ding (Head of Strategy & Business Development and Theranostics, Chief Executive Officer - bioTheranostics, Inc.), Jean-Marc Durano (Head of Industrial Operations), Peter Kaspar (Head of Microbiology), Mojgan Lefebvre (Head of IT), Marc Mackowiak (Chief Executive Officer, bioMérieux, Inc.), Alexandre Mérieux (Head of Industrial Microbiology), Henri Thomasson (Company Secretary), Steve Harbin (Head of Quality Management Systems, Regulatory Affairs & Product Quality, HSE, Internal Control and ERP).

It is responsible for implementing the Company's general strategy decisions made by the Board of Directors. It meets once a month and each of its meetings includes a review of operations, human resources, strategy implementation and research and development portfolio management. The Committee's assignment is to oversee strategic projects, set priorities and ensure that the Company's various divisions have access to the resources they require.

The Executive Committee is assisted by two committees: the Investment Committee and the Project Approval Committee.

Investment Committee

This Committee meets monthly and is comprised of the Chief Executive Officer, the Human Resources Manager and Head of Immunoassays, the Head of Industrial Operations, the Chief Executive Officer of bioMérieux Inc. and the Finance Manager. It makes decisions regarding all industrial investments (in tangible or intangible assets) in excess of an amount set annually and monitors the progress of these capital projects. Commitments made are reported to the Management Committee.

Project Approval Committee

This Committee ("Project Approval Committee"), chaired by the Chief Executive Officer, is comprised of the heads of Sales, Strategy and Business Development, Production and Quality as well as the heads of the Innovation divisions. It makes decisions regarding new projects, selects project teams and allocates resources to them. It oversees the various project stages up to the marketing of the relevant product. Projects are reviewed at least once a year and may be subject to special reviews in the event of significant changes.

5.8.1.5 Compensation and information referred to in Article L225-100-3 of the French Commercial Code

Details of the compensation policy and the amounts of compensation paid to directors, to the Chairman and Chief Executive Officer and to the Deputy Managing Director are set out in § 6.2.1.

The information required under Article L. 225-100-3 (items likely to be material in the event of a public offering) appears in § 3.2.7.

5.8.1.6 Shareholder participation at shareholders' meetings

The procedure for calling shareholders to Shareholders' Meetings and their participation appear in Articles 19 and 20 of the by-laws.

5.8.2 Internal controls procedures

5.8.2.1 Reference document used

To strengthen its Internal Control procedures, the Group's reference framework is based on the five components derived from the Internal Control - Integrated Framework reference document issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

5.8.2.2 Definition and aims of internal control

The Internal Control is a Group system, defined and implemented under its responsibility, the aims of which are to ensure:

– compliance with statutory provisions and regulations;

– the application of the instructions and objectives set by the General Management;

– the proper operation of the Company's internal processes, in particular, those contributing to the preservation of its assets;

– the reliability of financial reporting;

and generally, contributing to control of its activities, the effectiveness of its operations and the efficient use of its resources.

By contributing to the prevention and mitigation of risks of failure to achieve the objectives set by the Company, the Internal Control procedure plays a key part in the conduct and steering of its various activities.

However, Internal Control cannot serve as a guarantee that the Company's objective will be achieved.

The description of the Group's Internal Control systems contained in this report was prepared on the basis of a full review of existing procedures, through interviews with the main executives in charge of the business and an examination of available documents relating to issues at hand.

5.8.2.3 Scope of internal control

The Internal Control system covers all companies included in the Group's consolidated structure.

5.8.2.4 Internal control principles and environment

5.8.2.4.1 Organization and responsibility

Separation of duties is a key feature of Internal Control. Oversight of each transaction is ensured by means of a strict system of delegation of powers from the Company's general management to heads of operational units (Heads of sites, divisions, subsidiaries, etc.).

Furthermore, to reflect its development and its multiple geographic sites, bioMérieux has structured its organization in such a way as to enable all facilities in all countries to have the skills that they require, given the nature of their business and the size of their operations. Furthermore, bioMérieux has implemented a code of conduct ensuring awareness on the part of all Group employees in respect of the following issues:

– compliance with statutory provisions;

– health, safety and environment;

– conflicts of interest;

– professional ethics and integrity;

– protection and appropriate use of assets; and

– social responsibility

Through an annual letter of commitment, the managing directors and finance directors of each entity confirm their responsibility in the implementation of an efficient Internal Control system within their organization.

The general management of the Company sets the aims and defines strategy. Heads of operations are responsible for ensuring the proper application of procedures, successful performance of operations and limitation of corresponding risks. Functional teams carry out *ex post facto* control.

The Company has initiated implementation of an Integrated Management Software (formerly ERP) that equally applies to all Group entities. Uniformization facilitates the definition of homogeneous procedures and therefore the implementation of more efficient Internal Control. This Integrated Management Software is being deployed in the various countries in which the Company has operations.

More generally, the Company has various procedural and control databases that can be accessed via its intranet and/or through specific servers.

5.8.2.4.2 Environment

Quality policy

The Quality policy rests on three main components:

– capacity to satisfy customer demand while complying with regulations applicable to products;

– ensuring that everyone is responsible for or involved in attaining this compliance objective; and

– anticipating differences in customers' needs and actively contributing to progress and innovation.

A Corporate Quality Manual describes the Corporate quality management system and the system applicable to each bioMérieux subsidiary, production facility and bioMérieux research and development center. This system is applicable to all of the Company's activities, from the design of products to their delivery and installation and after-sales service. Those manuals are used as permanent reference documents for the implementation, management and improvement of the Quality Management System, as well as for relations between bioMérieux and its customers, as they describe all measures carried out to guarantee the quality of products and services sold.

In addition to this Quality Corporate Manual, each site has a “Supplement” or local Quality Manual describing provisions that are specific to it.

"Corporate" guidelines and procedures apply to management practices for certain processes involving more than one facility, in particular project management, capital expenditures management, etc.

Regulatory standards

All bioMérieux products are designed, manufactured and delivered in accordance with the quality standards applicable to in vitro diagnostics.

The quality management system for the development, manufacture and delivery of products is designed in conformity with ISO 9001 and ISO 13485 certifications, voluntarily or when required by regulations.

All the manufacturing sites are ISO 9001 certified. The main manufacturing sites are also ISO 13485 certified.

5.8.2.5 Persons and departments in charge of internal control

5.8.2.5.1 Quality Management System Division

The duties of the Quality Management System Division (QMS), placed under the authority of the Corporate QMS Division, Regulatory Affairs, GSS, HSE, Internal Control & ERP, are *inter alia* intended to control:

– conformity of processes used to design, produce, distribute, install and maintain bioMérieux products in accordance with the needs of its customers and regulatory requirements;

– effectiveness of the quality management system at all bioMérieux Group entities;

– consistency of bioMérieux products with the needs of its customers and regulatory requirements; and

– the monitoring of customer complaints and the implementation of vigilance processes.

This division implements steps and measures required to apply the rules necessary to achieve quality objectives, or to ensure that all of the Company's personnel apply such rules. It is also involved in authorizing the marketing of products, deciding on information to be released to customers and, if necessary, corrective steps to be implemented in practice, including product recalls. A procedure known as "Post Market Surveillance" has also been designed. It is used to periodically ascertain that products are consistent with current scientific information. The division is also responsible for documents relating to products, and for overseeing customer complaints and how they are handled. It verifies that regulatory requirements are complied within all countries where bioMérieux products are sold.

For the purpose of these objectives, the QMS Division is divided into several Quality Assurance Departments responsible for providing support to the major divisions within the firm:

– Commercial Operations Quality Assurance Department, responsible for quality assurance in the Marketing, Sales, Distribution and Customer Support activities;

– Manufacturing Quality Assurance Departments (one for North America and Latin America and another for the Europe and Asia Pacific Regions);

– R&D Quality Assurance Department covering all product development activities worldwide; and

– Support and Industry Quality Assurance Department, covering all support functions (Quality Audits, Document Control, Supply Chain, Purchasing, IS, HR, etc.) as well as the Industry Department.

5.8.2.5.2 Health, Security and Environment (HSE) division

The HSE Division, which is under the authority of the Corporate QMS, Regulatory Affairs, GSS, HSE, Internal Control & ERP Division, prepares, supports and controls the application of the health, security and environment policy.

A health, security and environment policy has been defined as part of bioMérieux’s Quality assurance program. It provides for several measures relating in particular to (i) the prevention of workplace accidents and work-related illnesses with the monitoring of specific benchmarks, (ii) endeavoring to attain better energy efficiency and the preservation of natural resources and the environment, (iii) restricting access to various sites, as well as sensitive premises and information. This policy is implemented by the management of each entity which, within its scope of responsibility, must ensure the protection of persons and assets, as well as the minimization of the impact of bioMérieux’s activities on the environment.

5.8.2.5.3 Information Systems Division

The Information Systems Division is responsible for:

– supporting bioMérieux’s business strategy and systems by providing services and products that meet the needs of users of information systems, while complying with applicable laws and regulations;

– ensuring the availability, continuity and quality of applications provided;,

– managing and protecting information in terms of its security and integrity, in accordance with confidentiality levels set; and

– providing technical and functional support to customers within the Group.

In order to fulfill these objectives, the division operates out of two facilities in France and the United States and relies on a network of IT correspondents at all Group subsidiaries.

The Company has devised a security policy affording it protection against major IT risks.

An IT system governance process allocates responsibility for current activities and IT on the existing application portfolio; the main systems are reviewed by the Executive Committee.

5.8.2.5.4 Legal Affairs and Intellectual Property Division

The Legal Affairs and Intellectual Property Division oversees bioMérieux's relations with external third parties (suppliers, customers, partners, governments, etc.) and the functioning of corporate governance, and sees to it that existing rules and regulations are complied with and that the Company's interests are protected. Jointly with the divisions concerned, it organizes the protection and appreciation of scientific innovations generated by bioMérieux. In order to achieve these objectives, the division is structured in two main offices in France and the United States and employs a network of consultants in other parts of the world. It is structured along operating and geographic lines.

5.8.2.6 Steering and oversight of the internal control system

The General Management, as well as the Board of Directors, acting through the Audit Committee, is involved in the steering and oversight of Internal Control.

For the purposes of this oversight, the General Management relies on audits such as those described below.

5.8.2.6.1 Internal Audit Division

The Internal Audit Division, placed under the authority of the Corporate QMS, Regulatory Affairs, GSS, HSE, Internal Control & ERP Division, benefits from dedicated resources whose task is to continually improve operational processes via a risk analysis mechanism, the conduct of internal audits, due diligence and advisory duties.

This Direction is governed by an Internal Audit Charter that defines its status, its duties, the scope of its authority and powers and the methodology used, which methodology complies with professional standards.

Based on a risk map, the Internal Audit division independently draws up an annual audit plan, which is updated and, where applicable, improved each quarter. This plan is submitted to the Chief Executive Officer each year.

Each audit gives rise to a report provided to the audited organization, to its management and to the members of the Executive Committee having been audited. This report includes the issues identified during the audit as well as the corresponding recommendations issued. The implementation of corrective action is then monitored by the auditors.

The Internal Audit Division prepares an annual summary of audits conducted, which is then submitted to the Audit Committee and to the Executive Committee.

5.8.2.6.2 QMS Division

The quality assurance departments, which have been merged into divisions and lines, conduct periodic audits to assess proper practice and verify compliance with procedures and regulations in their field of expertise.

These audits conducted on the Company's sites or in its subsidiaries' premises are carried out by internal quality auditors, based on a program drawn up each year.

5.8.2.6.3 Information Systems Division

The Information Systems Division has resources that conduct periodic audits to assess proper practice in terms of security and verify compliance with procedures.

Security audits have also been conducted on certain service providers.

5.8.2.6.4 External audits

The Company is subject to various types of external audits:

– Statutory Auditors' committee, comprised of Deloitte et Associés and its network and of Commissariat Contrôle Audit (CCA), audits the consolidated financial statements and the individual financial statements of the parent company bioMérieux SA and the individual financial statements of most Group companies. For the other subsidiaries, the Statutory Auditors' committee relies on the work done by those companies' external auditors.

  In addition to the reports required by law, the audits by the independent auditors are summarized in a report that covers the significant items identified and the manner in which they have been resolved, as well as recommendations regarding the Group's Internal Control. These recommendations are reviewed with the management of the subsidiaries concerned and their implementation is monitored.

  The main regulated agreements appear in the Statutory Auditors' special report.

  The analysis and assessment by Internal Control within the Company are carried out in close consultation with the Statutory Auditors. They are, in particular, informed of the results of the internal audit teams' work.

– The regulatory authorities carry out audits and inspections on the Company's sites, as described in § 4.6.5.

– The Company's pharmaceutical customers also conduct a large number of quality audits to verify compliance by bioMérieux's quality assurance system with BPF and GMP requirements that are imposed on manufacturers of drugs that use bioMérieux products for their quality control processes.

5.8.2.7 Description of the Internal Control mechanism applicable to the treatment of accounting and financial reporting

5.8.2.7.1 Definition and aims

The accounting and financial Internal Control of the companies is a key component of Internal Control. It applies to all Group accounting and financial information production and communication processes and ensures the production of information that is reliable and complies with statutory and regulatory requirements.

Like Internal Control in general, it relies on a global system that comprises in particular the design and implementation of the Group's information system and the steering, monitoring and control policies and procedures.

Accounting and financial Internal Control aims to ensure:

– conformity of accounting and financial information published with applicable rules;

– the application of the instructions and objectives issued by the General Management;

– the preservation of assets;

– the prevention and detection of accounting and financial fraud and irregularities, as far as possible;

– the reliability of information circulated and used internally for steering or control purposes, insofar as it contributes to the preparation of the accounting and financial information published; and

– the reliability of financial statements published and of the other information provided to the market.

5.8.2.7.2 Organization and parties involved

Finance Division

bioMérieux Group's Finance Division comprises:

– the administrative and financial management structures of each Group entity, under the dual authority of the Chief Executive Officer of the subsidiary concerned and of the Group's Finance Division;

– a management control structure, adapted to the Group's own structure and comprised of:

  - controllers for manufacturing, distribution or supporting activities (e.g. research and development) who are in charge of analyzing, in liaison with the managers concerned, the performance and costs of the Group's principal structures;

  - international controllers, who are responsible for the management control of subsidiaries outside France; in the specific case of bioMérieux Inc., international control is also provided by specialized local staff;

– a finance and cash management structure;

– a financial reporting and consolidation structure; and

– a taxation structure.

This arrangement enables Corporate Management to set budgetary objectives for each structure and subsidiary, and then to monitor on a monthly basis and analyze in detail the accounting and financial information on the various Group levels.

The Group's Chief Financial Officer is a member of the Executive Committee and is therefore responsible for centralizing and reporting on all indicators monitored by it.

The accounting and financial structure employs mainly two integrated information systems: Movex, a system used at large facilities, and Solomon, a system for smaller entities.

In addition to the organizational measures and operational Internal Control procedures outlined above, significant accounting and financial Internal Control systems have been put in place for accounting and finance, management audits, consolidation and cash management.

Accounting/Finance

bioMérieux has issued a "manual of accounting and consolidation principles" for use by the Group's entities. It lists the principal items in the consolidated financial statements and specifies their contents, as well as the valuation methods to be used; the manual has been updated to reflect the adoption of the new IFRS accounting rules.

For bioMérieux SA and its principal subsidiaries, the accounting procedures required by the application of those principles and local regulations when recognizing ordinary and recurrent transactions are incorporated in the accounting software, in order to render data processing secure and automatic. A limited number of entries are made by hand at those entities.

The administrative and financial management of each entity also performs credit management functions to decide and periodically review the amount of credit allowed for customers, and to anticipate risks of insolvency, including by resorting to the services of credit-rating companies.

Management control

Each year, the annual budget is prepared on the basis of the five-year corporate strategic plan and is validated by the Board of Directors. The budget serves as a basis to steer the performance of each Group entity and business division.

bioMérieux and its subsidiaries all have management controllers whose duties include verifying compliance with the budget. In addition, certain structures (such as research and development and manufacturing) have their own management controller's office, which draws up their annual budget, coordinates Group entities and provides budgetary control.

Consolidation

The consolidation is a centralized process carried out within the bioMérieux Group. It provides an opportunity for the consolidating team to ascertain that the financial statements of the subsidiaries are prepared in accordance with the Group's accounting principles, as set forth in procedure manuals provided to all Group entities.

The consolidation process includes a thorough analysis of the financial statements:

– the financial statements of each subsidiary are examined by the international controller's office before being consolidated; and

– the consolidation teams compare the consolidated financial statements with the available management indicators for the Group (including revenue statistics follow–up) and the budgetary forecast and results of previous periods of the fiscal year. Consolidated debt is compared with monitored cash records. The internal audit is summarized in a report attached to the consolidated financial statements and submitted to the Group's General Management.

Cash funds

In light of the large number of countries in which bioMérieux operates, cash management also plays an important role in the accounting and financial Internal Control system. It is mainly concerned with:

– maintaining a balance between the finances of Group entities, by means of:

  - annual cash forecasts revised monthly on the basis of schedules included in reporting guidelines;

  - a cash pooling system under which bioMérieux coordinates the cash needs and resources of twenty one subsidiaries; the system is backed up by fund transfer procedures established with one of the Group's principal banks; and

  - careful and prudent investment practices for temporary cash surpluses, which are invested exclusively in money-market instruments; and

– managing currency risks so as to minimize the impact of exchange-rate fluctuations on budgeted net income; this is done through:

  - a policy of billing for export sales to third parties exclusively in strong currencies;

  - the hedging, whenever possible, of about 80% of the net exposed cash flow at the start of the year; and

  - monthly adjustments in hedges depending on actual transactions.

Nevertheless, residual risk exposures exist, due in part to the volume of business and the debt in emerging countries.

In addition to having an impact on the Company's income, exchange-rate fluctuations can affect its shareholders’ equity. The Company does not hedge the risk to which its assets are exposed in this respect.

Specific cases: control of subsidiaries

Operational control of subsidiaries is achieved through:

– regional management structures (in Europe, North America, Latin America and Asia) that, together with support structures, verify the relevance of the appropriate human, financial and business resources available locally;

– the presence of certain operational and/or finance executives on the boards (board of directors or its equivalent) overseeing the activities of subsidiaries;

– a financial and administrative management structure at each subsidiary;

– an annual budget and detailed monthly reports prepared by each subsidiary and sent to the regional head and to the international management control Department;

– a monthly review of the subsidiaries' main performance indicators, pertaining primarily to their revenue and financial structure, comparing them to the indicators for the previous year and to the budget. The Executive Committee reviews a summary of these indicators per region and for the group. Following such reviews, the management of each subsidiary is notified of the Executive Committee's observations and decisions. Regional directors ensure that any measure to be taken is duly implemented.

Investor Relations Division

The Company’s financial statements, both accounts and schedules, are drawn up based on the final data produced using the consolidation software. They are then incorporated into the annual and interim reports.

The texts of all of the Company’s publications (annual and interim reports, press releases, etc.) are drafted on the basis of specific discussions. They are submitted to a working team comprised in particular of the General Management and of the Company Secretary’s office. The press releases relating to results and sales are reviewed by the Audit Committee.

The Chairman of the Board of Directors
Alain Mérieux

5.9 STATUTORY AUDITORS' REPORT ON THE REPORT PREPARED BY THE CHAIRMAN OF THE BOARD OF DIRECTORS

To the Shareholders,

In our capacity as statutory auditors of BioMérieux and in accordance with Article L.225-235 of the French Commercial Code (Code de Commerce), we hereby report to you on the report prepared by the Chairman of the Board of Directors of your Company in accordance with Article L.225-37 of the French Commercial Code (Code de Commerce) for the year ended December 31, 2009.

It is for the Chairman of the Board of Directors to prepare and submit to the Board of Directors a report setting out an account of internal control and risk management within the company, and providing the other information required under Article L.225-37 of the French Commercial Code regarding corporate governance mechanisms.

It is our responsibility to:

– report to you our observations on the information set out in the Chairman's report on the internal control procedures and risk management related to the preparation and processing of financial and accounting information; and

– certify that the report comprises the information required by Article L.225-37 of the French Commercial Code, it being specified that we are not responsible for verifying the accuracy of such other information.

We performed our procedures in accordance with French professional standards.

Information regarding the internal audit procedures and risk management applicable to the preparation and processing accounting and financial data

Professional standards require us to perform procedures to assess the fairness of the information provided in the President's report on the internal control procedures and risk management relating to the preparation and processing of financial and accounting information. These procedures consisted principally of:

– obtaining an understanding of the internal control procedures and risk management relating to the preparation and processing of financial and accounting information as set out in the Chairman's report and existing documents;

– obtaining an understanding of the work performed to support the information given in the report and existing documents;

– determining whether major shortcomings in the internal oversight of the preparation and processing of accounting and financial information identified by our audit have been duly disclosed in the Chairman's report.

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

Other information

We certify that the report of the Chairman of the Board of Directors sets out the information required under Article L.225-37 of the French Commercial Code.

Lyon and Villeurbanne, March 23 2010
The Statutory Auditors

COMMISSARIAT CONTRÔLE AUDIT - C.C.A. — **DELOITTE & ASSOCIÉS**

Danielle PISSARD — Alain DESCOINS

5.10 DRAFT RESOLUTIONS SUBMITTED BY THE BOARD OF DIRECTORS TO THE SHAREHOLDERS' MEETING OF JUNE 10, 2010

I. WITHIN THE COMPETENCE OF THE ORDINARY GENERAL SHAREHOLDERS' MEETING

RESOLUTION NO. 1
(Approval of the financial statements for the year ended December 31, 2009)

The Shareholders, having examined the Company's financial statements for the year ended December 31, 2009 and having heard the Board of Directors' management report and the Statutory Auditors' general report, approve the annual financial statements for the year ended December 31, 2009 as submitted to them, showing income of 81,790,110.03 euros. They also approve the transactions reflected in those financial statements or summarized in those reports.

The Shareholders take note of (i) the report by the Chairman of the Board of Directors on the conditions in which the work of the Board of Directors is prepared and on internal control procedures implemented by the Company, (ii) the Statutory Auditor's reports concerning the said report and (iii) non-deductible expenses of 156,814.10 euros falling within the scope of articles 223 quater and 223 quinquies of the French Tax code ("*Code général* des impôts").

RESOLUTION N°2
(Approval of the consolidated financial statements for the year ended December 31, 2009)

The Shareholders, having heard the Board of Directors' report on the management of the Group included in its management report, as required by article L. 233-26 of the French Commercial code and the Statutory Auditors' general report on the consolidated financial statements, approve the consolidated financial statements for the year ended December 31, 2009 as submitted to them and approve the transactions reflected in those financial statements or summarized in the report on the management of the Group.

RESOLUTION NO. 3
(Appropriation of income for fiscal year ended December 31, 2009)

The Shareholders note that (i) the statutory reserve exceeds 10% of the share capital and that (ii) the balance sheet for the fiscal year ended December 31, 2009 shows profits of 81,790,110.03 euros which, when increased by "retained earnings" of 37,083,449.60 euros, add up to distributable profits of 118,873,559.63 euros.

They therefore resolve, on a motion by the Board of Directors, to appropriate said distributable profits as follows:

– a sum of 45,000,000 euros will be allocated to the "General reserve", increasing it from 239,000,000 euros to 284,000,000 euros;

– a sum of 59,538.00 euros will be transferred to the "Special reserve for charitable endowments", increasing it from 395,816.31 euros to 455,354.31 euros;

– a sum of 36,297,440.80 euros shall be distributed as dividends, amounting to 0.92 euro per share on each of the 39,453,740 shares comprised in the share capital; dividends shall be paid as of June 17, 2010; and

– the balance, i.e. 37,516,580.83 euros, shall be recognized as "Retained earnings".

The Company will not earn dividends on any of its treasury shares held by it as of the dividend date. The corresponding sum will be added back to "retained earnings".

Furthermore, it is specified that the entire amount of the dividend qualifies for the 40% tax abatement. The dividends thus distributed to French tax resident individuals shall carry an entitlement to the 40% abatement provided for in Article 158.3 paragraph 2 of the French General Tax Code. It is specified that individuals who so wish may elect for application of the withholding tax regime under Article 117 quater of the French General Tax Code by sending the notices of election in accordance with statutory provisions.

The Shareholders take note of the fact that the sums distributed as dividends over the past three fiscal years, have been as follows:

Year ended	Distributed dividends in euros(*)
12/31/2008	31,957,529.40
12/31/2007	29,984,842.40
12/31/2006	29,984,842.40

(*) The Company has not earned dividends on any of its treasury shares held on the dividend date. The corresponding dividend sum will be added back to "retained earnings". It should also be noted that the annual dividend qualified for a tax abatement exclusively for French tax resident individuals, as provided by Article 158.3 paragraph 2 of the French General Tax Code.

RESOLUTION NO. 4
(Approval of the regulated agreements entered into by the Company and described in the Statutory Auditors' special report)

The Shareholders, having heard the Statutory Auditors' special report on agreements governed by article L. 225-38 of the French Commercial code, as required by article L. 225-40 of that same code, take note of the information contained in that report and approve the agreements referred to therein and the report's conclusions.

RESOLUTION NO. 5
(Renewal of the appointment of a director: Alain Mérieux)

The Shareholders, having heard the Board of Directors' report, renews Alain Mérieux's term of office as director for a term of 4 years, subject to adoption of the eighteenth resolution, expiring at the close of the shareholders' meeting to be held in 2014 and called to approve the financial statements for the fiscal year ended December 31, 2013.

Alain Mérieux immediately stated that he would accept the renewal of his appointment and that he met the statutory and regulatory requirements for the performance of his duties.

RESOLUTION NO. 6
(Renewal of the appointment of a director: Alexandre Mérieux)

The Shareholders, having heard the Board of Directors' report, renew Alexandre Mérieux's term of office as director for a term of 4 years, subject to adoption of the eighteenth resolution, expiring at the close of the shareholders' meeting to be held in 2014 and called to approve the financial statements for the fiscal year ended December 31, 2013.

Alexandre Mérieux immediately stated that he would accept the renewal of his appointment and that he met the statutory and regulatory requirements for the performance of his duties.

RESOLUTION NO. 7
(Renewal of the appointment of a director: Michel Angé)

The Shareholders, having heard the Board of Directors' report, renew Michel Angé's term of office as director for a term of 4 years, subject to adoption of the eighteenth resolution, expiring at the close of the shareholders' meeting to be held in 2014 and called to approve the financial statements for the fiscal year ended December 31, 2013.

Michel Angé immediately stated that he would accept the renewal of his appointment and that he met the statutory and regulatory requirements for the performance of his duties.

RESOLUTION NO. 8
(Renewal of the appointment of a director: GIMD)

The Shareholders, having heard the Board of Directors' report, renew the term of office of:

Groupe Industriel Marcel Dassault ("GIMD")
Registered office: 9 Rond-Point des Champs Elysées, 75008 Paris
Paris Trade and Companies Registry no. B 343 104 659
Represented by Benoît Habert

as director for a term of 4 years, subject to adoption of the eighteenth resolution, expiring at the close of the shareholders' meeting to be held in 2014 and called to approve the financial statements for the fiscal year ended December 31, 2013.

The company GIMD immediately stated that it would accept the renewal of its appointment and that it met the statutory and regulatory requirements for the performance of its duties.

RESOLUTION NO. 9
(Renewal of the appointment of a director: Georges Hibon)

The Shareholders, having heard the Board of Directors' report, renew Georges Hibon's term of office as director for a term of 4 years, subject to adoption of the eighteenth resolution, expiring at the close of the shareholders' meeting to be held in 2014 and called to approve the financial statements for the fiscal year ended December 31, 2013.

Georges Hibon immediately stated that he would accept the renewal of his appointment and that he met the statutory and regulatory requirements for the performance of his duties.

RESOLUTION NO. 10
(Renewal of the appointment of a director: Michele Palladino)

The Shareholders, having heard the Board of Directors' report, renews Michele Palladino's term of office as director for a term of 4 years, subject to adoption of the eighteenth resolution, expiring at the close of the shareholders' meeting to be held in 2014 and called to approve the financial statements for the fiscal year ended December 31, 2013.

Michele Palladino immediately stated that he would accept the renewal of his appointment and that he met the statutory and regulatory requirements for the performance of his duties.

RESOLUTION NO. 11
(Appointment of a new director: Philippe Archinard)

The Shareholders, having heard the Board of Directors' report, note that the term of office (as director) of TSGH, represented by Philippe Archinard, expires at the close of this meeting.

The Shareholders express their thanks to TSGH for the performance of its duties as director of the Company during its term of office.

The Shareholders, having heard the Board of Directors' report, resolve to appoint:

Philippe Archinard,
Born on 11/21/1959,
A French citizen,

to replace TSGH as director of the Company, for a term of 4 years subject to adoption of the eighteenth resolution, expiring at the close of the shareholders' meeting to be held in 2014 and called to approve the financial statements for the fiscal year ended December 31, 2013.

Philippe Archinard immediately stated that he would accept this appointment and that he met the statutory and regulatory requirements for the performance of his duties.

RESOLUTION NO. 12
(Renewal of the appointment of a director: Jean-Luc Bélingard)

The Shareholders, having heard the Board of Directors' report, note that Jean-Luc Bélingard's term of office as director is due to expire early at the close of this meeting due to the variation of the terms of office of directors resolved pursuant to the eighteenth resolution, subject to the adoption of this resolution, and resolve to renew his appointment for a term of 4 years expiring at the close of the shareholders' meeting held in 2014 and called to approve the financial statements for the fiscal year ended December 31, 2013.

Jean-Luc Bélingard immediately stated that he would accept the renewal of his appointment and that he met the statutory and regulatory requirements for the performance of his duties.

RESOLUTION NO. 13
(Change of a director's term of office: Christian Bréchot)

The Shareholders, having heard the Board of Directors' report, note that Christian Bréchot's term of office as director is due to expire early at the close of the shareholders' meeting held in 2012 and called to approve the financial statements for the fiscal year ended December 31, 2011, as a consequence of the variation of the terms of office of directors resolved pursuant to the eighteenth resolution, and subject to the adoption of this resolution.

RESOLUTION NO. 14
(Directors' terms of office)

The Shareholders, having heard the Board of Directors' report, note that in the event the eighteenth resolution is not approved:

– the terms of office of directors re-appointed or appointed under the fifth through eleventh resolutions shall continue for a period of 6 years, *i.e.,* until the close of the ordinary meeting held in 2016 and called to vote on the financial statements for the fiscal year ended December 31, 2015;

– the twelfth and thirteenth resolutions will become irrelevant.

RESOLUTION NO. 15
(Appointment of Harold Boël as censor)

The Shareholders, having heard the Board of Directors' report and to replace Philippe Villet whose term of office has expired, appoint Harold Boël (born in New York (USA) on August 27, 1964 and residing in Brussels) as censor, in accordance with Article 12-III of the Memorandum and Articles of Association of the Company, for a term of three years that is due to expire at the close of the Shareholders' Meeting to be held in 2013 to vote on the financial statements for the fiscal year ended December 31, 2012.

RESOLUTION NO.16
(Authority granted to the Board of Directors to enable repurchases by the Company of its own shares)

The Shareholders, voting in accordance with the quorum and majority voting requirements applicable to ordinary general shareholders' meetings, having heard the Board of Directors' report, in accordance with Article L. 225-209 of the French Commercial Code, grant authority to the Board of Directors, which authority may be delegated in accordance with the laws and regulations applicable at the time of exercise of such delegation and in accordance, *inter alia*, with the provisions and requirements of Articles L. 225-209 *et seq.* of the French Commercial Code to purchase, on the Company's behalf, in one or more transactions and whenever it deems appropriate, a number of the Company's own shares not in excess of the statutory limit of 10% of its share capital, (at any time whatsoever, this percentage being applicable to a share capital adjusted in light of transactions having an impact on it subsequent to this meeting), it being specified that the maximum percentage of purchases of shares by the Company to be retained and for future use as means of payment or exchange in connection with a merger, demerger or contribution shall not exceed 5%, as provided by law.

The authority hereby granted is intended to enable the Company to:

– provide liquidity in the market for its shares and make the market, under a market-making agreement with a fully-independent financial service provider, in accordance with the AFEI code of conduct approved by the *Autorité des Marchés Financiers*;

– allocate shares upon the exercise of rights attached to the issue of securities with rights to shares of the Company and to stock option plans, or in connection with the distribution of bonus shares to employees and representatives of the Company or companies of its Group, or the allocation or sale of shares to employees under profit-sharing plans, share-ownership plans or employee savings plans;

– hold on shares so that they can be used subsequently as means of exchange or payment in connection with acquisitions;

– cancel shares, subject to the adoption of resolution 17 by the extraordinary general shareholders' meeting authorizing such reductions of capital.

Under the authority hereby granted, the Company shall be permitted to buy back its own shares provided it complies with the following requirements (which may be adjusted in connection with transactions affecting the capital of the Company):

– the price of shares to be purchased shall not exceed 120 euros, exclusive of fees and commissions;

– the total amount of funds used to carry out share repurchases under this plan shall not exceed €473,444,880. However, the Board of Directors shall be authorized to adjust the abovementioned purchase price in the event of changes in the par value of shares, increases in capital by means of the capitalization of reserves and the distribution of bonus shares, stock splits or reverse splits, redemption of shares or reductions of capital, distributions of reserves or other assets and any other operation affecting equity, in order to take into account the impact of such transactions on the value of its shares.

The Shareholders resolve that purchases, sales and transfers of the Company's own shares may be carried out by any means, including the use of derivatives, on stock exchanges or over the counter, except the sale of put options other than in connection with exchanges in accordance with applicable regulations. No restriction shall apply to the portion of repurchases accounted for by block trades, which may account for the entire program.

Shares held for purposes that are no longer compatible with the Company's strategy may be disposed of subject to the approval of the Board of Directors and provided that the financial markets are informed thereof.

Consequently, full authority is granted to the Board of Directors, in particular for the purpose of determining the advisability of initiating a share buyback program after publication of the program description and of setting the terms and conditions thereof, to use the authority hereby granted or to delegate same to the Managing Director or, subject to the Managing Director's approval, to one or more Deputy Managing Directors, who shall report to the Board of Directors on how this authority has been used, by placing all trading orders, entering into all agreements and completing all registrations and formalities with all entities, in particular the *Autorité des Marchés Financiers*, including amending the bylaws and, generally, doing whatever is necessary.

With effect from the date hereof, the authority hereby granted replaces and supersedes, where applicable insofar as they have not been exercised, all authorizations previously granted for the same purpose, and is for a period expiring at the close of the annual ordinary general shareholders' meeting called to approve the financial statements for the year ended December 31, 2010 or eighteen months from this ordinary general shareholders' meeting, whichever is the earlier. It may be used at any time, included during a period when a public offering for purchase and/or exchange is in effect, subject to applicable laws and regulations.

The Board of Directors shall report to the annual ordinary shareholders' meeting on transactions performed pursuant to the authority hereby granted.

II. WITHIN THE COMPETENCE OF THE EXTRAORDINARY SHAREHOLDERS' MEETING

RESOLUTION NO.17
(Authority granted to the Board of Directors to reduce capital by cancelling shares)

The Shareholders, having reviewed the Board of Directors' report and the Statutory Auditors' special report, subject to the adoption of resolution 16 before this Meeting, authorize the Board of Directors, pursuant to article L. 225-209 of the French Commercial code, to reduce the Company's capital stock by cancelling all or part of the shares repurchased pursuant to the share buyback program authorized pursuant to resolution 16 of this Meeting, at its discretion, in one or more transactions, by up to 10 % of the capital over a period of twenty-four months from this Meeting, and to reduce capital by the corresponding amount. The said 10 % limit applies to the capital stock of the Company, which may be adjusted to take into consideration transactions with an impact on the said capital stock subsequent to this shareholders' meeting.

The Shareholders authorize the Board of Directors to offset any excess of the purchase price of cancelled shares over their nominal value against existing premiums or available reserve accounts and grant full authority to the Board of Directors, which may delegate such authority as permitted by law, for the purpose of executing all documents and completing all formalities or registrations necessary to finalize reductions of capital under the authority hereby granted, and to amend the bylaws accordingly.

The authority hereby granted to the Board of Directors is for a period of eighteen months from this Meeting. It replaces, from this day forth, the previous authority granted by the shareholders' meeting of June 11, 2009 (sixth resolution).

RESOLUTION NO. 18
(Amendment of by-laws of bioMérieux S.A.)

The Shareholders, voting in accordance with the quorum and majority voting requirements applicable to extraordinary general shareholders' meetings, having heard the Board of Directors' report, resolve to amend the provisions of Article 13 I of the by-laws of the Company, entitled “Directors’ term of office – Replacement” as follows:

The first paragraph of Article 13-I of the by-laws:

> I – “The members of the Board of Directors are elected for terms of six years, expiring at the end of the annual shareholders’ meeting called during the year in which the term of the director expires to approve the financial statements for the year ended.”

is deleted and replaced with the following provision:

> “The members of the Board of Directors are elected for terms of four years, expiring at the end of the annual shareholders’ meeting called during the year in which the term of the director expires to approve the financial statements for the year ended.”

The other provisions of this Article remain unchanged.

RESOLUTION NO. 19
(Authorisation given to the Board of Directors to grant stock options)

The Shareholders, voting in accordance with the quorum and majority voting requirements applicable to extraordinary general shareholders' meetings, having heard the Board of Directors' report and the Statutory Auditors' special report:

Authorize the Board of Directors, in accordance with the provisions of Articles L. 225-177 *et seq.* of the French Commercial Code, to grant, in one or more transactions, to employees or officers and directors holding less than 10% of the Company's share capital (hereinafter the Beneficiaries), and holding a position either in the Company or in any of the Company's French or foreign affiliates within the meaning of Article L. 225-180 of the French Commercial Code (hereinafter the Group), options (hereinafter the Options) carrying an entitlement to subscribe for Company shares to be issued or to purchase Company shares held following buybacks effected in accordance with the law and in particular within the framework of a buyback program, in accordance with the provisions of Article L. 225-209 of the French Commercial Code;

Resolve that the total number of Options to be granted shall not carry an entitlement to subscribe for or purchase a number of shares exceeding 10% of the Company's share capital (this percentage being set in light of the said new shares arising from the Options and of the other shares warrants previously granted);

Resolve that the Options must be exercised prior to expiry of a maximum period of ten years as of their allocation;

Resolve to set the price for subscription for new shares or purchase of existing shares arising from exercise of the Options as follows:

– the price for subscription for new shares by the Beneficiaries will be finally set on the date of grant of the Options by the Board of Directors and may not be less than 95% of the average of the listed share price over the last twenty trading sessions that preceded that date; and

– the price for the purchase of existing shares by the Beneficiaries will be finally set on the date of grant of the Options by the Board of Directors and may not be less than 95% of the average of the listed share price over the last twenty trading sessions that preceded that date, nor less than 80% of the average purchase price of the shares held by the Company under Articles L. 225-208 and/or L. 225-209 of the French Commercial Code.

Note that the prices for subscription and purchase of shares by the Beneficiaries, as determined above, may not be modified during the term of the Option, unless the Company effects any of the financial transactions specified by law;

Authorize the Board of Directors to apply the provisions of Article L. 228-99 of the French Commercial Code regarding the protection of Option holders, if the Company were to effect any of the financial transactions referred to in Article L. 225-181 of the French Commercial Code;

Resolve that no Option may be granted less than twenty trading days after the detaching of coupons carrying an entitlement to a dividend or to a capital increase;

Note that this authorization entails in favor of the Beneficiaries of the share subscription Options an express waiver by shareholders of their pre-emptive subscription right over shares to be issued where the Options are exercised;

Resolve that the Options granted to French tax-resident Beneficiaries may not be exercised prior to a period of four years as of the date of their allocation by the Board of Directors, which period may be reduced to two years for Beneficiaries who are foreign tax residents;

Delegate full authority to the Board of Directors for the following purposes without limitation:

– deciding to grant the Options in one or more transactions and at such times as it will deem appropriate;

– setting the subscription and/or purchase price for shares arising from the Options granted in accordance with the procedures set out above by the Shareholders;

– setting the terms and conditions and procedural requirements of the Options, as and when allocation decisions are made, in compliance with statutory and regulatory conditions;

– setting the time-limits for exercise of the Options subject to the contents of the above paragraph, as well as volumes per periods, where applicable;

– selecting Beneficiaries of the Options within the Group, provided that they meet the requirements set out above;

– in the event of allocation to officers and directors referred to in Article L. 225-185, paragraphs 4 and 5, of the French Commercial Code:

  - ensuring that the Company meets one or more of the requirements appearing in Article L. 225-186-1 of said Code, and implementing all steps and measures to that end; and

  - resolving that Options may not be exercised prior to cessation of their duties, or setting a minimum number of shares derived from the exercise of Options that they must retain in their own name until cessation of their duties;

– stipulating, where applicable, any lock-in period and/or period of prohibition of conversion into bearer shares applicable to the shares arising from the exercise of the Options, said lock-in period being capped at three years as of exercise of the option;

– registering capital increases arising from the exercise of Options;

– amending the by-laws accordingly and generally doing all acts and things that may be necessary;

– providing for the possibility of temporary suspension of exercise of Options for a maximum period of three months in the event of completion of financial transactions involving the exercise of a right attaching to shares;

– at its sole decision and if it so deems appropriate, offsetting the costs, duties and fees arising from capital increases against the amount of the corresponding capital increase premiums and deducting from said amount the sums required to increase the statutory reserve to one-tenth of the new share capital following each increase.

In accordance with the provisions of Article L. 225-184 of the French Commercial Code, a special report will inform the ordinary general meeting each year of the transactions completed pursuant to the provisions of Articles L. 225-177 to L. 225-186-1 of said Code.

This authorization is given for a period of thirty-eight (38) months. It supersedes all prior authorisations.

RESOLUTION NO. 20
(Authorisation given to the Board of Directors to effect an allocation of bonus shares in favor of officers and directors and employees of the Company or affiliates)

The Shareholders, voting in accordance with the quorum and majority voting requirements applicable to extraordinary general shareholders' meetings, having heard the Board of Directors' report and the Statutory Auditors' special report:

Authorize the Board of Directors, in accordance with the provisions, terms and conditions of Articles L. 225-197-1 to L. 225-197-6 of the French Commercial Code, to effect allocations of bonus shares of the Company, whether issued or to be issued, in one or more transactions and in favor of the Company's personnel or certain categories of them and/or in favor of the officers and directors referred to in Article L. 225-197-1 II of the French Commercial Code, as well as the personnel and officers and directors of companies or economic interest groupings affiliated with the Company within the meaning of the provisions of Article L. 225-197-2 of the French Commercial Code;

Resolve that the total number of shares that may be allocated must not exceed 0.95% of the capital as of the date of the Board of Directors' resolution, which number may be prorated if the Company effects a capital reduction (otherwise than within the framework of cancellation of treasury shares) or a variation in its capital by way of reduction or increase in share par value.

The Shareholders authorize the Board of Directors to effect the following operations, whether alternatively or cumulatively, subject to the limitation stated in the above paragraph:

– the allocation of shares held following buybacks effected by the Company in accordance with the provisions of articles L. 225-208 and L. 225-209 of the French Commercial Code, and/or

– the allocation of shares to be issued by way of a capital increase. In that event, the Shareholders authorize the Board of Directors to increase the share capital by a maximum nominal amount equal to the number of shares allocated, and notes that in accordance with the law, the allocation of shares to beneficiaries designated by the Board of Directors entails an express waiver by shareholders in favor of said beneficiaries of their pre-emptive subscription right over shares to be issued;

The Shareholders resolve:

– to set the minimum duration of the vesting period at the expiry of which these rights shall permanently vest in their beneficiaries at two years as of the date on which the allocation rights shall be granted by the Board of Directors, it being specified that these rights shall be locked in until expiry of this period, in accordance with the provisions of Article L. 225-197-3 of the French Commercial Code; however, in the event of death of the beneficiary, his heirs may request allocation of the shares within six months as of the date of death; furthermore, the shares shall be allocated prior to expiry of said period in the event of disability of the beneficiary qualifying for classification in the second or third categories set out in Article L. 341-4 of the French Social Security Code;

– to set the minimum duration of the share lock-in period to two years as of the date of permanent vesting; however, the Board of Directors may reduce or waive this lock-in period for beneficiaries who are foreign tax residents, provided that the vesting period referred to in the above paragraph is four years or more; during the lock-in period, the shares may be freely transferred in the event of death of the beneficiary, as well as in the event of disability of the beneficiary qualifying for classification in the second or third categories set out in Article L. 341-4 of the French Social Security Code;

The Shareholders grant full authority to the Board of Directors for the following purposes, subject to the above limitations:

– determining the identity of the beneficiaries, or category(ies) of beneficiaries of share allocations, it being specified that no shares may be allocated to employees and corporate officers and directors individually holding more than 10% of the share capital, and that the free allocation of shares cannot cause any of them to cross said 10% share capital ownership threshold;

– in the event of allocation to officers and directors referred to in Article L. 225-197-1 II of the French Commercial Code:

  - ensuring that the Company meets one or more of the requirements appearing in Article L. 225-197-6 of said Code, and implementing all steps and measures to that end;,

  - resolving that shares allocated may not be transferred prior to cessation of their duties, or setting a minimum number of shares that they must retain in their own name until cessation of their duties;

– apportioning share allocation rights on one or more occasions and at such times as it shall deem appropriate;

– setting the terms and conditions and criteria for the allocation of shares, such as without limitations: seniority requirements, the conditions relating to the continued effectiveness of the employment contract or of the appointment as corporate officer or director during the vesting period, and any other financial condition or individual or collective performance threshold;

– determine the final durations of the vesting and lock-in periods, subject to the limitations stated above by the Shareholders;

– registering the free shares allocated in an account opened in the name of their holder, specifying the lock-in condition and the duration of said period;

– posting an unavailable reserve, allocated to the beneficiaries, in an amount equal to the total par value of the shares likely to be issued by way of a capital increase, out of withdrawals of the requisite amounts from all reserves available to the Company;

– effecting the necessary withdrawals out of this unavailable reserve to pay up the par value of the shares to be issued in favor of their beneficiaries, and increasing the share capital accordingly by the nominal value of the free shares allocated;,

– in the event of a capital increase, amending the by-laws accordingly, and completing all necessary formalities; and,

– in the event of completion of the financial transactions referred to in the provisions of Article L. 228-99, first paragraph, of the French Commercial Code, during the vesting period, implementing, if it so deems appropriate, all measures required to preserve and adjust the rights of beneficiaries of share allocations, in accordance with the procedures, terms and conditions provided for in said Article.

In accordance with the provisions of Articles L. 225-197-4 and L. 225-197-5 of the French Commercial Code, a special report will inform the ordinary general meeting each year of the transactions effected in accordance with this authorization.

The Shareholders set at thirty eight (38) months the period during which the Board of Directors may implement this authorization. This authorization cancels and supersedes, effective on this date, all previous authorizations - or the unused portion thereof – having the same purpose.

RESOLUTION N°21
(Full powers granted to the bearer of the minutes for the purpose of completing formalities)

The ordinary and extraordinary shareholders'meeting grant full powers to the bearer of the minutes of this Meeting, or of a copy or extract thereof, for the purpose of completing all necessary formalities.

SECTION 6

CORPORATE GOVERNANCE

6.1 COMPOSITION AND FUNCTIONING OF THE GOVERNING BODIES

The Company is a French limited liability company (“société anonyme”) with a Board of Directors (“Conseil d'administration”).

6.1.1 The Board of Directors

6.1.1.1 Statutory framework

The Board of Directors is composed of at least three members and up to the maximum number permitted by law.

Board membership may be revoked at any time by the shareholders' meeting.

In terms of corporate governance, the Company complies with applicable legal obligations, including those of the French "New Economic Regulations" Act (*Loi* sur les Nouvelles Regulations Economiques). It also follows the recommendations set forth in the AFEP/MEDEF report on current corporate governance practices. This code may be viewed online on the MEDEF website (http://www.medef.fr). The Chairman’s report on the preparation and work organization of the Board and on internal control procedures sets out provisions of this code which were not applied, and the reasons for not applying them (See § 5.8).

6.1.1.2 Composition of the Board of Directors

The Board of Directors currently has nine members, four of whom are outside directors.

Directors	***Other offices and positions held in any companies***	***Other business and professional activities over the past five years***
Alain Mérieux 71 years Born on 10/07/1938 Father of Alexandre Mérieux (Director) Business address : Chemin de l'Orme - 69280 Marcy l'Etoile First elected on : 7/10/1986 Current term expires in : 2010 ***Number of Company's shares held :*** 290 ***Princial Company Position :*** Chairman and Chief Executive Officer	Chairman of Compagnie Mérieux Alliance S.A.S. Chairman of the Board of Directors of Institut Mérieux * Director and Honorary Chairman of Fondation Christophe et Rodolphe Mérieux Chairman of the Board of Directors of Fondation Mérieux Director of Compagnie Plastic Omnium SA Director of Transgene SA* Chairman of the Board of Directors of bioMérieux Hellas (Greece)* Director of bioMérieux Italia SpA (Italy)* Director of Silliker Group Corp. (United States)* Director of Shantha Biotechnics Ltd. (India)* Chairman of the Board of Directors of Ecole Vétérinaire de Lyon Trustee of Fondation Pierre Fabre Trustee of Fondation Pierre Vérots Director of Synergie Lyon Cancer (Cancéropôle) Trustee of Fondation Centaure	***Management experience and expertise:*** Harvard Business School graduate (1968) Chairman and CEO of the Company since 1965 30 years as senior business executive Chairman of Institut Mérieux, the family holding and majority owner of the Company ***Offices expired held over the last five years:*** Member of the Supervisory Board of Eurazeo Chairman of the Board of Directors and director of New bioMérieux Alliance SA* Chairman of the Board of Directors of SGH SA* Member of the Supervisory Board of Akzo Nobel (Netherlands)

* A company controlled by Compagnie Mérieux Alliance S.A.S. within the meaning of Article L.233-16 of the French Commercial Code

Alexandre Mérieux 36 years Born on 1/15/1974 Son of Alain Mérieux (Chairman and CEO) Business address: Chemin de l'Orme - 69280 Marcy l'Etoile First elected on 4/16/2004 Current term expires in 2010 ***Number of Company's shares held***: 20 ***Principal Company position***: Deputy Managing Director	Director of Institut Mérieux* Trustee of Fondation Christophe et Rodolphe Mérieux Chairman of SGH SAS* Manager of SCI ACCRA Director of Silliker Group Corp. (United States)* Director of bioMérieux Inc. (United States)* Director of BTF (Australia)* Director of bioMérieux Canada Inc. (Canada)* Director of bioMérieux China Ltd. (China)* Director of bioMérieux India Private Ltd. (India)* Director of bioMérieux Polska sp. z.o.o. (Poland)* Director of bioMérieux UK Ltd (United Kingdom)* Director of bioMérieux Singapore Pte Ltd. (Singapore)* Chairman of Mérieux Developpement SAS*	***Management experience and expertise:*** HEC Montréal Director Marketing of Silliker in 2003 and 2004* ***Offices expired held over the last five years:*** Permanent representative of Silliker Group Corp, Chairman of Silliker France SAS* Permanent representative of Silliker Group Corp, Chairman of Adriant SAS Director of Ecosilk (United States)
Michele Palladino 69 years Born on 6/13/1940 First elected on 7/6/2004 Current term expires in 2010 ***Number of Company's shares held:*** 2,000 ***Principal Company position:*** None Outside director**	***Other offices and positions held in any companies:*** Senior Executive of Michele Palladino & C sas	***Management experience and expertise :***Managing Director of bioMerieux SA until 1993 Chairman and CEO of Max Meyer ***Offices expired held over the last five years:*** None

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** An outside director within the meaning of the definition appearing in the internal by-laws of the Company's Board of Directors

Michel Angé 70 years Born on 11/27/1939 First elected on: 9/30/2004 Current term expires in: 2010 ***Number of Company's shares held:*** 160 ***Principal Company position:*** Chairman of the Audit Committee ***Outside director*****	***Other offices and positions held in any companies:*** Director of Lyonnaise de Banque SA Director and vice chairman of the Supervisory Board of Banque de Vizille SA Director of Tessi SA Chairman of Apicil Prévoyance	***Management experience and expertise:*** Graduate of Institut Technique de Banque CEO of Lyonnaise de Banque for 13 years ***Offices expired held over the last five years:*** Vice chairman of Apicil Prévoyance Chairman of the Supervisory Board of Apicil Assurance SA Vice chairman of the Supervisory Board of Apicil Assurance SA Chairman of Apicil Preci SA Director of Centre Technique des Institutions de Prévoyance Vice chairman and director of Fonds de Garantie des Institutions de Prévoyance Chairman of GIE Santelog
Jean-Luc Bélingard 61 years Born on 10/28/1948 First elected on: 9/15/2006 Current term expires in: 2011 ***Number of Company's shares held:*** 50 ***Principal Company position:*** None **Outside director****	***Other offices and positions held in any companies:*** Chairman and CEO of IPSEN Director of LabCorp Of America (United States) Director of NicOx (France) Director of A.N.R. (France) Director of Celera Corporation (United States)	***Management experience and expertise:*** H.E.C. Paris M.B.A. Cornell University (United States) Member of the Management Committee and Managing Director of bioMérieux Pierre-Fabre from 1999 through 2001 Since 2001, Chairman and CEO of the IPSEN ***Offices expired held over the last five years:*** Director of Applera Corp. (United States) Director of ExonHit Therapeutics (France) Director of Inserm (France)
Georges Hibon 72 years Born on 11/3/1937 First elected on: 7/6/2004 Current term expires in: 2010 ***Number of Company's shares held:*** 10 ***Principal Company position:*** Chairman of the Compensation Committee	***Other offices and positions held in any companies:*** Director of Care France (non-governmental organization) Director of BioAlliance Pharma Chairman of the Board of Shantha Biotechnics Limited (India) * Director of Transgene SA* Director of ABL	***Management experience and expertise:*** H.E.C. Paris Chairman of MSD Chibret France Vice-Chairman Merck International Chairman et Chief Executive Officer de Pasteur Mérieux Connaught ***Offices expired held over the last five years:*** Director of Cerep SA

** An outside director within the meaning of the definition appearing in the internal by-laws of the Company's Board of Directors

Groupe Industriel Marcel Dassault **Represented by Mr Benoît Habert** 45 years Born on 7/12/1964 First elected on: 4/16/2004 Current term expires in: 2010 ***Number of Company's shares held:*** 2,013,470 **Outside director****	***Other offices and positions held in any companies:*** Vice Managing Director of Groupe Industriel Marcel Dassault*** ; Chairman and CEO of Dassault Développement*** Manager of Habert Dassault Finance*** Chairman and director of Dassault Développement*** Director of Groupe Industriel Marcel Dassault*** Director of Transgene SA* Director of Socpresse SA*** Director of Société du Figaro SA*** Director of KTO Director of Sport 24*** Director of Dupuis (Belgium) and of Dargaud (France) Member of the Supervisory Board of AdenClassifieds*** Member of the Monitoring Committee of Cooltech SA Representative of GIMD on the Board of SHAN* Member of the Board of Directors of Intigold Member of the Board of Directors of Taittinger	***Management experience and expertise:*** Director of Groupe Industriel Marcel Dassault Chairman and CEO of Dassault Développement ***Offices expired held over the last five years:*** Executive Officer of Groupe Industriel Marcel Dassault Director of Chapitre.com Permanent representative of Dassault Développement, director of Unimédecine Director of New bioMérieux Alliance* Director of LSF (USA) Director of TM4 (Canada) Director of de Livres invest
T.S.G.H.* Represented by Mr Philippe Archinard 50 years Born on 11/21/1959 First elected on: 4/16/2004 Current term expires in: 2010 ***Number of Company's shares held:*** 10 ***Principal Company position:*** None	***Other offices and positions held in any companies:*** Managing Director and director of Transgene SA* Chairman of Association LyonBioPôle Other office held by TSGH*: Director of Erytech SA Director of d'ABL Inc. Représentative of bioMérieux on the Board of Association « Infectiopôle Sud » Représentative of Lyonbiopôle on the Board of Association « FINOVI » Représentative of Lyonbiopôle on the Board of Fondation « Synergie Lyon Cancer »	***Management experience and expertise:*** Harvard Business School graduate Managing Director of Innogenetics (Belgium) of 2000 to 2003 Managing Director of Transgene SA. ***Offices expired held over the last five years:*** Director of Innogenetics - Belgium

* A company controlled by Compagnie Mérieux Alliance S.A.S. within the meaning of Article L.233-16 of the French Commercial Code

** An outside director within the meaning of the definition appearing in the internal by-laws of the Company's Board of Directors

*** A company controlled by Groupe Industriel Marcel Dassault within the meaning of Article L.233-16 of the French Commercial Code

Christian Bréchot	***Other offices and positions held in any companies:***	***Management experience and expertise:***
57 years Born on 7/23/1952 First elected on: 6/12/2008 Current term expires in: 2014 **NUMBER OF COMPANY'S SHARES HELD: 10** ***PRINCIPAL COMPANY POSITION:* VICE CHAIRMAN IN CHARGE OF MEDICAL AND SCIENTIFIC AFFAIRS AT *INSTITUT MÉRIEUX***	Vice Chairman in charge of Medical and Scientific Affairs at Institut Mérieux* Director of InabioSanté in Toulouse Director of Fondation RITC – Recherche et Innovation Thérapeutique en Cancérologie in Toulouse Director of IGR&D in Paris Fondation Ophtalmologique Adolphe de Rothschild in Paris Director of Transgene*	Managing Director of the INSERM U370/ Unit at Université Paris V "Carcinogenèse hépatique and virologie moléculaire" from 1993 through 2001 Head of Hepatology at Necker Children's Hospital from 1997 through 2001 Managing Director of the Centre national de Référence of Institut Pasteur in Paris on the molecular epidemiology of the viral hepatitis from 1998 through 2001 CEO of INSERM from 2001 through 2007 ***Offices expired held over the last five years:*** None

* Company controlled by Mérieux Alliance S.A.S. within the meaning of Article L.233-16 of the French Commercial Code

The composition and the organization of the Board of Directors is described in the Chairman's report on general information about the Company in § 5.8.1 and in § 3.1.9.

Notices addressed to the members of the Board of Directors should be sent to the Company's registered office at Marcy L'Etoile (Rhone).

The Company's bylaws provide that up to three censors (censeurs) may be appointed to assist the Board of Directors in its work. These censors may be selected from among individuals or entities holding shares of the Company or third parties. They participate in meetings of the Board of Directors but can not vote. Their general mission is to advise the directors, who are not required to follow their advice or recommendations. Censors are bound by the same confidentiality obligations as directors and may be removed at any time by the ordinary general shareholders' meeting.

The Company's Board of Directors does not include any member elected by the employees.

To the Company's knowledge:

– no member of the Board of Directors or deputy managing director of the Company has been convicted of fraud in the past five years ;

– no member of the Board of Directors or deputy managing director of the Company has been involved, over the past five years, in a bankruptcy, court-ordered receivership or liquidation, in his or her capacity as member of company boards or Managing Director;

– no sentence has been pronounced over the past five years against members of the Board of Directors or deputy managing directors of the Company barring them from serving on an issuer's board or from participating in the management of an issuer's affairs and business ;

– no member of the Board of Directors or deputy managing director of the Company has been charged or formally sanctioned by legal or regulatory authorities (including recognized trade bodies).

To the Company's knowledge, there is no potential conflict of interest involving the corporate duties of any member of the Board of Directors or deputy managing director of the Company and their private or other interests. In addition, the Company has established corporate governance procedures (see sections 5.8.1, 6.1.1.4 and 6.1.2 below).

Information on transactions under regulated agreements is provided in sections 5.7 and 6.2.2 of this Reference Document.

6.1.1.3 Interests held by the Company representatives in the share capital of the Company and of its affiliates

Alain Mérieux and his son, Alexandre Mérieux are the main shareholders and together own the absolute majority of the shares and voting rights of Institut Mérieux, the holder of the majority of the Company's shares (See § 3.3.2).

To the Company's knowledge, the Company's governing and management bodies are not directly and personally bound by any service agreement with the Company or any of its subsidiaries, other than as set forth in sections 5.7 and 6.2.2.

6.1.1.4 Internal rules of the Board of Directors

The Company's Board of Directors adopted internal regulations on March 15, 2004, setting forth its operating procedures, in addition to statutory legal and regulatory provisions and the Company's bylaws. These internal regulations allow the holding of tele-conferences, in accordance with Article L.225-37 of the French Commercial Code. The last amendment of said regulations was made in June 2009.

The provisions of the internal regulations are summarized in the Chairman's report in § 5.8.

The Board of Directors adopted a code of conduct in 2004, which was revised in 2007 and 2009, to reflect recent changes in regulations on financial disclosure and compliance with securities trading rules. All Board members have undertaken to comply with the code.

6.1.1.5 Duties of the Board of Directors

The Board of Directors sets guidelines for the Company's business and ensures that they are followed. Subject to the authority expressly granted to shareholders' meetings and within the limit of the corporate purposes, it deals with any matter related to the progress of the Company and settles issues concerning it. The Board of Directors carries out all controls and verifications it deems appropriate.

The rules of the Board of Directors also provide that it has the specific obligation to reach decisions on (i) the approval of the strategic plans of the Company and its subsidiaries, (ii) the approval of the annual budget and its quarterly implementation, and (iii) the approval of all key transactions (acquisitions, exchanges, transactions, creation of securities, financing by any means, etc.) of more than 30 million euros not provided for in the strategic plan or the budget.

Lastly, the rules also provide that the Board of Directors must be notified of any significant event affecting the operation of the Company and more specifically its financial position, cash position and liabilities.

6.1.1.6 Board of Directors' work

The Chairman schedules and oversees the work of the Board of Directors and reports thereon to the shareholders' meeting.

He ensures that the Company's management bodies operate properly and, in particular, that the directors are in a position to accomplish their duties.

6.1.2 Committees of the Board of Directors

The rules of the Board of Directors provide that the Board of Directors may decide to establish one or more standing or ad hoc committees to help it accomplish its work and contribute to the preparation of its decisions.

The committees are in charge of examining issues assigned to them by the Board of Directors or the Chairman of the Board, preparing the Board of Directors' work on these issues, and reporting their findings to the Board of Directors in the form of reports, proposals, communications or recommendations.

The committees' role is strictly consultative. The Board of Directors determines at its own discretion how to follow up on the matters reported by the committees. The directors remain free to vote as they may choose and are not bound by the work, investigations or reports of the committees, nor by any recommendations they may issue.

As of the filing date of this Reference Document, the Company's Board of Directors had established two committees: the Audit Committee and the Compensation Committee, the composition and operation of which are described in the Chairman's report in § 5.8.

6.1.3 General Management (« Direction Générale »)

The Company's General Management is operated by the Chairman of the Board of Directors.

The Chairman and CEO has extensive authority to act in all circumstances on behalf of the Company. He exercises his authority within the limits of the corporate purposes and subject to the authority expressly granted by law to the shareholders' meetings. He represents the Company in its relations and dealings with third parties.

On a motion by the CEO, the Board of Directors may appoint one or more individuals to assist the Chief Executive Officer, who hold the position of Deputy Managing Director.

At its meeting of December 19, 2008, the Board of Directors appointed Alexandre Mérieux to the position of Deputy Managing Director (Directeur Général Délégué). The appointment took effect on the same date and is for an indefinite period.

During the year ended December 31, 2009, Alexandre Mérieux also served as a director of the following companies: see § 6.1.1.2 above of this Reference Document.

The General Management is assisted in its duties by two committees: the Strategy Committee and the Management Committee, described in the section on the Chairman of the Board of Directors' report on internal control procedures (see §5.8).

The General Management is assisted in its duties by an Investment Committee and a Project Approval Committee.

6.1.4 Internal control

The Company has internal control procedures for both operational and financial matters; they are described in the special report by the Chairman of the Board of Directors.

The report by the Chairman of the Board of Directors for the fiscal year ended December 31, 2009, prepared in accordance with the provisions of article L. 225-37 paragraph 6 of the French Commercial code, and the Statutory Auditors' report with their observations thereon, will be submitted to the shareholders' meeting of June 10, 2010. They are included in sections 5.8 and 5.9.

6.2 MANAGERS' INTERESTS

6.2.1 Directors' compensation

Summary of directors' fees

The maximum amount of fees payable to all directors amounts to 300,000 euros per year, in accordance with the fifth resolution of the Annual General Meeting of June 12, 2008.

Fixed fees amounting to 4,000 euros are paid to directors based on their attendance at Board of Directors' meetings and at meetings of committees to which they belong.

Members of the Board	Fees paid in 2009 in €	Fees paid in 2008 in €
Alain Mérieux	20,000	28,000
Alexandre Mérieux	24,000	32,000
Christian Bréchot	20,000	16,000
Michele Palladino	28,000	36,000
TSGH / Philippe Archinard	16,000	28,000
GIMD / Benoit Habert	28,000	36,000
Michel Angé	28,000	32,000
Georges Hibon	28,000	36,000
Jean-Luc Bélingard	24,000	40,000
TOTAL	**216,000**	**284,000**

The above directors did not receive director's fees from other Group subsidiaries.

Compensation of officers

- **Alain Mérieux**

The CEO receives a fixed salary which is determined by Institut Mérieux, the principal shareholder of the Company. As of December 31, 2009, only Alain Mérieux is entitled to an additional defined-benefit retirement plan. The plan, which was open to top executives of the Company, has been closed and no amount has been paid into it in 2009.

Summary of compensation and options and shares allocated to Alain Mérieux - Chairman and CEO		
	2009	**2008**
Compensation for the fiscal year	352,500	352,000
Valuation of options allocated during the fiscal year	Nil	Nil
Valuation of the incentive bonus shares allocated during the fiscal year	Nil	Nil
TOTAL	**352,500**	**352,000**

Alain Mérieux		Amounts for fiscal year 2009 in €		Amounts for fiscal year 2008 in €	
		Owed	Paid	Owed	Paid
	- fixed compensation(*)	332,500	332,500	324,000	324,000
	- variable compensation	Nil	Nil	Nil	Nil
	- extraordinary compensation	Nil	Nil	Nil	Nil
	- director's fees	20,000	20,000	28,000	28,000
	- benefits in-kind	Nil	Nil	Nil	Nil
TOTAL		**352,500**	**352,500**	**352,000**	**352,000**
Valuation of options allocated during the fiscal year		Nil		Nil	
Valuation of the incentive bonus shares allocated during the fiscal year		Nil		Nil	

(*) Compensation paid by Mérieux Alliance

- **Alexandre Mérieux**

Alexandre Mérieux is compensated by Institut Mérieux, pursuant to an employment agreement entered into with that company. Alexandre Mérieux's gross variable compensation paid the following year is based on two items: the Company's financial performance (particularly increased turnover and current income) and his individual performance appraised in light of targets set at the beginning of the fiscal year. This compensation is reviewed annually by the Compensation Committee, which reports its findings to the Board of Directors.

Alexandre Mérieux is covered by the collective (defined contribution) retirement plan available to group officers and directors.

Summary of compensation and options and shares allocated to Alexandre Mérieux – Deputy Managing Director		
	2009	**2008**
Compensation for the fiscal year	350,936	287,765
Valuation of options allocated during the fiscal year	Nil	Nil
Valuation of the incentive bonus shares allocated during the fiscal year	Nil	Nil
TOTAL	**350,936**	**287,765**

Alexandre Mérieux	**Amounts for fiscal year 2009 in €**		**Amounts for fiscal year 2008 in €**	
	Owed	Paid	Owed	Paid
- fixed compensation(*)	184,643	184,643	162,995	162,995
- variable compensation(*)	136,800	90,596	90,600	70,000
- extraordinary compensation	Nil	Nil	Nil	Nil
- director's fees	24,000	24,000	32,000	32,000
- benefits in-kind(**)	5,493	5,493	2,170	2,170
TOTAL	**350,936**	**304,732**	**287,765**	**267,165**
Valuation of options allocated during the fiscal year	Nil		Nil	
Valuation of the incentive bonus shares allocated during the fiscal year	Nil		Nil	

(*) Compensation paid by Institut Mérieux
(**) Business car provided by Institut Mérieux

The Company has no commitments whatsoever in favor of its representatives, regarding compensation, indemnities or benefits owed or likely to be owed to them in connection with the beginning, termination or change of appointments or subsequent thereto.

No preference share has been allocated to officers in fiscal year 2009.

6.2.2 Information regarding transactions with members of the Board of Directors or with companies whose directors also serve on the Company's Board, other than in the ordinary course of business

6.2.2.1 With Institut Mérieux

– On June 1, 2002, the three main Group companies each entered into service agreements with Institut Mérieux (bioMérieux S.A., bioMérieux Inc. and bioMérieux B.V.). Under these agreements, Institut Mérieux furnishes advice and assistance in (i) defining and implementing the Company's general policy and strategic development, (ii) industrial and financial matters, (iii) human resource matters and (iv) leveraging the Company's scientific potential and synergies in research of innovations. Aggregate compensation paid to Institut Mérieux by various bioMérieux group entities totaled nearly €6.4 million before taxes in 2009

  The sums paid to Institut Mérieux included amounts that Institut Mérieux re-billed to the Company under the terms of the above-referenced agreements for services rendered by certain Institut Mérieux employees who are also managers of the Company. The amounts billed for those employees are determined in relation to the entities benefiting from these services. Some of these Institut Mérieux employees work exclusively for bioMérieux, whereas others also (or exclusively) work for one or two other lines of business that are under Institut Mérieux's control (Transgene and Silliker) (See § 3.3.1).

  - In the case of employees who work for several lines of business, the cost of their compensation is apportioned on the basis of three factors: the segment's revenue, the assets and the total payroll (on this basis, in 2009, approximately 79% of the Institut Mérieux services were performed for bioMérieux).

  - In other instances, expenses are charged in their entirety to the line of business concerned.

  In all instances, an arm's length margin is added, so as to cover overhead expenses incurred by Institut Mérieux. These service provider agreements will continue to apply, as will the principles of cost apportionment as between the various business lines controlled by Institut Mérieux.

– An agreement was executed on March 16, 2004 between the Company and Institut Mérieux concerning the use of the "Mérieux" and "bioMérieux" names, so as to enable each of the parties to exercise their proprietary rights to those names.

6.2.2.2 With Transgene

Various research and development agreements exist between the Company and Transgene (in which Institut Mérieux holds a 55.28 % equity interest through TSGH) under which the Company did not collected nor paid any fees for fiscal year 2009.

6.2.2.3 With Fondation Christophe et Rodolphe Mérieux and Fondation Mérieux

As provided for by Act no. 2003-09 of August 1, 2003, the Board of Directors of the Company has decided to devote a share of its revenue to charitable projects. Most of the contributions (80 to 90 %)are allocated to projects supported by Fondation Mérieux and Fondation Rodolphe et Christophe Mérieux, with the balance going to sponsorships and charitable projects carried out by bioMérieux directly. In 2009, the Company contributed 2.784 million euros to such projects, or 4.31‰ of the revenue of bioMérieux SA, including 2.325 million euros to the above two Foundations.

The Company has also decided to support a Fondation Mérieux project to acquire its own research capability in order to develop ways of dealing with infectious diseases adapted to the needs of developing countries. bioMérieux has agreed to provide financial support to the Foundation's project under a special charitable project spread over three years, with contributions of 1.5 million euros in 2008, 1 million euros in 2009 and 0.5 million euros in 2010.

The table below shows the funds contributed to charitable projects, sponsorships and other donations:

Charitable contributions, donations and sponsorships

In thousand euros	2009	2008	2007
Charitable contributions	2,784	3,251	2,369
of which to Fondation Mérieux	*(a)1,000*	*(a)1,644*	*305*
of which to Fondation Rodolphe et Christophe Mérieux	*1,325*	*1,325*	*1,556*
Sponsorships, other donations and amortization of living artists works	190	174	247
	2,974	3,425	2,616

(a) of which 1,000,000 euros in grants in 2009 and 1,500,000 of euros in grants and 144,000 euros in in-kind contributions in 2008

Representatives of the Mérieux family also sit on the Board of Directors of the Fondation Mérieux, recognized as public utility institution since 1976 along with representatives from INSERM, the Rhône Prefecture, CNRS and the Ministry of Research. The Fondation Mérieux aims at promoting research and international scientific cooperation in the area of infectious diseases and assisting public health policies development. In 2009, it received 1,000,000 euros from the Company in the form of corporate donations, in order to finance part of its activities.

Several members of the Mérieux family are members of the Board of Directors of the Fondation Christophe et Rodolphe Mérieux. This foundation is chaired by Gabriel de Broglie, Chancellor of the *Institut de France*, and includes four other representatives from the *Institut de France*, as well as Chantal Mérieux, Alain Mérieux and Alexandre Mérieux. Its purpose is to support public health-applied biological research in developing countries, and more specifically aid in the fight against infectious diseases, and to contribute to scientific and educational projects. The Company has entered into a patronage agreement (for two years and renewable) with the Fondation Rodolphe Mérieux[(24)] under which it has donated €1,325,000 for the year 2009.

The amounts contributed in the form of corporate donations, excluding sponsorships, are not deductible for corporation tax purposes, but they carry a tax credit of 60% of the sums donated to the Company, capped at 5/1000^{ths} of the annual revenue of the Group's French companies [(25)].

For more information regarding transactions with members of the Board of Directors or with companies whose directors also serve on the Company's Board, other than in the ordinary course of business, see also the Statutory Auditors' special report in section 5.7[(26)].

6.2.3 Loans granted and guarantees provided to Company representatives

None.

6.3 EMPLOYEE PROFIT SHARING

6.3.1 Voluntary and mandatory profit-sharing

A new voluntary profit-sharing plan was negotiated for bioMérieux SA's employees for fiscal years 2007 to 2009. The total amount distributable under the plan depends on consolidated operating profit.

A mandatory profit-sharing plan is also in effect at the Company, for which the reserve set aside is calculated on the basis of the legal formula.

(24) On June 6, 2004.

(25) A net expense of approximately 778,000 euros was recognized in 2006, 948,000 euros in 2007 and 1,454,000 in 2008.

(26) This special report also also covers agreements entered into in the ordinary course of business.

6.3.2 Stock-options – bonus shares plan

No option plan for subscription to or purchase of the Company's shares currently exists. Neither the Company nor any company in the Group has granted options to subscribe for or purchase the Company's shares to an officer or employee during fiscal year 2009. As of the date of this report, no option to subscribe for or purchase the Company's shares may be exercised.

Pursuant to the authority granted by the ordinary and extraordinary shareholders' general meetings of June 12, 2008 and pursuant to the bonus share plans set by the Board of Directors, and after consulting with the Compensation Committee, it was resolved that 62,256 bonus shares would be granted during fiscal year ended December 31, 2009 as of expiry of the vesting period set by the Board, provided that the criteria and terms and conditions of this grant are fulfilled.

The table below shows the number of bonus shares granted to recipients other than Company officers, and not permanently vested as of the close of fiscal year 2009:

Date of allocation	Number of shares allocated	Share price (in euros)
June 25, 2008	10,000	62.35
March 13, 2009	2,000	58.75
June 11, 2009	43,000	63.00
June 11, 2009 (Opus)	5,756	63.00
September 4, 2009	1,500	67.88

No bonus share has been granted to Company officers.

Vesting period

The recipients may acquire title to the shares at the end of a two-year period or four-year period from the date of the grant.

Delivery of shares

At the end of the vesting period and provided that recipients comply with the grant conditions and criteria set by the Board of Directors, the Company will transfer to them the number of shares granted by the Board of Directors. Recipients will be shareholders but will be barred from disposing of their shares during the lock-up period set by the Board of Directors.

Lock-up period

According to French law the recipients will undertake to keep their shares for a period of two years from the expiration of the vesting period, as referred to above.

Shares allocated to Company Representatives after January 1, 2007 shall be subject to transferability restrictions as follows: a maximum of 40 % may be transferred at the end of the initial two-year lock-up period, 70 % after three years, and 90 % after four years. In any event, a minimum of 10 % of the shares allocated shall be retained until expiry of the holder's term of office.

Beneficiaries' rights

Even though the shares will not be transferable, recipients holding title to shares will be entitled, like any other shareholder, to all other rights attached to such shares during the lock-up period, including:

– preferential subscription rights;

– right to communication;

– right to participate to shareholders' meetings;

– voting rights;

– right to dividends and, if applicable, distributed reserves.

During fiscal year 2009, grants of shares made in 2007 to Company's employees became final following the expiration of their vesting period. The corresponding shares were transferred to the following beneficiaries: on June 6, 2009 to Stéphane Bancel (sixty thousand shares), to Mojgan Lefebvre (ten thousand shares), with a unit share value of 60.87 euros; on October 15, 2009, to Michel Goudard (two thousand five hundred shares), with a unit share value of 76.45 euros.

SECTION 7

RECENT DEVELOPMENTS AND PROSPECTS

7.1 RECENT COMPANY DEVELOPMENTS

7.1.1 Current events concerning the Board of Directors and the Committees of the Board

The Board of Directors met on March 5, 2010, in particular to settle the consolidated financial statements for the year ended December 31, 2009, and to convene the shareholders' meeting of June 10, 2010. Noting that certain directors' appointments and that of the censor would expire at that meeting, the Board of Directors also decided to propose to shareholders that their terms of appointment be renewed (See § 5.10 and schedule 2 paragraph 18).

7.1.2 Principal developments since January 1, 2010

As far as the Company is aware, no significant change in the financial or trading position of the Group has occurred since the end of fiscal year 2009.

7.1.2.1 Financial reports as at March 31, 2010

Net sales for the first quarter amounted to €307 million, up 6.4% at constant exchange rates and scope of consolidation (on a like-for-like basis) versus the first quarter of 2009.

Sales by region *In million euros*	**Three Months Ended March 31, 2010**	Three Months Ended March 31, 2009	% Change As reported	**% Change** Like-for-like
Europe(*)	**173.3**	166.9	+3.9 %	**+2.7 %**
North America	**69.7**	70.6	-1.2 %	**+2.8 %**
Asia-Pacific	**40.8**	31.4	+29.8 %	**+24.6 %**
Latin America	**22.8**	17.1	+33.4 %	**+23.5 %**
TOTAL	**306.6**	286.0	+7.2 %	**+6.4 %**

(*) including the Middle East and Africa

Sales

Sales for the three months ended March 31, 2010 rose by 6.4% like-for-like, or by 6.5% including the recent Chinese acquisition of Meikang Biotech:

Analysis of Sales In million euros			
Sales – Three Months Ended March 31, 2009	**286**		
Currency Effect	+2		
Organic Growth (Like-for-Like)	+18	+6.4 %	+6.5 %
Acquisition of Meikang Biotech	+1	+0.1 %	
Sales – Three Months Ended March 31, 2010	**307**		

In traditional markets, factors such as the persistently poor economy in most countries, the low occurrence of seasonal flu, the end of the influenza A (H1N1) pandemic and the ongoing consolidation of clinical laboratories, were not very favorable for growth. In emerging markets, on the other hand, strong sales growth was reported, particularly in the « Emerging 7[(27)] » where sales rose 34 % like-for-like over the quarter.

Geographically, first-quarter like-for-like sales may be analyzed as follows:

– Sales in the Europe - Middle East - Africa region, which accounted for 57% of the consolidated total, increased by nearly 3% overall, with highly contrasted performance.

  - In Europe, the still challenging economy dampened sales growth in many countries, including Spain and the United Kingdom, as well as in Eastern Europe.

    In France, the Ballereau legislative order was published on January 15, 2010. In particular, it makes accreditation mandatory for clinical laboratories and encourages their consolidation and the creation of technical platforms. In this environment, bioMérieux sales remained stable in the first quarter, as growth in microbiology and high medical-value VIDAS® reagents compensated for the decline in routine VIDAS® tests.

    In Germany and the Netherlands, the microbiology business was impacted by the emergence of mass spectrometry for bacterial identification in laboratories handling high sample volumes.

    Growth was robust in most of the other European countries, particularly Italy and Portugal.

  - In the rest of the region, sales rose rapidly with particularly strong gains in the Middle East, Turkey (up 30%) and Russia (up 21%). Growth slowed in South Africa, however, where the local subsidiary's contract as the exclusive supplier of reagents for HIV viral load measurement was not renewed by the National Health Laboratory Services. The €14 million a year contract will be phased out in the second quarter of 2010.

  In clinical applications, growth was led by the VIDAS® line, up 6.6%, despite the erosion in routine test sales. In particular, the VIDAS® EBV assay has gotten off to a strong start. Sales of industrial applications rose by nearly 7%, boosted by robust instrument sales.

– Sales in North America (23% of the consolidated total) increased by nearly 3% in a market shaped by the financial difficulties of certain healthcare facilities and the uncertainty created by discussions of healthcare reform in the United States. The reform bill, which finally passed on March 23, is expected to extend medical coverage to some 32 million Americans who were previously uninsured. The new law, which is intended to improve the control of healthcare costs, should favorably impact the *in vitro* diagnostics market, despite the levy of a tax on medical device manufacturers effective January 2013. The tax is estimated to be approximately $5 million per year for bioMérieux.

  Sales in clinical applications were driven by strong instrument sales, in particular to replace the installed base of first generation VITEK® systems. bioMérieux Inc. was also awarded a contract from a major U.S. customer to place VITEK® systems at new sites in 2010. The VIDAS® and NucliSENS® reagents reported fast growth, but with only sporadic outbreaks of seasonal flu, sales of blood culture bottles were slow. Growth in industrial applications was led by the VIDAS®, TEMPO® and BacT/ALERT® lines.

– The Asia-Pacific region (13% of the consolidated total) saw a nearly 25% increase in sales – the strongest growth reported for a single quarter in a decade. Boosted by accelerating demand, sales in China are experiencing intense growth, particularly in the microbiology and VIDAS® lines. Sales in India and South Korea continued expanding at a rapid pace. In Japan, sales were stimulated by the introduction of new products and the application of international blood culture standards.

  Clinical application sales were led by the automated microbiology lines and the 30% gain in VIDAS® sales.

– Sales in Latin America (7% of the consolidated total) continued to grow rapidly, rising 23.5%. All of the countries in the region achieved strong performances, particularly Brazil, where sales rose 23%, following new private laboratory contracts won in second-half 2009.

(27) Emerging 7 : Brazil, China, India, Indonesia, Mexico, Russia, Turkey

Clinical applications benefited from the robust sales of reagents and instruments across almost every line. Industrial application sales rose by more than 50%, spurred by growing interest in automated techniques.

Like-for-like first-quarter 2010 sales may be analyzed by application as follows:

Sales by application *In million euros*	**Three Months Ended March 31, 2010**	Three Months Ended March 31, 2009	% Change As reported	**% Change** Like-for-like
Clinical Applications	**259.1**	242.6	+6.8 %	**+5.8 %**
Industrial Applications	**47.5**	43.4	+9.7 %	**+9.6 %**
TOTAL	**306.6**	286.0	+7.2 %	**+6.4 %**

– Clinical application sales rose 5.8%, boosted by rising demand in emerging markets. The low incidence of seasonal flu impacted sales of blood culture bottles. Microbiology sales, however, benefited from fast-growing demand in the Asia-Pacific region and Latin America, as well as from the sales of VITEK® instruments in North America. Sales of VIDAS® reagents rose by 7.4%, thanks to the emerging markets and the success of high medical-value assays. In particular, from a study[(28)] of automated immunoassay analyzers by the College of American Pathologists, it can be concluded that the VIDAS® range has the world's largest installed base of any laboratory immunoassay system. Following the nearly 13% growth achieved in fourth-quarter 2009, **industrial application** sales continued to expand in first-quarter 2010, with a 9.6% gain. They were especially strong in the Asia-Pacific region and Latin America. During the period, performance was also driven by strong instrument sales.

– Instrument sales were up nearly 25% for the quarter, with particularly dynamic growth in both clinical and industrial applications. In all, they accounted for 9.4% of consolidated sales. Sales of reagents and services rose by around 5% over the period.

Other quarterly financial highlights

– The Group had 6,447 full-time-equivalent employees as of March 31, 2010, following the consolidation of Meikang Biotech (132 employees) and Zenka in China and the closure of the Toronto facility in Canada (41 employees). There were 6,300 employees as of December 31, 2009.

– Net debt stood at €12 million at March 31, 2010, compared with €2 million as of December 31, 2009.

  As of March 31, 2010, there were no outstanding drawdowns on the Company's €260 million syndicated line of credit, which expires in January 2013.

– Public-sector customer receivables are trending upwards in some countries, particularly in Southern Europe. Most of the invoices from public-sector customers in Greece are still unpaid and the corresponding receivables, net of provisions, are carried in the balance sheet for €23 million. Collection times have also increased in Spain and Portugal.

7.1.2.2 Operating Highlights since January 1st, 2010

New product launches

During the first quarter, bioMérieux launched three new reagents for industrial applications.

In addition, the Company received 510(k) clearance from the U.S. Food and Drug Administration to commercialize its chromID™ VRE test for the screening of Vancomycin-Resistant Enterococci. The product's launch in the United States reflects bioMérieux's commitment to fighting bacterial resistance to antibiotics.

(28) College of American Pathologists : Automated Immunoassay Analyzers (June 2009)

In addition, in early April, PREVI™ Isola received the "2010 Medical Design Excellence Award" for contributions and advances in the design of medical products. Introduced in 2008, the PREVI™ Isola automated culture media streaker is a critical component of bioMérieux's Full Microbiology Lab Automation (FMLA™) offering.

Eventually, bioMérieux presented at the European Congress of Clinical Microbiology and Infectious Diseases (ECCMID) the Myla™ system, a software allowing to consolidate and transform microbiology laboratory data into actionable information for treatment decisions.

By allowing the opimization of productivity and laboratory workflow, Myla™, fundamental component of Full Microbiology Lab Automation, recaptures time for lab managers

Collaboration agreements

– Collaboration with Philips

  In January 2010, Royal Philips Electronics and bioMérieux announced the signature of an agreement to jointly develop fully automated handheld diagnostic testing solutions for hospital use that can be deployed at the point-of-care (POC) - i.e. close to the patient. The collaboration aims to improve diagnosis and management of disease in critical care settings within hospitals (for example, Emergency Departments, Coronary Units and Intensive Care Units (ICUs)).

– Collaboration with ExonHit

  ExonHit Therapeutics and bioMérieux are continuing to collaborate to develop blood biomarkers for the detection of prostate cancer. Their colon cancer program has been terminated, since the results did not reach the expected level of performance.

– Collaboration with Cepheid

  Cepheid and bioMérieux have mutually agreed to end their collaboration in the field of sepsis. The technical performance of the product under development was similar to existing solutions and the product did not show sufficient commercial viability. However, sepsis will remain a strategic focus of bioMérieux, aiming to bring critical diagnostic information to physicians much sooner than with currently available methods.

– Collaboration with AnagnosTec

  In april 2010, bioMérieux announced an agreement for the acquisition of a database and related know-how for rapid microbial identification using mass spectrometry from the berliner company AnagnosTec.

– Collaboration with Knome

  In april 2010, Knome and bioMérieux have entered into a strategic agreement to collaborate in the development of next-generation, sequence-based *in vitro* diagnostics. bioMérieux have exclusive rights to license Knome's proprietary genome analysis platform for use in the *in vitro* diagnostics market. Knome gains access to bioMérieux's intellectual property in DNA extraction and sample preparation. bioMérieux has also purchased a $5 million equity stake in Knome.

Acquisitions

– Acquisition of Meikang Biotech (China)

  In January 2010, bioMérieux announced the acquisition of rapid test manufacturer Meikang Biotech and its production plant in Shanghai. This major step reinforces bioMérieux's position in the point-of-care and rapid test markets in both emerging and developed countries, and gives it fully-owned, integrated manufacturing and R&D capabilities in China. bioMérieux plans to establish its Greater China headquarters, as well as its Asia-Pacific office and certain corporate functions at the new site in 2010.

– Acquisition of Shanghai Zenka Biotechnology (China)

  As part of its development plan in China, bioMérieux acquired Zenka, a company which has all of the authorizations to market in China the principal culture media used by microbiological labs. Based in Shanghai, the company currently employs 10 people and does not yet generate significant revenues.

– Closure of the PML Microbiologicals' prepared culture media plant in Toronto, Canada

  According to plan, the site was closed in March and prepared culture media production was transferred to plants in Lombard, Illinois and Portland, Oregon (USA).

7.2 FINANCIAL TARGETS

7.2.1 2010 objectives

For 2010, the Company has set the objective of driving organic growth in sales to about 7 %, at constant exchange rates and scope of consolidation.

It aims to achieve an operating margin, before non-recurring items, of between 17 % and 18 %, at constant exchange rates. This objective takes into account the scheduled reduction of fees collected.

7.2.2 Financial targets of the strategic plan 2015

Sales

For the 2010-2015 period, the Company has set an annual growth target of between 7% and 9%, at constant exchange rates and including business development agreements. Outpacing the projected growth in the *in vitro* diagnostics market, bioMérieux will leverage new growth drivers, such as faster expansion in emerging markets, the development of POC tests and a stronger positioning in high medical-value tests.

Operating profit before non-recurring items

In 2015, it aims to achieve an operating margin before non-recurring items of between 18% and 20%, at 2009 exchange rates. This takes into account the sustained deployment of the Company's innovation strategy, with R&D expenditure representing roughly 12% of sales. It also reflects the end of royalty income from the BOOM® and NASBA™ technologies, most of whose patents expire in 2010. Lastly, it is based on the economies of scale that will be achieved by increasing sales, developing innovative diagnostic solutions and constantly optimizing operating performance.

The Company cannot give any assurance nor make any representation as to whether the objectives will be met. The Company does not undertake to update or otherwise revise any forecasts or objectives presented herein, except in compliance with the disclosure obligations applicable to companies whose shares are listed on a stock exchange.

SCHEDULE 1: INFORMATION REQUIRED IN THE ANNUAL FINANCIAL REPORT

References mentioned in these schedules 1 and 2 refer to paragraphs of this reference document.

Declaration by the persons responsible for the document	See 1.2
Management report	See schedule 2 below
Annual consolidated financial statements	See 5.3
Statutory auditors' report on the consolidated financial statements	See 5.4
Annual financial statements	See 5.5.II
Statutory auditors' report on the financial statements	See 5.6

SCHEDULE 2: MANAGEMENT REPORT ON CONSOLIDATED OPERATIONS FOR THE YEAR ENDED DECEMBER 31, 2009

Ladies, Gentlemen,

We have convened you to this annual general meeting pursuant to the bylaws and the French Commercial Code to give an account of the activities of the Company and the Group during the year ended December 31, 2009.

We present you with the results of this activity and future prospects and will submit the balance sheet, annual financial statements and consolidated financial statements of that year for your approval. These consolidated financial statements are attached hereto.

1 - GROUP FINANCIAL POSITION AND ACTIVITY

Highlights for the fiscal year ended December 31, 2009 were the following main events:

1.1 – Activity (See § 5.2.1)

1.2 – Launch of New Products (See § 5.2.2)

1.3 – Main agreements (See § 5.2.3)

1.4 – Industrial operations (See § 5.2.4)

1.5 – Current proceedings

The Company is involved in claims and litigation arising in the ordinary course of business. bioMérieux believes that no current or pending claim or litigation will have a material adverse impact on its operations. The Company is not involved in litigation liable to have a material impact, with the exception of the cases in the annex to consolidated Group accounts (notes 14.3.1 et 14.4 to the annual consolidated financial statements). The Company believes that provisions recognized for litigation are reasonable to settle the obligation.

1.6 – Organization of bioMérieux's sponsorship operations

At its meeting of December 19, 2003, the Board of Directors of the Company resolved to allocate a specific portion of its budget to charitable sponsorship activities. It was agreed that most (80 to 90 %) of this portion would be allocated to projects supported by Fondation Mérieux and Fondation Christophe and Rodolphe Mérieux and that the rest would be allocated to direct sponsorship or contributions by bioMérieux. In 2009, the Company participated in the financing of charitable sponsorship and contributions in a total amount of 2.784 million euros, (in which 2.325 million euros in aid of Fondation Mérieux and Fondation Christophe and Rodolphe Mérieux) representing 4.31‰ of bioMérieux SA revenue.

2 – PRESENTATION OF CONSOLIDATED ACCOUNTS; FINANCIAL AND ECONOMIC RESULTS

2.1 – Financial statements (see § 5.2.5)

2.2 – Dividend

The Board of Directors will propose for approval by the general meeting of June 10, 2010 a dividend of 0.92 euros per share, bringing to 36 million euros the amount that would be distributed in June 2010.

2.3 – Off-balance sheet undertakings

Current undertakings given and received as at December 31, 2009 are set out in note 28 of the schedules to the consolidated financial statements.

2.4 – Market risks

Exchange rate risks

More than half of the Group's business is conducted outside the euro zone, and therefore the Group's revenue, earnings and balance sheet can be significantly impacted by fluctuations in exchange rates between the euro and other currencies.

Credit risks

The Group is not exposed to a significant credit risk.

Liquidity risks

Total current financial assets being much higher than total current liabilities and the impact of the seasonal nature of the business not being significant, the Group is not exposed to a liquidity risk.

These risks are described in note 27 of the Schedules to the consolidated financial statements (See § 5.3.27)

2.5 – Consolidated financial statements

The consolidated financial statements are set out in schedule (See § 5.3) hereto.

3 – RECENT EVENTS/FUTURE PROSPECTS

3.1 – Recent events

Collaboration agreements

– Collaboration with Philips

  In January 2010, Royal Philips Electronics and bioMérieux announced the signature of an agreement to jointly develop fully automated handheld diagnostic testing solutions for hospital use that can be deployed at the point-of-care (POC) - i.e. close to the patient. The collaboration aims to improve diagnosis and management of disease in critical care settings within hospitals (for example, Emergency Departments, Coronary Units and Intensive Care Units (ICUs)).

– Collaboration with ExonHit Therapeutics

  ExonHit Therapeutics and bioMérieux are continuing to collaborate to develop blood biomarkers for the detection of prostate cancer. Their colon cancer program has been terminated, since the results did not reach the expected level of performance.

– Collaboration with Cepheid

  Cepheid and bioMérieux have mutually agreed to end their collaboration in the field of sepsis. The technical performance of the product under development was similar to existing solutions and the product did not show sufficient commercial viability. However, sepsis will remain a strategic focus of bioMérieux, aiming to bring critical diagnostic information to physicians much sooner than with currently available methods.

Acquisitions (cf. § 5.3.30)

3.2 – Recent events/outlook

Financial objectives

For 2010, the Company has set the objective of driving organic growth in sales to about 7 %, at constant exchange rates and scope of consolidation.

It aims to achieve, for 2010, an operating margin, before non-recurring items, of between 17 % and 18 %, at constant exchange rates. This objective takes into account the scheduled reduction of fees collected.

4 – RESEARCH AND DEVELOPMENT ACTIVITIES (See § 4.4)

5 – OWNERSHIP OF SHARE CAPITAL - SUBSIDIARIES AND SHAREHOLDINGS

We have described the activities of controlled subsidiaries and companies by providing you with an account of the Company's activities. The table of subsidiaries and shareholdings is attached to the balance sheet.

5.1 – Shareholders as of December 31, 2009 (See § 3.3.2)

Employee share ownership (See § 3.3.3)

5.2 – Miscellaneous information on subsidiaries and equity/sales of investments

5.2.1 – Transfers of shareholdings

The Company has transferred its shareholding in the following companies:

– "Bergerie Combe au Loup" in September 2009
– ExonHit Therapeutics, during the year 2009

5.2.2 – Takeovers

The Company did not acquire any entity during the fiscal year.

5.2.3 – New subsidiaries

The Company did not create any subsidiary during the fiscal year.

6 – LEGAL STRUCTURE (See § 3.1.14)

7 – PRESENTATION OF THE FINANCIAL STATEMENTS

The annual financial statements for the year ended December 31, 2009 were drawn up in accordance with the rules of presentation and assessment methods provided under by regulations currently in force.

7.1 – Highlights for the year (See § 5.5.I)

Subsidiaries
Disposals of equity interests
BTF earn out
Acquisition of assets from Profos
Transfers
Project Magellan
Opus share ownership plan

7.2 – Activity

See § 5.5.I: Revenue

7.3 – Gross operating surplus (See § 5.5.I)

7.4 – Net operating income (See § 5.5.I)

7.5 – Income from portfolio holdings (See § 5.5.I)

7.6 – Current income (See § 5.5.I)

7.7 – Extraordinary income (See § 5.5.I)

7.8 – Net income (See § 5.5.I)

7.9 – Investments (See § 5.5.I)

7.10 – Debt (See § 5.5.I)

7.11 – Detailed financial statements (See § 5.5.II)

8 – ALLOCATION OF EARNINGS

It will be proposed that shareholders allocate distributable income for the year ended December 31, 2009, which consists of the sum of the net profits of 81,790,110.03 euros and retained earnings of 37,083,449.60 euros and totals 118,873,559.63 euros, as follows:

- 45,000,000.00 euros will be transferred to the "General Reserve" account which will increase from 239,000,000.00 euros to 284,000,000.00 euros;

- 59,538.00 euros will be transferred to the "Special Reserve for Sponsorship" account which will increase from 395,816.31 euros to 455,354.31 euros;

- 36,297,440.80 euros is distributed as dividends, i.e. 0.92 euro for each of the 39,453,740 shares in the company, which dividend will be payable on June 17, 2010.

- the balance, i.e. 37,516,580.00 euros, will be transferred to the "Retained Earnings" account.

In light of this allocation of earnings, the Company's equity would amount to 428,204,197.44 euros after distribution, the share capital amounting to 12,029,370 euros.

The Company will not be paid any dividend on treasury shares on the dividend payment date. The corresponding dividend will be allocated to "Retained Earnings".

Furthermore, it is specified that the entire dividend is eligible for the 40% deduction. Dividends distributed to individuals who are French tax resident will be eligible for the 40% deduction provided for in Article 158.3 paragraph 2 of the French General Tax Code. It is specified that individuals who so wish it can make an election for the withholding provided for in Article 117 quater of the French General Tax Code by sending the relevant notifications in accordance with the applicable statutory requirements.

9 – SUMMARY OF DISTRIBUTED DIVIDENDS

The table below shows dividend distributions for the past three fiscal years (in euros).

The Company has not earned and will not earn dividends on any of its own shares held by it or that will be held by it on the dividend date. The corresponding sum will be added back to retained earnings.

Fiscal year ended	Dividend distributed in euros(*)
12/31/2009	36,297,440.80
12/31/2008	31,957,529.40
12/31/2007	29,984,842.40
12/31/2006	29,984,842.40

(*)The Company has not earned dividends on any of its own shares held by it or that will be held by it on the dividend date. The corresponding sum will be added back to retained earnings. It should also be noted that annual dividends have qualified for a tax abatement exclusively to the extent that shares are owned by individuals subject to personal income tax, as provided by article 158.3 paragraph 2 of the French Tax Code.

10 – NON-TAX-DEDUCTIBLE EXPENSES (See § 5.5.I)

11 – SUPPLIER PAYMENT TIMEFRAMES (See § 5.5.I)

12 –LIST OFFICER APPOINTMENTS (See § 6.1.1.2)

13 – COMPENSATION OF OFFICERS

Summary of attendance fees: See § 6.2.1

Summary of compensation for each Company director:
- Alain Mérieux (See § 6.2.1)
- Alexandre Mérieux (See § 6.2.1)

14 – POLLUTION OR RISK-PRONE ACTIVITY

The Company does not operate facilities listed as "high risk Seveso" sites.

15 – LABOR AND ENVIRONMENTAL IMPACT

15.1 – Labor impact (See § 4.10)

Group employees (See § 4.10.1)
Labor and social security policy (See § 4.10.2)

15.2 – Environmental impact (See § 4.13.3)

16 – INFORMATION ON PUBLIC TENDERS (See § 3.2.7)

17 – STATUTORY AUDITORS' REVIEW OF REGULATED AGREEMENTS

We will now read out your auditors' general report and their special report on agreements referred to in Articles L. 225-38 *et seq.* of the French Commercial code, which we also make available to you.

We also point out that the list of current agreements entered into on arm's length terms that are significant for the parties because of their subject-matter or financial implications has been communicated to the Directors and auditors.

18 – STATUS OF DIRECTORS' TERMS

Please note that certain terms of office expire at the end of our meeting. We therefore also propose to renew the terms of office of Alain Mérieux, Alexandre Mérieux, Michel Angé, Georges Hibon, Michele Palladino and Groupe Industriel Marcel Dassault represented by Benoît Habert. We will propose that Philippe Archinard, as an individual director, replace the company TSGH.

It is proposed that these mandates be renewed for a period of four years. Indeed, the Board of Directors will propose that the general meeting amend the bylaws of the Company to bring the term of office down from six years to four years. If this resolution is adopted, the term of office of Jean Luc Bélingard will expire and it will be proposed that same be renewed for four years. The term of office of Christian Bréchot will expire prior to the annual general meeting to be held in 2012.

Finally, the term of office of Philippe Villet, appointed as sole censor for a term of three years by the shareholders' meeting of June 7, 2007, is due to expire, and it will be proposed that the shareholders' meeting appoint M. Harold Boël (born in New York (USA) on August 27, 1964, residing at 16 Avenue des Orangers, 1150 Brussels) be appointed as censor for a term of three years.

Harold Boël is a chemistry graduate from Brown University (USA) and an Engineer in Materials Science of the Lausanne *Ecole Polytechnique Fédérale*. He has held management positions in the steel industry in the Hoogovens Group, later renamed Corus. He is currently the Executive Director of Sofina and Henex, which are holding companies listed on Euronext Brussels.

19 – STATUS OF STATUTORY AUDITORS' TERMS

No renewal or appointment will be proposed to the shareholders' general meeting.

20 – RISK FACTORS (See § 4.11)

Other financial risks

Management of other financial risks is addressed in the attached consolidated financial statements.

21 – REPORT ON SHARE BUYBACK TRANSACTIONS CARRIED OUT DURING THE FISCAL YEAR (See § 3.2.4)

The Company has not cancelled any shares over the last 24 months and has not acquired any shares prior to October 13, 2004, which is the date of entry into force of the new share buyback system under the EC "Market Abuse" Directive.

22 – CONCLUSION

We request you to acknowledge receipt of the information contained in this report from your Directors, to purely and simply approve the annual financial statements and consolidated financial statements for the past year as presented, to ratify your Board's proposals and to acknowledge proper performance by each of your Directors of their duties for the current year.

The Board of Directors

APPENDIX A TO MANAGEMENT REPORT

SUMMARY OF COMPANY PROFITS AND LOSSES OVER THE PAST FIVE FISCAL YEARS

Nature of the indications	Fiscal year ended on 12/31/2009	Fiscal year ended on 12/31/2008	Fiscal year ended on 12/31/2007	Fiscal year ended on 12/31/2006	Fiscal year ended on 12/31/2005
I. Capital at the end of the fiscal year					
Share capital	12,029,370	12,029,370	12,029,370	12,029,370	12,029,370
Number of outstanding ordinary shares	39,453,740	39,453,740	39,453,740	39,453,740	39,453,740
Number of outstanding preference shares (without voting right)	0	0	0	0	0
Maximal number of future shares to be issued	0	0	0	0	0
By conversion of bonds	0	0	0	0	0
By exercise of preferential subscription rights	0	0	0	0	0
II. Transactions and profits of the year					
Net sales (without tax)	645,591,221	599,166,536	552,966,507	530,467,073	480,775,659
Earnings before tax, employee stock ownership and depreciation and amortizations	108,165,249	110,987,806	98,517,151	116,163,375	90,554,214
Income tax	-7,752,262	-2,347,822	1,032,680	10,512,384	8,472,519
Employee stock ownership due for the fiscal year	0	2,571,888	1,001,436	3,237,535	2,636,451
Earnings after tax, employee stock ownership and depreciation and amortizations	81,790,110	78,706,148	33,150,507	61,834,399	51,277,249
Allocated profit[29]	36,297,441	31,957,529	29,984,842	29,984,842	18,000,000
Extraordinary allocation from the general reserve	0	0	0	0	0
III. Earnings per share					
Earnings after tax, employee stock ownership, but before deprecation and amortizations	2.94	2.81	2.45	2.60	2.01
Earnings after tax, employee stock ownership and depreciation and amortizations	2.07	1.99	0.84	1.57	1.30
Dividend per share[30]	0.92	0.81	0.76	0.76	0.46
IV. Personnel					
Average workforce during the fiscal year	2,605	2,449	2,367	2,299	2,204
Total wage bill of the fiscal year	130,932,692	116,589,162	111,202,680	105,294,789	96,907,147
Total paid sums for the social benefits for the fiscal year (health coverage system, charity work)	59,318,262	51,736,740	49,539,321	49,443,252	45,015,526

APPENDIX B TO MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2009 (cf.§ 5.3)

APPENDIX C TO MANAGEMENT REPORT

bioMérieux SA COMPANY FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBRE 31, 2009 (cf.§5.5.II)

APPENDIX D TO MANAGEMENT REPORT

TABLE OF THE DELEGATIONS AS REGARDS SHARE CAPITAL INCREASES (cf.§3.2.5.1)

[29] Subject to non paid dividend for the treasury shares owned at the time of the payment

[30] Dividend par share for extraordinary allocations is not mentioned in this table

SCHEDULE 3 : GLOSSARY OF SCIENTIFIC TERMS

– **Nucleic acid**: nucleic acid is a naturally-occurring molecule and is found in each cell. It has the ability to hold and transmit coded hereditary instructions allowing the development of the body. There are two types of nucleic acids: DNA and RNA.

– **Amplification**: technique, usually using enzymes, for multiplying nucleic acids in order to increase the sensitivity of detection methods.

– **Antibiotic susceptibility test**: analysis determining the sensitivity of a bacterium to antibiotics.

– **Antibiotic**: substance of natural or synthetic origin capable of stopping the multiplication of bacteria.

– **Antibody:** molecule produced by the immune system for the detection and neutralization of pathogens, in particular, viruses.

– **Antigens:** substance foreign to a body which triggers the constitution of an antibody (immune reaction).

– **DNA:** acronym of "**D**eoxyribo**n**ucleic **A**cid". Polymer composed of a chain of nucleotides. These nucleotides consist of a sugar (deoxyribose), a phosphate group and one of the following nitrogen-containing bases: adenine (A), cytosine (C), guanine (G) or thymine (T), and which serves as a medium for genetic information.

– **RNA**: acronym for ribonucleic acid. Polymer similar to DNA; like DNA, has a role as a vector of genetic information. The sugar in RNA is a ribose.

– **Bacterium**: life form consisting of a single independent cell, lacking chlorophyll and visible only under a microscope. Bacteria do not belong to either the plant or the animal kingdom.

– **Commensal bacteria:** the skin and mucous membranes are continuously colonized by commensal bacteria that do not cause disease unless the subject is weakened.

– **Multi-resistant bacteria**: bacteria are said to be multi-resistant to antibiotics when they are sensitive only to a small number of the antibiotics customarily used in therapy, as a consequence of the accumulation of natural and acquired resistances.

– **Broad-spectrum beta-lactamase**: Beta-lactamases are a family of enzymes responsible for bacterial resistance to certain antibiotics such as penicillin.

– **Biochemistry**: science which studies the correlation between the structure of natural molecules and the consequences for their activity.

– **Molecular biology**: New technology based on the detection of DNA or RNA genetic sequences characteristic of a bacterium, a virus, a protein or a cell.

– **Candida albicans**: the most important and best-known yeast species of the genus Candida. It causes infections (candidiasis), mainly of the digestive and vaginal mucosa.

– **Chromogen**: a substance that is colored under certain conditions. Incorporated in a culture medium, it reveals the presence of an enzyme and thereby identifies the cultured bacterium.

– **Consumable**: single-use accessory, generally employed in an analysis instrument.

– **Contaminant**: substance present where it should not be.

– **Corynebacterium**: Bacterium of a genus including many species of Gram-positive bacilli which account for a large proportion of the flora of the skin and the mucosa.

– **Cytology** (or cellular biology) : an area of biology concerning inter alia the study of cells and their organites, the vital processes taking place therein as well as the mechanisms allowing their survival thereof (reproduction, metabolism).

- **Cytomegalovirus**: virus responsible for infections, usually undetected. It becomes pathogenic above all in patients with weak immune defenses. Member of the herpes virus family, which includes *inter alia* herpes simplex virus (HSV) or herpes virus hominis (HVH), cytomegalovirus (CMV), varicella-zoster virus (VSV) and Epstein-Barr virus (EBV).

- **Cytometry**: counting of cells.

- **Flow cytometry**: technique of passing a stream of cells, particles or molecules at high speed through a laser beam. The light re-emitted (by diffusion or fluorescence) enables the population to be classified and sorted according to several criteria.

- **In vitro diagnostics**: tests performed inside the human body using diagnostic tools such as antibodies.

- **In vivo diagnostics**: tests or research performed on a living organism.

- **Enzyme**: protein macromolecule which speeds up a biochemical reaction.

- **Pulmonary embolism**: obstruction of one of the branches of the pulmonary artery or of the pulmonary artery itself by a blood clot.

- **Enterobacteria**: family of bacilli (bacteria) revealed by Gram-negative staining. Anaerobic (do not require oxygen to live and reproduce).

- **Enterococcus**: oval-shaped bacterium of the group D streptococcus family, usually resident in the intestine of healthy humans.

- **Extraction**: term applied to the steps which extract nucleic acids from the cells that contain them and process them so they can be used in molecular biology techniques such as amplification.

- **Fungal**: that which relates to fungi.

- **Genotyping**: determination of all the genes contained in the cells of an organism.

- **Gram staining**: staining which reveals the properties of the bacterial wall so that they can be used to distinguish and classify bacteria. The main distinction is between Gram-positive and Gram-negative bacteria.

- **Blood culture:** is an essential blood test in infectious disease. It is carried out by taking a sample of venous blood which is then cultured to reveal the presence or absence of germs.

- **Histology**: the study of tissue in order to research tissue composition, structure and renewal and cellular exchanges within themselves.

- **HLA**: Human Leukocyte Antigens - histocompatibility antigens whose role is essential in tolerance of organ transplants and are specific to a given individual.

- **Immunoassay**: detection of pathology markers using an antigen/antibody reaction.

- **Quality indicator**: term used in food processing to define the microorganisms responsible for visual or taste alterations (e.g. mould or bacterial contamination). Quality indicator counts are used to assess product hygiene.

- **IVD**: abbreviation for in vitro diagnostics.

- **Listeria**: genus of bacteria which can cause listeriosis, an infectious disease which is potentially serious in new-born babies, pregnant women or individuals with low resistance.

- **Marker**: a reagent used to detect the substance to which it is bound. A biological marker (biomarker) is a substance that is assayed to help diagnose a pathology.

- **Methicillin**: semi-synthetic penicillin used primarily against non-resistant staphylococcus aureus.

- **Microbiology**: study of microorganisms, including *inter alia* viruses, bacteria and fungi.

- **Microorganism**: living organism of microscopic size.

- **Culture medium**: simple or compound nutrient composition in liquid or solid form, used to maintain or increase the development of a microbial species under appropriate biological conditions.
- **MRSA**: methicillin-resistant Staphylococcus aureus bacterium.
- **Multiplex**: the ability to transmit multiple data on a single physical medium.
- **Mycobacteria**: rod-shaped bacillus-type bacteria. Some species of mycobacterium are pathogenic: M. leprae responsible for leprosy; M. tuberculosis, responsible for tuberculosis.
- **Nosocomial**: disease contracted in a hospital or other healthcare establishment by a patient who did not have this disease on admission.
- **Oncology:** or **cancerology** is the medical specialty of study, diagnosis and treatment of cancers.
- **Parasite:** an organism that feeds off, lives or reproduces itself by establishing a lasting interaction with another organism (the host).
- **Pathogen:** biological agent responsible for infectious disease. Infectious agents can be viruses, bacteria or parasites.
- **POC** (point of care) - **POCT** (point of care testing): services offered “at the bedside”, including in particular the analysis of diagnosis.
- **Rheumatoid arthritis**: the most frequent chronic inflammatory rheumatism. Its cause is not fully known, but it is one of the autoimmune diseases (the body produces antibodies against its own tissues).
- **Functionalized polymer**: organic or inorganic macromolecule formed by a chain of repeating units to which are grafted chemical groups intended to give the macromolecule a particular function.
- **Protein**: a basic constituent of all living cells. A biological macromolecule comprised of one or more amino acid chains linked by peptide bonds.
- **Sepsis**: excessive reaction of the immune system and the coagulation system of the organism to an infection. This reaction is characterized by systemic inflammation and by blood coagulation problems, which can rapidly lead to organ failure (severe sepsis) and, in many cases, death.
- **Septicaemia**: serious systemic infection of the organism by pathogenic germs, indicated by the presence of microorganisms in the blood.
- **Mass spectrometry**: a technique used to identify and determine the chemical structure of multiple molecules simultaneously, analyzing the mass and charge of their ions.
- **Staphylococcus**: genus of Gram-positive bacteria, usually observed in clusters resembling bunches of grapes.
- **Substrate**: a molecule used as a starting product which binds to the active site of an enzyme and is converted into one or more products.
- **Acute coronary syndrome**: decreased blood flow in the coronary arteries resulting in reduced circulation rate and inadequate oxygenation of the myocardial muscle.
- **Theranostics:** diagnostic test that allows medical practitioners to take a more suitable therapeutic decision for each patient, thereby favoring more personalized treatment.
- **Venous thrombosis**: formation of a blood clot in a vein. It usually occurs in a vein of the lower limbs, in the leg or hip, rarely in the upper limbs.
- **Typing**: method which can help in assessment of the compatibility between two individuals, their organs, tissues or blood. Technique use to characterize bacteria.
- **Virus** : rudimentary infectious microorganism, containing a single type of nucleic acid encaged in a protein capsid, which uses the materials of the cell that it parasitizes to synthesize its own constituents. It reproduces using just its own genetic material.

CROSS REFERENCE

Items from appendix 1 to European regulation 809/2004	Sections of the 2009 reference document filed with the AMF on April 26, 2010
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23. Third party information	
23.1. Expert statement or report	None
23.2. Information from a third party	None
24. Documents on display	3.1.6
25. Information on holdings	5.5.5.1

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