07 Reference Document



from diagnosis,
the seeds of better health

BIOMÉRIEUX

A French Corporation ("*société anonyme*") with capital of € 12,029,370
Principal Office: Marcy l'Etoile (69280)
Lyons Trade and Companies Register number 673 620 399

AMF AUTORITÉ DES MARCHÉS FINANCIERS

This Reference Document (*document de référence*) was filed with the Financial Markets Authority (AMF) on June 2, 2008, as required by article 212-13 of the AMF General Regulations. It may be used in support of a financial transaction only if accompanied by a notice endorsed by the AMF.

As prescribed by article 28 of European Commission Regulation (EC) 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 2006 corresponding to item 9.1 of appendix 1 of Regulation (EC) 809/2004 is presented under sections 5.2 and 5.3 of the Reference Document filed with the AMF on May 24, 2007 under number R. 07-078 (hereinafter the "2006 Reference Document"), and the information for fiscal 2005 is presented under sections 5.2, 5.3 and 5.5 of the Reference Document filed with the AMF on May 23, 2006 under number R. 06-069 (hereinafter the "2005 Reference Document");

- The information corresponding to item 11 of appendix 1 of Regulation (EC) 809/2004 for fiscal 2006 is presented under sections 4.4 and 4.7 of the 2006 Reference Document and the information for fiscal 2005 is presented under sections 4.4 and 4.7 of the 2005 Reference Document ;

- The information corresponding to item 20.1 of appendix 1 of Regulation (EC) 809/2004 for fiscal 2006 is presented under sections 5.3 of the 2006 Reference Document and the information for fiscal 2005 is presented under sections 5.3 and 5.5 of the 2005 Reference Document.

- The information corresponding to item 20.3 of appendix 1 of Regulation (EC) 809/2004 for fiscal 2006 is presented under sections 5.3 of the 2006 Reference Document and the information for fiscal 2005 is presented under sections 5.3 and 5.5 of the 2005 Reference Document.

- The information corresponding to item 20.4.1 of appendix 1 of Regulation (EC) 809/2004 for fiscal 2006 is presented under sections 5.4 of the 2006 Reference Document and the information for fiscal 2005 is presented under sections 5.4 and 5.6 of the 2005 Reference Document.

- The information corresponding to item 20.4.2 of appendix 1 of Regulation (EC) 809/2004 for fiscal 2006 is presented under sections 1.2 and 5.8 of the 2006 Reference Document and the information for fiscal 2005 is presented under sections 1.41.2 and 5.10 of the 2005 Reference Document.

The other information contained in the 2005 and 2006 Reference Documents is not incorporated by reference.

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PART 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. Stéphane Bancel, Deputy Managing Director of bioMérieux.

1.2 DECLARATION BY THE PERSONS RESPONSIBLE FOR THE REFERENCE DOCUMENT

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

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.

Segment financial information for previous periods contained in this Reference Document has been verified by the statutory auditors, whose reports are included under sections 5.4 and 5.6 or referenced herein as indicated on page 2."

Marcy l'Etoile, May 30, 2008

Alain Mérieux
Chairman of the board of directors
Chief Executive Officer

Stéphane Bancel

Deputy Managing Director

1.3 PERSONS RESPONSIBLE FOR THE 2005, 2006 AND 2007 FINANCIAL AUDITS

Statutory 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.

- **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 is a registered audit firm, member of Compagnie Régionale des Commissaires aux Comptes de Lyon.

Alternate auditors

- **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.

- **Diagnostic Révision Conseil (DRC)**

19 Place Tolozan, 69001 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
bioMérieux
Marcy l'Etoile (Rhône)
Telephone: +33(0) 4 78 87 20 00

PART 2

Note : If used in connection with a transaction subject to an endorsement (visa) by the AMF, the information in this chapter must be supported by a specific notice (note d’opération).

PART 3

GENERAL INFORMATION CONCERNING THE COMPANY AND ITS CAPITAL

3.1 GENERAL INFORMATION CONCERNING THE COMPANY

3.1.1 Corporate name and head 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.

Head 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 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 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 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 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 other Company documents may be examined at the Company's head office at Marcy l'Etoile, Rhône.

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 & 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 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 section 6 below)

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

Persons elected and accepting to serve as directors undertake to personally satisfy at all times the applicable legal conditions and requirements, including in terms of plurality of membership on other boards.

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 head office or at any other location indicated in the meeting 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 participate in shareholders' meetings and to vote, either in person or by proxy, as provided by article L. 225-106 of the French Commercial code.

Shareholders wishing to attend meetings must:

- if their shares are held in registered form, have those shares recorded in the Company's books; and
- if their shares are held in bearer form, obtain a participation certificate from the authorized intermediary evidencing the registration of the shares in the name of the shareholder or of the intermediary in the books kept by the authorized intermediary.

The foregoing formalities must be fulfilled no later than 0.00 a.m. (Paris time) three work days before the date of the meeting. However, the Board of Directors may decide, as a general rule, to shorten this period, which therefore shall be indicated in the meeting notice.

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 meeting 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. Likewise, in the event of a conflict between a proxy vote and a form, the proxy vote will be given precedence, regardless of their respective dates. For the purpose of calculating the quorum, forms are considered only if they have been duly completed and received by the Company at least three days before the meeting. Forms and proxy forms will be considered valid only if the above-mentioned participation certificate is duly attached to them.

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

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

3.1.10.3 Voting rights

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 special shareholders' meeting of March 30, 1999.

3.1.11 Other shareholder rights and changes in rights

In addition to the rights set forth in sections 3.1.8, 3.1.9 and 3.1.10, shareholders' rights pursuant to applicable regulations include the right to receive information, to be elected to the Board of Directors, to take legal action, to subscribe for new shares on a preemptive basis and to receive a liquidation dividend.

Pursuant to the law, the rights of shareholders may only be modified by a special shareholders' meeting; however, the special shareholders' meeting cannot modify certain rights deemed inherent to shareholders, such as the right to vote at shareholders' meeting, to share in the Company's earnings, to dispose of their shares, etc.

3.1.12 Payment for shares

Shares subscribed for must be paid up in accordance with the law, meaning that at least one-fourth of the nominal value of shares purchased in cash must be paid at the time of subscription, along with the entire issue premium, if any. The balance may be paid in one or more installments no later than five years from the shares' effective date of issue.

3.1.13 Form of shares and identity of shareholders (articles 8 of the bylaws)

Pursuant to article 8 of the Company's bylaws, fully paid-up shares may be held in registered or bearer form, at the holder's option, subject to applicable laws and regulations and to the provisions of the Company's bylaws; shares must be held in registered form until they are fully paid up.

The same article 8 provides that the Company may make use of legal and regulatory provisions relating to the identification of shareholders of securities entitling them, immediately or in the future, to vote at shareholders' meetings.

Accordingly, the Company may at any time obtain, at its expense, information on the name and date of birth, or, in the case of legal entities, the company name and date of incorporation, as well as the nationality and address of holders of securities with a present or future right to vote at shareholders' meeting, as well as information on the number of securities held by such holders and the restrictions, if any, to which the securities may be subject.

3.1.14 Reporting requirement thresholds (articles 10 of the bylaws)

In addition to the shareholders' legal obligation to notify the Company and the *Autorité des Marchés Financiers (AMF)* by letter of the number of shares and/or voting rights they hold whenever such ownership increases above certain thresholds (5%, 10%, 15%, 20%, 25%, 33 $^{1/3}$%, 50%, 66 $^{2/3}$%, 90% or 95%) of the Company's shares outstanding and/or the voting right within five trading days of crossing said thresholds, individual or entities, acting alone or jointly, who own, directly or indirectly (within the meaning of articles L. 233-7 *et seq*. of the French Commercial code) more than 1% of the Company's shares or voting rights must 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 for 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 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.

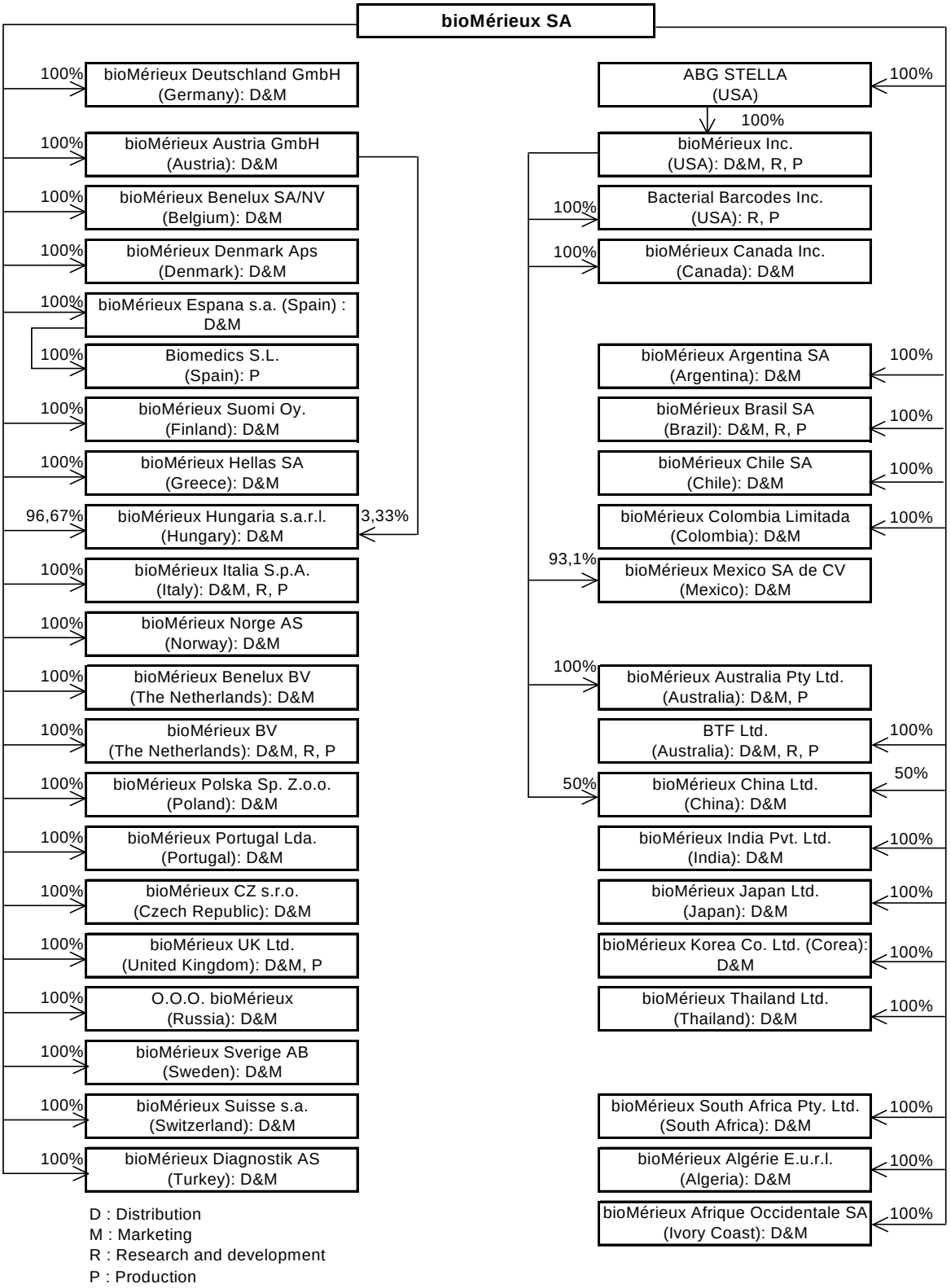
Intermediaries acting as holders of record for non-resident shareholders, pursuant to article L. 228-1 of the French Commercial code, are required to report increases or decreases if their aggregate holdings exceed or fall below the above thresholds, without prejudice to the reporting obligations of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

3.1.15 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 special shareholders' meetings.

3.1.16 Organization chart of the bioMérieux group of companies on the filing date of this Reference Document

The chart below shows the relationship between the Company's principal affiliates (in percentage of capital) on the filing date of this Reference Document.



bioMérieux S.A. is part of the Mérieux Alliance group of companies, as set forth in section 3.3.1 below. The relationships between those entities are explained in sections 5.7 and 6.2.3 below. Most of the subsidiaries above are distribution and/or marketing entities (see 4.3.8.1.1 below); some also carry out research and development activities (see 4.4.4 below) and/or have manufacturing operations (see 4.5.2.1 below).

3.1.17 Other information concerning subsidiaries and equity interests

Sales of equity interests during the fiscal year ended

On March 15, 2007, the Company sold its interest of about 4% in OPI, a biopharmaceutical start-up company specializing in the treatment of orphan diseases. A capital gain of € 3.3 million, before taxes, was registered as a result of that sale.

Acquisition of equity interests during the year

Labtech

On April 30, 2007, to reinforce the partnership described in section 4.7.2, bioMérieux purchased close to 10% of the shares of LabTech Systems for 2.15 million Australian dollars.

AdvanDx

At the end of August 2007, in conjunction with the exclusive distribution agreement entered into with AdvanDx, as set forth in section 4.3.6.2.3, bioMérieux also purchased almost 5% of that company's shares for US$5 million.

Acquisition of controlling interests during the year

Biomedics

At the end of March 2007, bioMérieux purchased the Spanish company Biomedics, for the purpose of expanding its culture media productive capacity and its access to the Spanish and Portuguese markets. The company, which employs 36 persons, has generated a turnover of 3.4 million euros since its acquisition.

BTF

In September 2007, bioMérieux acquired BTF, an Australian company that supplies the most precise quantitative reference standards for microbiological testing. The company patented BioBall™ technology is used in quality control to verify the accuracy of microbiological analyses. BTF is based in Sydney and employs 23 persons.

New subsidiaries

bioMérieux incorporated a subsidiary in South Africa during fiscal 2007. Another subsidiary was in the process of being incorporated in Algeria at the close of 2007. Both of these entities will start operating in 2008.

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 Capital on the filing date of this Reference Document

Number of shares issued: 39,453,740 (all shares are of the same class): their number remained unchanged between January 1, 2007 and December 31, 2007.

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

3.2.3 Buyback of the Company's Own Shares

The ordinary and extraordinary general shareholders' meetings of June 8, 2006 and June 7, 2007 granted authority to the Board of Directors, for a period expiring on June 12, 2008, at the shareholders' meeting called to examine the financial statements for fiscal 2007, to buy back shares of the Company as provided for by articles L. 225-209 *et seq.* of the French Commercial code.

Under the authority granted, the acquisition, sale or transfer of the company's shares may be performed by any means, including through the use of derivatives, on stock exchanges or not, with the exception of the sale of put options, except in case of 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, subject to the limit of 10 percent of the shares.

As set forth in the Company's share buyback program described in the 2005 Reference Document filed on May 23, 2006 under number R 06-069 and in the 2006 Reference Document filed on May 24, 2007 under number R 07-078, these authorizations are intended to enable the Company to purchase its shares, depending on conditions prevailing in the market, in order to: (i) provide liquidity in the market of the shares, 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*, (ii) deliver shares upon the exercise of rights attached to 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 officers of the Company or of its group, or the offering of shares to employees under profit-sharing plans, share-ownership plans or employee savings plans, (iii) hold on shares so that they can be used subsequently as a means of exchange or payment in connection with operations of external growth.

Pursuant to resolution 8 of the ordinary and extraordinary general shareholders' meeting of June 7, 2007, the Board of Directors was also granted authority, until the next shareholders' meeting called to approve the 2007 financial statements, to reduce capital by cancelling some or all of the shares purchased under the share buyback program. In the event of public offerings, more detailed information regarding this buyback program will be included in the offering document filed with the AMF for initialed approval.

a) Summary of transactions performed by the Company on its own shares from January 1, 2007 to December 31, 2007, under a market-making agreement.

(2) All references to the par value of the shares were deleted by the shareholders' meeting of March 19, 2001.

Pursuant to the authority granted by the ordinary and extraordinary general shareholders' meetings of June 8, 2006 and June 7, 2007, as well as to the Company's share buyback program as described in sections 5.12 of the 2005 Reference Document and 5.10 of the 2006 Reference Document, Crédit Agricole Cheuvreux, acting under a market-making agreement entered into with the Company in compliance with the AFEI code of conduct approved by the AMF, performed the following transactions in the period from January 1, 2007 to December 31, 2007 in its capacity as financial service provider:

Shares purchased	73,680
Average purchase price	€ 64.84
Shares sold	74,934
Average selling price	€ 63.63
Fees and commissions	0
Own shares held on December 31, 2007	2,446
Average value of shares held at the end of the year	€ 188,735.14
Book value on December 31, 2007	€ 193,429.68
Nominal value of shares	/
Purpose of transactions	Maintaining an orderly market
Percentage of own shares held at the end of the year	0.006%

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 accordance with a code of conduct approved by the *Autorité des Marchés Financiers*.

b) Summary of transactions performed by the Company in its own shares from January 1, 2007 to December 31, 2007, under an agency agreement.

In addition, the table below shows the trades performed in the period from January 1 to December 31, 2007 by Crédit Agricole Cheuvreux under an agency agreement, for the sole purpose of distributing bonus shares to employees and officers of the Company or of the companies of its group exercising their rights to such bonus shares, as authorized by the ordinary and extraordinary general shareholders' meeting of June 9, 2005 and the Company's share buyback program as described in sections 5.12 of the 2005 Reference Document and 5.10 of the 2006 Reference Document:

Shares purchased	80,900
Average purchase price	€ 63.99
Shares sold	0
Average selling price	N/A
Own shares held on December 31, 2007	120,900
Average value of shares held at the end of the year	€ 57.95
Book value on December 31, 2007	€ 9,560,772.00
Nominal value of shares	/
Purpose of transactions	Distribution of bonus shares to employees and officers
Percentage of own shares held at the end of the year	0.306%

3.2.4 Authorized capital not issued

Status of the delegations decided by the ordinary and extraordinary general shareholders' meetings of June 9, 2005, June 8, 2006 and June 7, 2007:

1) Share capital increase by capitalization of premiums, reserves, earnings or other

Period for which authority was granted and expiration date: 26 months / August 2009.

Maximum amount: -

Maximum nominal amount of share capital increase: 35% of capital stock at the close of the ordinary and extraordinary general shareholders' meeting of June 7, 2007*; equity may be issued in excess of the 35% ceiling, if necessary to protect the rights of holders of securities with rights to shares.

Use of the authority during the year: None.

Summary of the decision by the shareholders' meeting:

Authorization granted to the Board of Directors to:

- increase the Company's capital, in one or more transactions, by capitalizing premiums, reserves, earnings or other, as permitted by law and by the bylaws and by means of the distribution of bonus shares or by increasing the par value of existing shares;
- fractional rights will not be transferable and the corresponding shares will be sold;
- the proceeds from such sales will be allocated to the rights' holders in a timely manner as prescribed by regulation.

2) Issuance of securities with preferential subscription rights (for all categories of securities)

Period for which authority was granted and expiration date: 26 months / August 2009.

Maximum amount: for debt securities, 500 million euros.

Maximum nominal amount of share capital increase: 35% of capital at the close of the ordinary and extraordinary general shareholders' meeting of June 7, 2007*.

Use of the authority during the year: None.

Summary of the decision by the shareholders' meeting:

- authorization of share capital increase in one or more transactions;
- the Board of Directors may offer to the public some or all of the shares not subscribed for in the event of an undersubscription;
- the Board of Directors may increase the number of shares to be issued up to the above overall ceiling, in the event of an oversubscription;
- the total amount of such capital increases, adjusted upward in order to protect the rights of holders of securities with rights to shares, shall not exceed the aggregate of reserves, premiums or earnings at the time of the share capital increase.

* A global nominal amount of 35% of the Company's capital following the shareholders' meeting of June 7, 2007 applies to the authorization.

3) Issuance of securities without preferential subscription rights by shareholders (for all categories of securities)

Period for which authority was granted and expiration date: 26 months / August 2009.

Maximum amount: for debt securities, 500 million euros.

Maximum nominal amount of share capital increase: 35% of capital at the close of ordinary and extraordinary general shareholders' meeting of June 7, 2007*.

Use of the authority during the year: None.

Summary of the decision by the shareholders' meeting:

- capital increases in one or more transactions, by the issuance of common shares of the Company or other securities with rights of any kind, exercisable immediately or in the future, for common shares of the Company or of a company in which the Company owns more than one half of the shares, either directly or indirectly;

- capital increases in one or more transactions, by the issuance of all securities and the exercise of all rights with regards to the Company, held by owners of securities issued by any entity that owns, directly or indirectly, more than one-half of the Company's shares, with rights of any kind, including by means of distribution and/or subscription, immediately or in the future, to existing or new common shares of the Company;

- waiver of shareholders' preferential subscription right to securities issued;

- the Board of Directors has the authority to decide a priority subscription right to the benefit of the shareholders for the securities to be issued;

- the sum received or to be received by the Company for each share issued or to be issued, after taking into account the issue price of warrants in the event of issues of share subscription or allocation warrants, must not be less than the price under applicable laws and regulations on the date of issue, regardless of whether the securities to be issued immediately or in the future are fungible with existing equity securities;

- securities issued may be used as consideration for securities tendered to the Company in connection with an exchange tender offer.

4) Over-allotment option

Period for which authority was granted and expiration date: 26 months / August 2009.

Maximum amount: -

Maximum nominal amount of share capital increase: 15% of the initial issue, up to the overall ceiling of 35% of capital at the close of the ordinary and extraordinary general shareholders' meeting of June 7, 2007*.

Use of the authority during the year: None.

Summary of the decision by the shareholders' meeting:

- increase in the number of shares within thirty days of the close of the initial issue subscription period;

- new issue at the same price as for the initial issue;

- new issue with or without shareholders' preferential subscription rights.

5) Issue restricted to qualified investors or to a limited circle of investors

Period for which authority was granted and expiration date: First annual shareholders' meeting following the ordinary and extraordinary general shareholders' meeting of June 7, 2007.

Maximum amount: -

Maximum nominal amount of share capital increase: 35% of capital at the close of the ordinary and extraordinary general shareholders' meeting of June 7, 2007* (this amount counts against the ceiling referred to under 2).

Use of the authority during the year: None.

Summary of the decision by the shareholders' meeting:

- Waiver of preferential subscription rights in favor of investment funds, investment holding companies and industrial corporations operating primarily in the field of medical and health-care technology, bio-medical and pharmaceutical research.

- The issue price of the new shares shall not be less than the weighted average trading price of existing shares on the Euronext Paris SA Eurolist over the three trading days preceding the start of the issue.

6) Successive share capital increase

Period for which authority was granted and expiration date: 26 months / August 2009.

Maximum amount: -

Maximum nominal amount of share capital increase: 10% of capital per year.

Use of the authority during the year: None.

Summary of the decision by the shareholders' meeting:

- Authority to increase capital in one or more transactions by issuing euro-denominated common shares of the Company or other securities with rights of any kind, exercisable immediately or in the future, for common shares of the Company or of a company in which the Company owns more than one half of the shares, either directly or indirectly, in which case the shares issued may be denominated in any currency or in units reflecting a basket of currencies, including in connection with consecutive issues of securities.

- The issue price of the equity securities is to be determined as either the weighted average trading price of shares on the Euronext Paris SA Eurolist over the three trading days immediately preceding the issue date, or by auction, such as the creation of an order book for a public offering.

7) Share capital increases reserved to employees (and their equivalent): Stock options

Period for which authority was granted and expiration date: 38 months / August 2010.

Maximum amount: -.

Maximum nominal amount of share capital increase: 10% of the shares outstanding on the date options are granted.

Use of the authority during the year: None.

* A global nominal amount of 35% of the Company's capital following the shareholders' meeting of June 7, 2007 applies to the aggregate of these five authorizations.

Summary of the decision by the shareholders' meeting:

- Authorization to grant, at one or more times, to employees selected by it from among the Company's representatives and employees of the Company, or of companies or economic interest groups in which the Company holds at least 10% of the capital or voting rights, either directly or indirectly, or of companies or economic interest groups that hold at least 10% of the Company's capital, either directly or indirectly, options entitling them to buy shares of the Company from among those bought back by the Company in accordance with the law.

- The exercise price of the stock options is to be set by the Board of Directors, without a discount.

- The stock options must be exercised no later than eight years after their date of grant.

8) Share capital increase reserved for employees enrolled in a company savings plan (PEE) of a French or foreign affiliate of the Company, as provided for by article L. 225-180 of the French Commercial code and article L. 444-3 of the French Labor code

Period for which authority was granted and expiration date: 26 months / August 2009.

Maximum amount: -

Maximum nominal amount of share capital increase: 5% of capital at the time the authority is used.

Use of the authority during the year: None.

Summary of the decision by the shareholders' meeting: share capital increase, in one or more transactions, by issuing shares or securities with rights to shares of the Company.

3.2.5 Changes in capital as at December 31, 2007 in French francs and euros (3 and 8)

Date of shareholders' meeting	Transaction	Number of shares issued	Nominal value of shares	Nominal amount of share capital increase	Premiums	Cumulative value of capital	Cumulative number of shares
9/18/1967	Incorporation	800	100	80,000	–	80,000	800
1/7/1975[4 and 5]	Capital increase by means of the capitalization of reserves	8,800	100	880,000	–	960,000	9,600
1/7/1975	Cash capital increase	400	10	40,000	120,000	1,000,000	10,000
12/16/1976	Capital increase by means of the capitalization of reserves	10,000	100	1,000,000	–	2,000,000	20,000
12/19/1977	Capital increase by means of the 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 the 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 the capitalization of reserves	10,000	100	1,000,000	–	5,000,000	50,000
7/3/1981 (Board of Directors' meeting of 10/16/1985)	Conversion of convertible bonds	21	100	2,100	–	5,002,100	50,021
3/31/1987[3]	Merger of bioMérieux into API S.A.	194,808	100	19,480,800	61,674,388	24,482,900	244,829

(3) On March 21, 1987, bioMérieux, incorporated in 1963 was merged into API S.A., a company incorporated on September 18, 1967. As a result, API S.A., subsequent to which 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 shareholders' meeting	Transaction	Number of shares issued	Nominal value of shares	Nominal amount of share capital increase	Premiums	Cumulative value of capital	Cumulative number of shares
3/31/1987	Decrease in capital[6]	-19,487	FRF 100	FRF –1,948,800		FRF 22,534,200	225,342
3/15/1989	Increase in the nominal value of shares by inclusion of merger premium	N/a	FRF 200	FRF 2,534,200	FRF 22,534,200	FRF 45,068,400	225,342
3/15/1989	Nominal split	N/a	FRF 20	N/a	N/a	FRF 45,068,400	2,253,420
2/12/1991	Cash capital increase	41,730	FRF 20	FRF 834,600	FRF 17,714,585	FRF 45,903,000	2,295,150
10/3/1994	Capital increase from the contribution of ABG Stella shares	1,575,921	FRF 20	FRF 31,518,420	FRF 259,749,692.60	FRF 77,421,420	3,871,071
3/19/2001	Exercise of rights	10,000	FRF 20	FRF 200,000	FRF 3,240,000	FRF 77,621,420	3,881,071
3/19/2001	Conversion of capital into euros	N/a	N/a[7]	N/a	N/a	€ 11,833,309.17	3,881,071
3/19/2001	Rounding off of capital	N/a	–	€ 0.83	N/a	€ 11,833,310	3,881,071
3/19/2001 (Board of Directors' meeting of 5/13/2002)	Exercise of rights	15,000	–	€ 45,735	FRF 4,860,000	€ 11,879,045	3,896,071
4/16/2004	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
4/16/2004	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
16/04/2004	Rounding off of capital stock	N/a	–	€ 0.57	–	€ 11,864,008	3,891,139
4/16/2004	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
7/23/2004	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
9/30/2004	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 on April 30, 2008.

3.3 PRINCIPAL SHAREHOLDERS

3.3.1 History of changes in 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 holder of B-D Mérieux. That same year, the Company changed its name to bioMérieux S.A.

On June 12, 1986, the operating business of the bioMérieux group was transferred to a subsidiary company incorporated for that purpose, which took the name of bioMérieux. The former bioMérieux company became a holding entity under the name of BMH.

On March 31, 1987, bioMérieux merged with API S.A. As a result, bioMérieux became part of API S.A., subsequent to which API S.A. changed its name to bioMérieux, so that bioMérieux became the legal entity formerly named as API S.A. (see section 3.2.5).

At the ordinary and extraordinary general shareholders' meeting of December 28, 1988, WENDEL Investissement (named CGIP at the time) joined with the Alain Mérieux family (through Mérieux Alliance[9], a holding entity which had been incorporated by the Mérieux family on November 10, 1988) to form bio Participations, a holding entity with 51% of the shares of BMH, itself a bioMérieux holding entity. WENDEL Investissement held 33.14% of the capital of bio Participations and Mérieux Alliance held 66.85%.

In 1994, Becton-Dickinson sold all 45,270 BMH shares it held (48.99% of capital) to bio Participations. That same year, Groupe Industriel Marcel Dassault acquired an interest in TSGH, the holding entity for Transgene, a gene therapy company that also belonged to the group of companies held by bio Participations.

In December 2000, as part of the merger of the bioMérieux group with the Pierre-Fabre group, bio Participations, which had changed its name to bioMérieux Alliance on February 25, 1995, was merged into Pierre-Fabre S.A. (which became bioMérieux Pierre-Fabre S.A.) and in so doing transferred to it all of its assets and liabilities, including Company shares it held either directly or indirectly. At the same time, WENDEL Investissement and Groupe Industriel Marcel Dassault transferred their direct interests in TSGH to bioMérieux Pierre-Fabre and WENDEL Investissement transferred its direct interest in the Company to bioMérieux Pierre-Fabre. Subsequent to those transactions, bioMérieux Pierre-Fabre held 99.27% of the Company’s capital (5.1% directly and 94.17% through BMH).

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. At the special shareholders' meeting of June 27, 2002, bioMérieux Pierre-Fabre accordingly transferred to Nouvelle bioMérieux Alliance all of the Company shares it held through BMH. Subsequent to those transactions, ownership of Nouvelle bioMérieux Alliance was divided between Mérieux Alliance (60.14%), WENDEL Investissement (34.74%) and Groupe Industriel Marcel Dassault (whose ownership interest increased to 5.12% in July 2002 as a result of the capitalization of a claim against the Company held by Groupe Industriel Marcel Dassault).

In 2003, the Group of companies held by the Mérieux Alliance was restructured in order to separate the diagnostics business of bioMérieux from the gene therapy business of TSGH and Transgene. Thus, in January 2003, Nouvelle bioMérieux Alliance transferred to TSGH, which already held 33.83% of the capital of Transgene, 21.5% of the Transgene shares held by it, in exchange for TSGH securities. In April 2003, Nouvelle bioMérieux Alliance sold those shares to its shareholders (notably Mérieux Alliance, WENDEL Investissement and Groupe Industriel Marcel Dassault) pro rata the interest they held in Nouvelle bioMérieux Alliance. In July 2003, Nouvelle bioMérieux Alliance sold to TSGH the remaining 15% of the Transgene shares it held. As of December 31, 2003, Nouvelle bioMérieux Alliance no longer held any interest in

(9) See section 3.3.1 for a description of the capital of Mérieux Alliance.

Transgene or in its TSGH holding entity. On the same date, Nouvelle bioMérieux Alliance and bioMérieux disposed of virtually all of their assets not related to their diagnostics business.

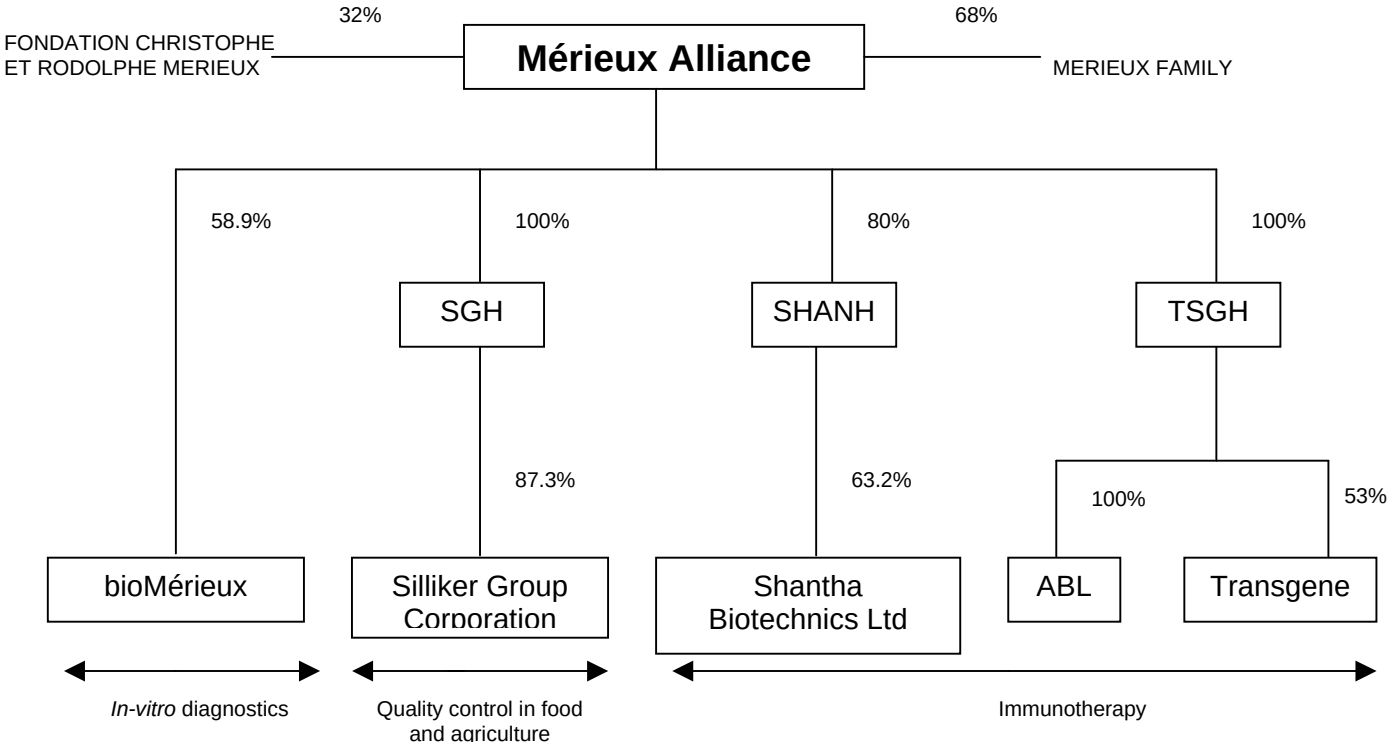
In April 2003, Nouvelle bioMérieux Alliance's wholly owned BMH subsidiary was merged into its parent company which, then, held virtually all of the Company's shares (99.28%).

In order to simplify the Group's structure, the shareholders' meetings of Nouvelle bioMérieux Alliance and of the Company resolved, on April 16, 2004, to merge Nouvelle bioMérieux Alliance into the Company, retroactively from January 1, 2004. Subsequent to that transaction, Mérieux Alliance directly held 59.72% of the Company's capital, WENDEL Investissement held 34.50% and Groupe Industriel Marcel Dassault held 5.09%. As a result of this transaction and because of the cancellation of the bioMérieux shares contributed by Nouvelle bioMérieux Alliance, the number of shares fell by 4,932 (or 0.13% of bioMérieux shares as of December 31, 2003) and earnings available for distribution declined by €4.4 million (the difference between the amount of merger premium and the value of bioMérieux shares contributed by Nouvelle bioMérieux Alliance and cancelled).

In connection with the initial public offering of its shares, the Company decided, on April 16, 2004, to divide the par value of its shares by ten (10) and to concurrently increase their number by ten (10), through the issue and distribution of 35,020,251 bonus shares to the Company's shareholders, or a ten-for-one stock split, so that the Company's capital would thereafter be divided into 38,911,390 shares.

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.

Mérieux Alliance also owns all of the shares of SGH, the holding entity of the Silliker Group Corporation, an American company which specializes in research and consulting services in the field of food safety and quality; and all of the shares of TSGH, the holding entity of Transgene S.A., a gene therapy company traded on the Eurolist market of Euronext Paris, and of Advanced Bioscience Laboratories Inc. (ABL), an American research company doing work on behalf of research institutes and business corporations; and of SHANH, the holding entity of Shanta Biotechnics Ltd, an Indian bio-pharmaceutical company specializing in the development and manufacture of vaccines, therapeutic proteins and monoclonal antibodies.



3.3.2 Changes in capital ownership over the past three years

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

Shareholders	Situation on December 31, 2007				Situation on December 31, 2006			Situation on December 31, 2005		
	Number of shares	% of capital	Number of voting rights	% of voting rights	Number of shares	% of capital	% of voting rights	Number of shares	% of capital	Number of voting rights
Mérieux Alliance (formerly ACCRA)	23,240,090	58.90	46,480,100	71.86	23,240,090	58.90	58.79	23,240,090	58.90	58.78
GIMD*	2,013,470	5.10	3,993,940	6.17	2,013,470	5.10	5.10	2,013,470	5.10	5.09
Banque de Vizille	648,520	1.64	648,520	1.00	648,520	1.64	1.64	648,520	1.64	1.64
CIC Lyonnaise de Participations	1,134,920	2.88	1,134,920	1.75	1,134,920	2.88	2.87	1,134,920	2.88	2.87
Apicil Prévoyance	122,130	0.31	122,130	0.19	122,130	0.31	0.31	162,130	0.41	0.41
Employees	351,637	0.89	351,637	0.54	369,557	0.94	0.93	385,229	0.98	0.98
Treasury shares**	123,346	0.31	0	0.00	81,700	0.21	0.00	4,000	0.01	0.00
Free Float	11,819,627	29.96	11,952,570	18.48	11,843,353	30.02	30.33	11,865,381	30.08	30.22
Total	**39,453,740**	**100**	**64,683,817**	**100**	**39,453,740**	**100**	**100**	**39,453,740**	**100**	**100**

* Groupe Industriel Marcel Dassault.

** The shares are held pursuant to a market-making agreement and an agency agreement with Crédit Agricole Cheuvreux (See section 3.2.3).

To the Company's knowledge, no shareholder agreement and/or joint action by shareholders is currently in effect.

3.3.3 Pledge of the Company's shares

To the Company's knowledge, none of its shares has been pledged as of the filing date of this Reference Document.

3.3.4 Principal shareholders

The table below shows the number of shares, the percentage of capital and the percentage of related voting rights held by the principal shareholders of the Company as of May 28, 2008.

Shareholders (as of May 28, 2008)	Number of shares	Percentage of capital	Number of voting rights	Percentage of voting rights
Mérieux Alliance	23,240,090	58.90	46,480,100	72.04
Free Float	11,636,090	29.50	11,746,960	18.21
Groupe Industriel Marcel Dassault	2,013,470	5.10	3,993,940	6.19
CIC Lyonnaise de Participations	1,134,920	2.88	1,134,920	1.76
Banque de Vizille	648,520	1.64	648,520	1.00
Employees (mutual fund)	390,818	0.99	390,818	0.61
Apicil Prévoyance	122,130	0.31	122,130	0.19
Treasury shares*	267,702	0.68	0	0.00
Total	39,453,740	100.00%	64,517,388	100.00%

* The shares are held pursuant to a market-making agreement and an agency agreement with Crédit Agricole Cheuvreux.

On May 28, 2008, Mérieux Alliance held 23,240,090 shares, representing 58.90% of the capital, entitling it to 72.04% of the voting rights in the Company.

3.4 DIVIDENDS DISTRIBUTED BY THE COMPANY

3.4.1 Dividends per share for the past three years

The table below shows dividend distributions per share 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 which it may hold on the dividend date. The corresponding sum will be added back to retained earnings.

Year ended	Dividend per share (€)	Dividend distributed (€)	Tax credit and tax withheld (€)	Actual income (€)
12/31/2007*	0.76	29,984,842.40	None	29,984,842.40
12/31/2006	0.76	29,984,842.40	None	29,984,842.40
12/31/2005	0.46	18,148,720.40	None	18,148,720.40

* Proposed by the shareholders' meeting of June 12, 2008.

3.4.2 Distribution policy

The Company cannot guarantee the distribution of dividends in respect of its shares. However, as from the end of fiscal 2007, it intends to follow a policy of distributing dividends in the amount of approximately 30% of consolidated net earnings (net of minority interests), subject to an analysis, for each year, of net income, the financial position and any other factors that the Board of Directors considers relevant.

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.

3.5 SUMMARY OF THE TRADING PRICE OF SHARES OVER THE LAST 18 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 Réglement Différé SRD) since March 28, 2006.

Months	High (in €)	Low (in €)	Close (€)	Volume
November 2006	50.90	46.60	50.00	570,822
December 2006	52.50	49.60	51.65	358,037
January 2007	62.95	51.55	58.75	1,540,531
February 2007	67.30	59.00	62.75	812,135
March 2007	67.90	59.00	66.77	1,113,932
April 2007	67.00	61.60	61.90	1,171,219
May 2007	64.60	61.51	63.69	754,922
June 2007	64.40	60.28	63.60	1,891,166
July 2007	71.24	63.61	66.79	1,022,749
August 2007	68.20	61.99	67.10	813,652
September 2007	74.96	62.41	73.49	594,856
October 2007	77.77	70.01	77.09	903,011
November 2007	77.49	68.10	74.61	683,261
December 2007	80.00	74.36	79.08	579,425
January 2008	80.00	58.30	67.21	1,164,954
February 2008	76.50	66.00	75.47	727,394
March 2008	76.00	68.80	73.69	833,419
April 2008	80.00	58.30	70.00	654,040

PART 4

INFORMATION ON THE COMPANY'S BUSINESS[10] [11]

4.1 BUSINESS SUMMARY

bioMérieux is a worldwide group specialized in the field of in vitro diagnostics for clinical and industrial applications. The Group designs, develops, manufactures and markets systems used in:

- Clinical Applications: the diagnosis of infectious diseases such as hepatitis, HIV, tuberculosis and respiratory illnesses, as well as pathologies such as cardiovascular diseases and cancers, based on the analysis of biological samples such as blood, saliva or urine; and

- Industrial Applications: microbiological analyses of samples of finished or semi-finished products (or of the environment), chiefly in the food processing, pharmaceutical and cosmetics sectors.

Diagnostic systems consist of the following:

- reagents necessary for performing biological tests such as the identification of specific types of bacteria or viruses;

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

- software for the processing of biological tests and expert systems used to interpret test results, including for epidemiological survey and therapeutic decision.

bioMérieux also provides services to its customers in the form of assistance with the installation and maintenance of instruments and the training of their users.

The vast majority of the Company's instruments are closed systems, which means that they only work with reagents specifically developed by it for its instruments, and thus provide it with a steady revenue stream. There is an installed base of more than 49,000 instruments, giving the Company a high degree of visibility and regularity for reagent sales, which accounted for 83% of total revenue in 2007 (approximately 70% were from sales of reagents used in the Company's instruments, and the balance was primarily from manual products). The instruments are either sold or placed with customers as part of a reagent supply agreement.

In the clinical segment, which accounted for approximately 86% of revenue in 2007, the Company’s customers are primarily private-sector analysis laboratories, hospital laboratories, blood transfusion centers and, in some countries, physicians (Physician Office Labs (POL)).

In the industrial segment, which accounted for approximately 14% of revenue in 2007, customers are large international food processing, pharmaceutical and cosmetic companies.

Ever since its inception in 1963, the bioMérieux Group has developed at a regular and sustained pace, thanks to its corporate strategy of organic growth and targeted acquisitions. In 2007, consolidated revenue totaled 1,063 million euros, consolidated operating income was 149.9 million euros, and net income amounted to 98.1 million euros (see sections 5.1, 5.2.2 and 5.3 below). The Group operates in more than 150 countries, through 37 subsidiaries (see 3.1.16 above) and a wide network of distributors. In 2007, 58% of its consolidated revenue was generated in Europe, including 16% in France, and 25% was generated in North America.

The Company's commercial success has resulted in large part from the strong reputation of its product lines and reagents, which incorporate all of the technologies necessary for the diagnosis of infectious diseases. Its expertise in these technologies has allowed it to be a pioneer in the field of industrial diagnostics and, more recently, to extend its activities to new fields such as cardiovascular pathologies and cancers.

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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 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 knowledge of the market.

[11] See Glossary of Scientific Terms below.

4.2 OVERVIEW OF THE IN VITRO DIAGNOSTICS MARKET

4.2.1 General

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 for the purpose of identifying microorganisms and determining their characteristics. In vitro diagnostics tests are used to measure, identify and quantify bacteria (exogenous agents) and viruses, as well as other endogenous agents (or "markers"). Such substances are produced by the body in the presence of, for example, an infectious disease, cancer or cardiac irregularity. Markers can take the form of proteins or genetic sequences, or other biological molecules.

In vitro diagnostics techniques are used in the clinical segment 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. A biological sample is taken from the patient, most often at the request of a physician. It is then sent to a medical analysis laboratory, either in a hospital or private, which analyzes it using the Company's products (reagents, instruments, software and services). 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 medical questionnaires, ultrasound or radiology) and thus prevent a disease or treat it and track the effectiveness of the treatment. In some countries, the physician or patients themselves perform certain diagnostics analyses.

In the industrial segment, in vitro diagnostics are used to monitor microbiological quality (absence of bacterial contaminants, viruses or parasites) of the environment (air, water, surfaces) and food products, pharmaceuticals or cosmetics. Industrial in vitro diagnostics allow the detection and quantifying of pathogens throughout the chain from raw materials to finished product, as well as in the manufacturing environment.

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;

- Molecular biology: New technology based on the detection of genetic sequences of DNA or RNA that are characteristic of bacteria, a virus, a protein or a cell.

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

The table below shows how the world market for clinical in vitro diagnostics broke down in terms of technologies in 2007:

	2007 (€ billion)
Immunoassays	7.0
Clinical biochemistry	9.8
of which blood glucose monitoring	*6.4*
Molecular Biology	2.0
Microbiology	1.5
Hematology and flow cytometry	2.0
Hemostasis	0.9
Other technologies*	1.8
TOTAL	**25.0**

* This heading includes analysis of blood gases and electrolytes, histology, etc.

Traditionally manual, in vitro diagnostics techniques have progressively been automated, making it possible to give results in a shorter time period, to perform analyses by means of computers and to increase the number of examinations that can be carried out simultaneously. These automated techniques have reduced the manpower required to manipulate substances and analyze the results of examinations, and have also increased standardization, which facilitates examinations, improves reliability of results and speeds up the process.

Molecular biology has added a new dimension to in vitro diagnostics, allowing speedier and more precise detection of microorganisms. In the case of infectious diseases, molecular diagnostics uses tests directly targeting the genetic make-up (DNA and RNA) of a human cell, a virus, a bacterium, or a parasite. The technology employed consists in extracting nucleic acids, multiplying them (amplification), marking the copies produced by the amplification and then detecting a signal to establish the presence and the quantity of infectious agents in the initial sample. Molecular biology also opens the way to a new medical approach to cancer, genetic predisposition, genetic pathologies and the individual adaptation of patient treatment.

Molecular biology does not replace traditional in vitro diagnostics techniques. It complements diagnostics procedures by identifying pathologies that conventional techniques are not sufficiently sensitive or rapid to detect. For example, viral load (the actual amount of viral copies in the bloodstream) can only be measured by means of molecular biology techniques. Traditional in vitro diagnostics techniques allow for simpler and more accessible tests, covering multiple parameters. In addition, because of the high number of potential variations, traditional detection methods, designed to detect only one or a few targets, are no longer sufficient for oncology, where genetic variations require screening for multiple targets. DNA chips containing thousands of DNA targets are a response to that need; they have become a platform of choice for the Company's future development in these new areas.

4.2.3 The in vitro diagnostics market

In vitro diagnostics is part of the healthcare sector, but is distinct from the pharmaceutical market, which is the largest market in the healthcare sector. Although it benefits from many of the same growth factors as the pharmaceutical segment, the in vitro diagnostics market follows a very different dynamic. 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, training and connection to the laboratory information management system) incurred by diagnostics customers. The in vitro diagnostics market also has more stable revenue 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 system manufacturers;

- the relatively stable growth in demand in the diagnostics market, in contrast with pharmaceutical sales, which can vary sharply because of regulatory constraints and competition from generic drugs; and

- the growing importance attached to the monitoring of a treatment's effectiveness.

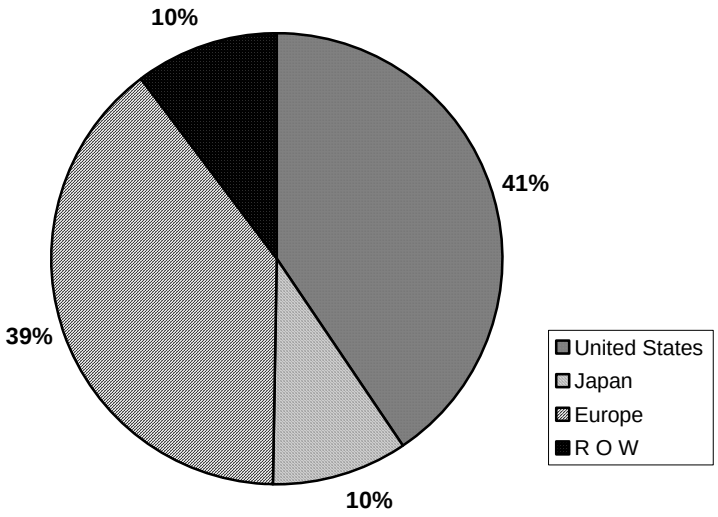
For approximately ten years, most clinical diagnostics techniques have also been used for industrial purposes to monitor the microbiological quality of food products, environments (such as water and air) and surfaces as well as the sterility of products in the pharmaceutical and cosmetic industries.

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

In 2007, the world market for in vitro diagnostics was estimated at around 25 billion euros (34 billion US dollars) for clinical applications (source: Clinica) and about 1.2 billion euros (1.6 billion US dollars) for the industrial segment. Approximately 85% of the worldwide market is concentrated in North America, Europe and Japan (source: Kalorama, October 1, 2004). Since 2000 and based on Company estimates, the market has grown at an average compound annual rate of approximately 5% in the clinical segment and faster still in the industrial segment.

Clinical segment. Since the end of the 1990s, the clinical in vitro diagnostics market has experienced a period of growth due to increased demand for tests, resulting from factors such as the 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. Aggregate spending on in vitro diagnostics amounted to 6 billion euros in 1980 and has since been multiplied by four.

Geographical breakdown of the clinical in vitro diagnostics market:



Source: Clinica

The table below gives 2007 estimates for the clinical in vitro diagnostics market segments (breakdown by pathology) on which the Company has decided to focus its development.

	2007 (€ billion)
Infectious diseases	5.9
Cardiovascular diseases	2.0
Cancers	2.1
Other	15.0
TOTAL	**25.0**

Company estimates

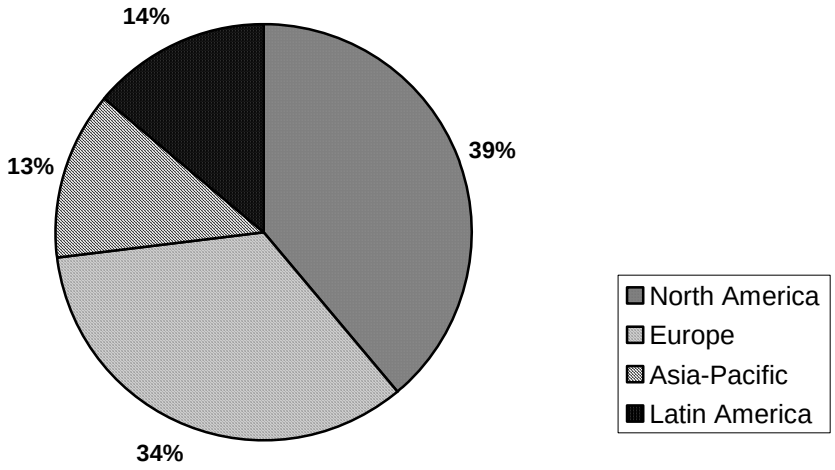
Industrial segment. The industrial sector is a newer market, which at this stage is experiencing more rapid growth than the clinical market.

The principal industrial applications are:

- in the food sector, detection of pathogenic microorganisms in raw materials, the environment, in-process products and finished products, and the enumeration of "quality indicators"[(12)],

- in the biopharmaceutical and cosmetics sectors, monitoring of the sterility of raw materials, water, additives and finished products, and of the production environment (air, surfaces and personnel).

Geographical breakdown of the industrial in vitro diagnostics market:



4.2.3.2 Market trends

The Company considers that the most important success factors to capture the growth potential of the in vitro diagnostics market have changed in recent years. Traditionally technological, the success factors are now more pathology-linked as a result of:

- a change in the reimbursement method for medical expenses, which is now pathology based rather than longer examination based. Hospitals are in charge of the treatment and follow-up of patients, causing them to prioritize techniques, such as diagnostics, that point to therapy protocols and avoid hospitalization where possible;

- the consolidation of laboratories that, to a growing extent, must be capable of offering a wide range of tests for a given pathology and can no longer employ only a small number of technologies.

In addition to the foregoing, the market is driven by:

- increased automation of laboratories, due to a growing shortage of qualified personnel;

- the emergence of technologies such as molecular biology, which allow for real-time complex diagnosis and detection of pathologies such as meningitis, that requires very early diagnosis;

- two distinct trends with, on the one hand, the concentration of routine tests in laboratories capable of handling large volumes and, on the other hand, decentralization of tests with high medical value that are useful at the patient point of care, for example in emergency rooms.

(12) "Quality indicator" is a term used in the food sector to define microorganisms responsible for visual or taste alterations (e.g. mould or bacterial contamination). Enumerating them enables assessment of product hygiene.

4.2.3.3 Growth prospects

Several structural factors help explain the potential growth in demand:

- aging populations, which are more prone to chronic diseases and age-related illnesses, such as cardiovascular diseases, neurodegenerative diseases (such as Alzheimer's), cancer, diabetes and arthritis and, as a consequence, are increasing the need to diagnose them as quickly as possible in order to treat them more effectively;

- the recognized importance of diagnostics in the definition of treatment and therapeutic follow-up and their tailoring to each patient and for each pathology,

- the multiplication of pathologies related to lifestyle and eating habits (such as obesity and food allergies);

- the increasing role of prevention in order to reduce hospital stays, the growing use of antibiotics and, as a result, higher spending on healthcare;

- the emergence of new pathogens such as avian flu, which require new diagnostics capabilities;

- the development of antibiotic-resistant bacteria (giving rise to nosocomial diseases) and viruses resistant to antiviral agents, which is expected to create a need for a more rapid detection of bacteria and viruses and a better choice of therapies;

- 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;

- significant increases in healthcare expenses in certain emerging countries, linked to improvements in purchasing power, which generates a new demand, including in the area of the diagnosing of infectious diseases;

- a shift in diagnostics testing, which is increasingly performed by physicians or emergency services;

- the recognition of the importance of the safety and quality of food products and pharmaceuticals, and of their production environment, expected to be an additional growth factor for the industrial market, which has been developing over the last ten years;

- a significant potential for conversion by users to automated systems as a replacement for traditional manual methods;

- the fight against bio-terrorism, which requires rapid intervention at the place of occurrence.

The Company is not aware of any independent analysis of future growth of the in vitro diagnostics market. It has conducted its own internal analysis on the basis of 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 knowledge of the market.

The Company estimates that the in vitro diagnostics market as a whole could grow by approximately 5% a year from 2008 to 2012, with higher growth in infectious diseases, diabetes, cancer, cardiovascular pathologies and industrial applications.

The Company estimates that sales of industrial applications could increase annually by some 5 to 7% in value under the impact of such factors as the globalization of the industry, increased public awareness of the traceability of raw materials, the risk of contamination from foodstuff (e.g. the detection of disease-carrying bacteria such as salmonella or listeria) or from environmental sources (e.g. legionella), combined with the growing impact of regulations. However, 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.

Developments in the structural aspects of the in vitro diagnostics market are being affected by intensified competition (with the emergence of new participants) and the onset of concentration in the industry.

The Group considers that growth will intensify as a result of the emergence of new markets (China and India in particular) and the development of new technologies (molecular biology, human genetics, nanotechnologies, etc.). In particular, the market for molecular biology is expected to expand more rapidly than the others, in response to demand that cannot be met with conventional biology, such as the detection of infectious agents of viral diseases which have so far been poorly identified and require faster identification, such nosocomial infections or sepsis.

These estimates are presented for illustrative purposes and are susceptible to significant change. Growth could be much lower for several reasons, in particular those discussed in "Risk Factors" (see section 4.11 below).

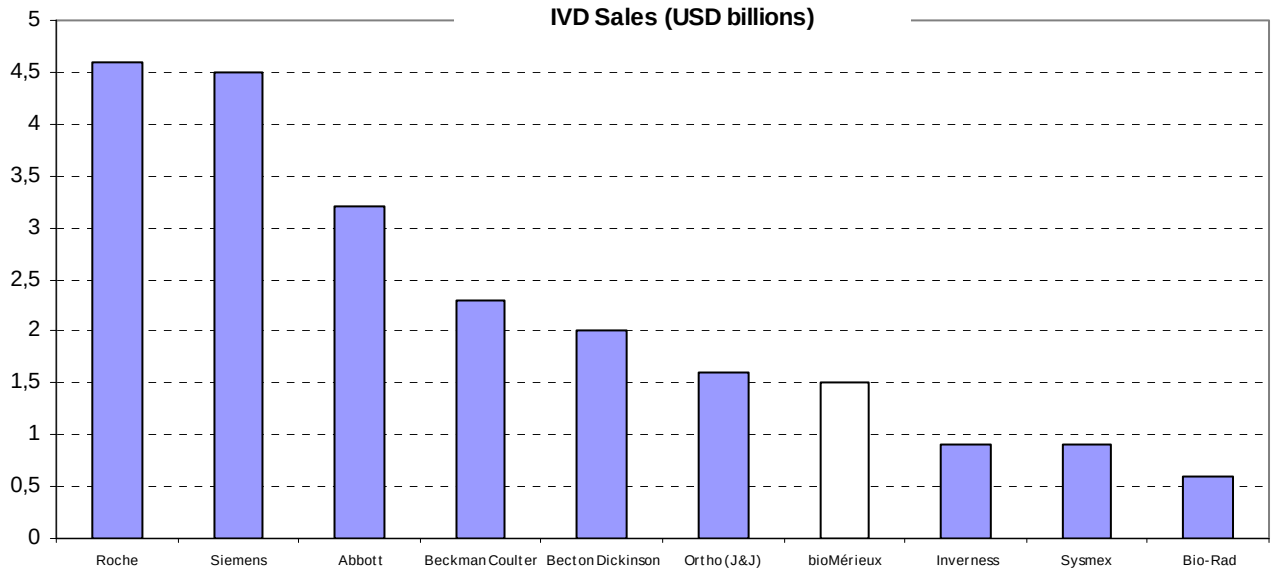
4.2.4 The principal players

The in vitro diagnostics market has developed considerably since the 1960s. Over the last 10 years there has been a consolidation of the industry, driven by the growth of costs related to the need for technical innovation, the trend to consolidation of the customers, the need for broader product lines, and critical mass considerations. For example, the in vivo diagnostics (medical imaging) specialist Siemens entered the in vitro diagnostics market by acquiring companies or the diagnostics divisions of pharmaceutical groups. Siemens acquired DPC, a US company, in April 2006, then, in June of the same year, the diagnostics department (excluding blood glucose testing) of Bayer in Germany and, in November 2007, the American company Dade Behring. In 2007, Inverness Medical Innovations and Qiagen acquired Biosite and Digene, respectively. Lastly, Roche has recently finalized the acquisition of Ventana Medical Systems. Today, as a result of the foregoing, it is estimated that the world's top ten in vitro diagnostics companies account for about 80% of total sales, as compared with 60% in 1985 (source SG Cowen, October 2001).

The in vitro diagnostics industry consists of either large pharmaceutical or diversified groups, including Roche, Johnson & Johnson, Siemens and Becton-Dickinson, or specialized companies such as bioMérieux, Beckman-Coulter, Bio-Rad and Sysmex.

Following the concentration transactions described above, the company estimates that it occupies seventh place in the overall *in vitro* diagnostics market, based on its 2007 sales. This ranking reflects its relatively specialized positioning: it is not a significant player in certain major segments, such as diabetes and clinical chemistry.

The table below is based on the 2007 in vitro diagnostics sales of companies, excluding sales for blood glucose monitoring (diabetes monitoring) and in the “life sciences” segment[13].



(13) For companies that do not publish their financial statements in US dollars, sales have been converted into US dollars using the average exchange rate in 2007. For Siemens, Bio-Rad and Inverness, the sales include full-year sales of their acquisitions finalized in 2007, respectively Dade Behring, Diamed and Biosite (among others).

4.3 BUSINESS

The business of bioMérieux in the clinical segment focuses on diagnosis of infectious diseases and complex pathologies, such as certain cardiovascular diseases and certain types of cancer. In the industrial segment, its business mainly concerns the monitoring of the microbiological quality of food products, environments (water, air), surfaces and sterile products in the food processing, pharmaceutical and cosmetics industries.

4.3.1 History and development of the business

The foundation of the Group's business is 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 and Chief Executive Officer 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 development of the first products relied to a large extent on the expertise of Institut Mérieux, at that time the principal shareholder (the Institut Mérieux transferred its shareholdings in the Company to the Mérieux family in 1968).

The Company initially targeted the French-speaking markets for the diagnosis of infectious diseases, principally in microbiology and hemostasis (investigation of the coagulation system).

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.

In 1987, the Company acquired the API group, the worldwide benchmark in manual bacterial identification and antibiotic susceptibility testing. This acquisition reinforced its expertise in microbiology through a revolutionary miniaturized and standardized technique.

In response to the trend toward automation in the in vitro diagnostics market during the 1980s, the Company acquired control of Vitek Systems, a US company, from McDonnel Douglas in 1988. This acquisition enabled it to increase the automation of its microbiology product range, establish operations in the United States, and strengthen its global position in automated microbiology. In addition, Vitek owned an immunoassay technology from which the Company developed the VIDAS® product line, now the industry standard for small and mid-sized laboratories.

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 partnered with Affymetrix to assess the opportunity provided by DNA chips (biochips - multiple detection) for complex and fast genetic analyses, including the identification of several pathogens and their resistance or virulence mechanisms. This was its entry into the molecular biology segment.

Since 1997, the Company has also distributed the Gen-Probe manual molecular biology range worldwide outside the United States.

It acquired the diagnostic division of Organon Teknika, a subsidiary of Akzo Nobel, in 2001, to strengthen its product range for infectious disease diagnostics, increase its capacity for innovation and consolidate its intellectual property portfolio. This acquisition was a major step in the Group's development, giving it:

- new products that were highly complementary to its strategy, particularly in microbiology with the BacT/ALERT® blood culture range;
- new technologies, particularly the NASBA® amplification technology, which the Group has integrated into its product range with the NucliSENS® EasyQ® system;
- a reinforced presence in the U.S. 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 had revenue in 2001 equivalent to approximately 40% of Group revenue before the acquisition, and

- synergies and economies of scale, which the Group quickly achieved.

At the end of 2003, the Group entered into a strategic commercial program with California-based Cepheid to strengthen its position in molecular biology for decentralized diagnostics, using the GeneXpert® integrated platform, well suited to the needs of a large proportion of clinical laboratories and medium-sized hospitals.

In 2003 and 2004, the Company disposed of its activities that were not specific to in vitro diagnostics, and merged with its holding companies. These transactions allowed it to simplify the group's structure and 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 (licensing of the procalcitonin marker of severe septic conditions, the proBNP marker of congestive heart failure and acute coronary syndrome, and human papillomavirus for early detection of cervical cancer).

In 2006, the Group also implemented a strategic refocusing of its businesses, disposing of 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. Microplate production will be taken over by a joint venture formed in China with Shanghai Kehua Bio-engineering Ltd. (refer to Chap. 7 below).

4.3.2 Core areas of expertise

bioMérieux concentrates its activities on applications considered to have the highest growth potential and for which it stands out in terms of technical expertise, reputation and reliability of products and global presence.

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

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

The Company believes that substantial technological and commercial integration is essential in the current market context 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 reach necessary to benefit fully from the growth potential of these applications.

In the clinical segment, the Company's historical business is the diagnosis of infectious diseases, which accounted for 69% of revenue in 2007. In that year infectious diseases accounted for 100% of applications developed by the Group in clinical microbiology, 52% of applications in immunoassays, and the majority of applications in molecular biology. Customers are offered a very wide range of manual and automated products with extensive menus of reagents. 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). In this segment 2007 was notable for the introduction of the VIDAS® B·R·A·H·M·S PCT test for procalcitonin (PCT) determination, intended for early diagnosis of severe bacterial infections (e.g. sepsis), and the VIDAS® C. difficile Toxin A&B test for detection of a bacterium responsible for fatal nosocomial epidemics in North America and more recently in Europe.

For several years, the Group has been using its complementary technological expertise to extend its range of products to the detection and therapeutic follow-up of certain cardiovascular pathologies and certain cancers; these applications accounted for 7% of total sales in 2007:

- in the diagnosis of cardiovascular pathologies (including thromboses), the Company markets a test with high clinical added value, the VIDAS® D-Dimer Exclusion test, to exclude deep vein thrombosis and pulmonary embolism in the presence of chest pain; in 2007, it launched 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 (in particular breast cancer), permit their diagnosis, aid in the selection of treatment (molecular typing of tumors and patient for advance knowledge of their reaction to the different treatments available), follow up the progress of treatment, and monitor the disease when treatment is complete.

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 14.5% of its sales in 2007. The most significant industrial applications are in food processing, pharmaceuticals and cosmetics. In this segment, the Company has developed TEMPO®, a quality indicator system that quantifies and identifies by group the bacterial flora in food (meat and poultry products, etc.).

4.3.3 Key strengths

The Group believes that it is particularly well positioned to be a leader in its strategic business segments. Its 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 diseases and cancers, and no doubt to the field of human genetics in the future,

- complete product ranges known for their reliability and durability, integrating all the conventional technologies (microbiology, immunoassays),

- advanced technologies in molecular biology,

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

- a worldwide presence bringing the Group close to customers around the world, and allowing it to react quickly to pathogens that do not recognize borders,

- the strong visibility of revenues due to the large installed instrument base, which is comprised primarily of closed systems,

- complete independence from the global pharmaceutical groups, giving it broad latitude for signing agreements in theranostics (refer to §4.3.4), and

- professional, 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

Previously focused on the laboratory, bioMérieux's strategy is now shifting to pathologies and clinicians' needs as well. The company intends to become a benchmark supplier for laboratories and physicians in key pathologies such as infectious diseases—including sepsis, hospital-acquired infections, tuberculosis, HIV and hepatitis—as well as in high medical-value tests for breast, colon and prostate cancer, and for emergency cardiovascular diseases.

To execute this strategy, bioMérieux will leverage its expertise in a variety of synergistic technologies:

- In **microbiology,** the Company plans to become the undisputed leader, with a market share of nearly 40% by 2012.

  The Company's objective is to develop its range of automated solutions for microbiology laboratory analysis procedures. The target market share will be attained mainly by internal growth, in particular the extension of the chromogenic culture medium ranges, the enrichment of the menus of the VITEK®2, VITEK®2 Compact and VITEK®2 Compact 15 automated identification and antibiotic susceptibility testing platforms, and research on new technologies enabling faster blood culture results.

  The development of the company's product range also involves external growth operations, which may include distribution agreements (such as those signed in 2007 with the Japanese company Sysmex and the Australian company LabTech) or acquisitions such as that of the Spanish company Biomedics.

- In **molecular biology**, bioMérieux intends to become the leader in automation for molecular diagnosis of HIV and hepatitis, and in the diagnosis of sepsis and nosocomial infections, targeting around 8% of the market for molecular diagnosis of infectious diseases in 2012.

  In this context, the menu of the EasyQ® platform will be extended and new generations of platforms will be developed, enabling enhanced automation of the amplification and detection steps, and the production of multi-target genetic tests. Some of these developments will be integrated into the ADNA program, with support from the French Agence pour l'Innovation Industrielle (Industrial Innovation Agency) (see para. 4.4.5 below). The Company also plans targeted acquisitions, like the September 2006 purchase of Bacterial Barcodes, Inc., and distribution agreements similar to the ones signed in 2007 with the American companies Cepheid and AdvanDx for the detection of sepsis.

- In **immunoassays**, the Company intends to strengthen the point-of-care business and extend the high medical-value test menu.

  The Company intends to consolidate its position in routine immunoassay tests, continuing the rollout in Europe and Latin America of the VIDIA® platform and gradually enriching its menu of infectious disease tests (HIV, hepatitis, etc.). The Company also plans to continue its growth in high medical value-added tests with the VIDAS® and MiniVIDAS® platforms, by strengthening its range of tests. In 2007 it introduced the VIDAS® B·R·A·H·M·S PCT test for detection of severe septic conditions and the VIDAS® NT-proBNP test for acute coronary syndrome. The development of a new manual and semi-automatic range, with a rapid test reader intended for the Point Of Care segment, is also being examined. At the beginning of 2008 bioMérieux also signed a long-term partnership with the North-American company Quidel on rapid diagnostic tests performed at the patient's bedside, under the terms of which bioMérieux becomes the principal distributor of Quidel's QuickVue® tests outside of the United States (refer to Chap. 7 below).

- In the **theranostics** segment bioMérieux intends to become a preferred partner of pharmaceutical and biotechnology companies, by developing new tests for verifying the suitability of a therapeutic treatment for a given patient, the absence of side effects or for monitoring the treatment. A new division specializing in this new activity, based in Cambridge (Massachusetts), was established in January 2007.

  Two agreements were signed in 2007:

  - in the breast cancer segment, the company has partnered with the biopharmaceutical company Ipsen to design a molecular diagnostics test to identify patients likely to benefit from the treatment under development by Ipsen.

  - bioMérieux and Merck & Co. Inc. have signed an agreement under which the two companies will collaborate on the development of an immunoassay test intended for use by Merck in its research on infectious diseases.

  The company is planning to expand in the theranostic segment, building on the following assets:

  - its independence with regard to the pharmaceutical companies,

  - its worldwide presence,

- its expertise in microbiology, molecular biology and immunoassay technologies,
- the size of its installed base of instruments, including in the point-of-care segment,
- its acquired experience in this segment, from several years of marketing antimicrobial susceptibility tests that provide for optimum antibiotic therapy and viral load tests for HIV, which give clinicians the information they need for precise dosing of the antiviral drugs administered to infected patients.

– In **industrial applications**, bioMérieux's goal is to lead sector consolidation.

  Unlike the clinical segment, where industry concentration is already high, the industrial applications segment is still highly fragmented, since the eleven leading players hold about 60% of the market.

  By 2012, bioMérieux intends to increase its share to close to 30%. Achievement of this objective will necessarily involve external growth operations, in addition to continuing internal growth. In 2007 it acquired the Australian company BTF, whose patented BioBall™ technology can be used to supply the most precise calibrated reference strains on the market for checking the performance of microbiological analysis methods.

4.3.5 Business Development

In order to expand its activity aimed at identifying opportunities for partnership and distribution agreements and examining external growth opportunities, the Company has decided, within the framework provided by the implementation of its 2007-2012 strategic plan, to establish a global Business Development division. This entity, based in Cambridge (Massachusetts), will be supported by teams in Marcy (France), Shanghai and Tokyo. In 2007 this new organization was instrumental in the signing of ten development agreements in Europe, the United States and Asia-Pacific.

This division is also involved in research and negotiation of access to new biomarkers, which will be used in the development of new tests.

4.3.6 Group products

The Company offers 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.

The Company has implemented a global marketing strategy favoring the creation, registration and protection of its trademarks and, in parallel, is adapting its product mix to regional and local needs, thanks to its wide range of products.

The Company's ten leading products accounted for approximately 20% of sales in 2007, with the first-placed product accounting for slightly more than 3% of sales.

4.3.6.1 Composition of the Group's product range

The Group's diagnostics systems consist of three components and associated service

– reagents, which are consumables used to carry out biological tests such as identification of a type of bacteria, virus or marker, allowing the diagnosis of a specific disease, pathology or contamination,

– instruments (or platforms or autoanalyzers), which are machines used for automated testing at high or low throughputs. Biological samples are introduced into the autoanalyzer with one or more reagents to detect the targeted micro-organism or marker,

– software for processing the biological tests and expert systems for interpretation of the results of the biological tests, including epidemiologic follow-up and therapeutic advice.

The major share of the Group's revenue comes from reagent sales, which account for approximately 83% of total sales. Instruments are either sold (approximately 13% of revenue) or placed with the customer under an agreement to purchase a minimum volume of reagents and consumables, on terms designed to cover the depreciation and the financing of the instrument. If the customer is unable to fulfill its obligations, the Company is contractually entitled to take back the instrument. In some markets, in particular the United States, instruments can 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 by the Group specifically for these instruments. The installed instrument base of more than 49,000 as of December 31, 2007, is a source of visibility and provides a regular revenue stream for the Group. Approximately 70% of reagent sales in 2007 were of those used in instruments, the balance being of manual products.

Customer placements or sales of instruments are accompanied by services which include instrument installation and servicing, and also user training. Part of the services provided by the Company is billed to customers. Billing of services accounted for approximately 5% of Company revenue.

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, then identifying the bacteria and testing their sensitivity to antibiotics.

Culture media

bioMérieux supplies a wide range of culture media (over 100 types of media, available in different forms: tubes, bottles, Petri dishes). It has more than 40 years of experience in the industrial manufacture of culture media, and is the leading European manufacturer of conventional and chromogenic ready-to-use culture media. It does not market its culture media for clinical applications in the United States, where it offers a specific product line for industrial customers.

In this segment, the Company is focusing its efforts on developing the ChromID™ line of chromogenic media, products that require specialized know-how and allow it to differentiate its range from those of its competitors. These media are based on the direct introduction of chromogenic substrates, which make possible the isolation and immediate identification of the targeted microorganisms. Current work focuses in particular on the development of a line of preventive culture media aimed at screening patients carrying multidrug-resistant bacteria, so as to reduce nosocomial infections by multidrug-resistant bacteria by the application of appropriate isolation and hygiene measures. In this connection, the Company has consecutively introduced ChromID™ MRSA 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 media is part of the Company's strategy to become involved in the fight against nosocomial infections.

In 2007 the Company signed an agreement with Eiken Chemical Co., Ltd, effective from August, for the production by Eiken of certain culture media marketed by bioMérieux in the Japanese market.

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.

Blood cultures

The BacT/ALERT® range

The BacT/ALERT® platform gives the Company a competitive edge thanks to its very wide blood-culture and septicemia detection menu (for routine testing) based on direct culture of a blood sample. The flexibility, ease of use and modularity of BacT/ALERT® mean that laboratories of all sizes can use the same instrument to run their blood-culture and mycobacterial analyses. It is also the only system in the world that uses plastic bottles, improving safety for technicians.

Additionally, synergies between the VITEK® and BacT/ALERT® automated systems are possible since, when bundled together, the two systems optimize the reading and interpretation of patients' results.

Urinary screening

At the end of June 2007 bioMérieux and the Japanese company Sysmex Corporation signed an agreement under which bioMérieux becomes the worldwide partner of Sysmex for the distribution of its UF-1000i urinary screening system for microbiology laboratories. This urine analysis system is based on fluorescence flow cytometry, a highly automated and standardized solution. bioMérieux intends to make this new technology available to its large customer base and draw upon its expertise and its reputation in microbiology to develop this market. Marketing began in September 2007 in Europe and will be extended to the United States and other countries at the beginning of 2008.

Manual bacterial identification and antibiotic susceptibility testing

API® product line

The Company markets the API® strips, a benchmark product on which it built its position in the 1970s and which today makes it world leader in manual bacterial identification and antibiotic susceptibility testing systems (ID/AST). An API® strip contains approximately 20 miniaturized and standardized tests, each targeting a specific bacterium in the sample introduced into the strip. The Company markets 16 API® products covering almost all known bacterial groups (around 800 bacteria and yeasts), including bacteria that are becoming increasingly important clinically, such as corynebacteria, *Campylobacter*, *Listeria* and *Neisseria*.

Based on the API® product line, semi-automated mini API® products have been developed, designed for use in small and mid-sized laboratories. The mini API® systems, which include reagent strips and software for results analysis, shorten the time required to carry out a test to 18 to 24 hours on average. The mini API® system can also read the antibiotic susceptibility test strips used in ATB™, a semi-automated identification and antibiotic susceptibility test.

The API® database is the reference database for the interpretation of identification strips by bacteriologists. It is also available on the Internet (APIWEB™).

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

Automated bacterial identification and antibiotic susceptibility testing

VITEK® product line

In addition to the manual and semi-automated products described above, the Company has a leading market position in automated ID/AST products. Its main product line, VITEK®, is an automated system that meets current bacteriological requirements in both clinical and industrial control applications.

The automated VITEK® 2, the second generation of the VITEK® line, provides more rapid identification and antibiotic susceptibility test results. It offers a broader analysis menu, using a single specific card per major bacterial group and a miniaturized consumable. The basic VITEK® 2 version of this analyzer and the VITEK® 2 XL version are intended respectively for mid-sized and large laboratories performing more than 60 tests per day.

Successive launches by the company include:

- the VITEK® 2 Compact™ platform in 2004 in France and subsequently throughout the rest of the world. This instrument features a new reading mode and new expert systems; more compact, it is targeted at small and mid-sized laboratories, running between 30 and 60 tests per day.

- in the last quarter of 2007, the VITEK®2 Compact™ 15 platform, for laboratories running 15 to 30 tests per day.

The whole of this range uses the same reagent, the VITEK® 2 identification or antibiotic susceptibility test card.

Faced with an increase in multidrug-resistant bacterial infections, such as the staphylococci responsible for many nosocomial infections, automated systems such as VITEK® offer clinicians and biologists the possibility of developing close partnerships. A rapid and precise diagnosis of bacterial resistances facilitates early, targeted prescriptions for a well-matched treatment.

In parallel with the continuing development of its range of instruments, bioMérieux is making significant investments to develop the menu of its tests in order to keep pace with bacterial mutations, the appearance of new bacteria, and new antibiotics launched by the pharmaceutical industry.

The Company also distributes its OBSERVA® epidemiological follow-up software, along with a new version of its Vigi@act™ software, used by hospital laboratories, to examine biological analysis results and to adapt antibiotic therapies accordingly, for better control of the appearance of antibiotic resistances in the context of the fight against nosocomial diseases.

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

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 quality indicator system which quantifies the bacterial flora present in food. This system is targeted at the quality control laboratories of large industrial groups and independent industrial laboratories and is expected to be used for a large number of food products. In 2006, the Company extended the menu of its TEMPO® system, with the marketing of TEMPO® EB, the first automated test for counting enterobacteria in food products.

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® range

VIDAS® is a multi-parameter instrument using ELFA (Enzyme Linked Fluorescent Assay) technology and based on a single-sample test concept. The system can automatically perform every step of biological analyses to identify and quantify (i) bacteria, viruses and parasites in biological samples; (ii) antibodies measuring the immunological response to infection; and (iii) different proteins circulating in the blood, markers for selected pathologies such as cancer, inflammatory response and hormonal dysfunction. The analyses may be run as a customizable test at up to 50 tests per hour. The 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. The VIDAS® system is one of the most widely installed systems in the world among small and mid-sized laboratories, with over 24,000 systems installed as of December 31, 2007 (including the mini VIDAS® compact version). In the entire automated immunoassay market, the Company estimates that the VIDAS® product line is second only to Abbott's AxSym system in terms of installed instruments.

The VIDAS® menu includes 88 clinical parameters covering a wide range of human pathologies. For example, the HIV Duo Ultra and Quick tests, brought out in 2004, are the only ready-to-use automated HIV infection detection tests (they detect both antigens and antibodies, with the VIDAS® HIV Duo Ultra test providing separate and concurrent signals for antigens and antibodies). In 2007 the Company marketed VIDAS® *C. difficile* Toxin A&B[14], a test giving results in only 75 minutes (compared with 24 to 48 hours for the reference method), enabling faster therapy decisions and patient isolation measures in order to avoid any transmission.

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

In industrial applications the VIDAS® menu has nine tests for the detection of pathogenic agents.

VIDIA®

To meet the expectations of immunoanalysis laboratories in terms of automation, traceability and simplicity of use, the Company has developed the VIDIA® fully-automated immunoassay system, capable of handling 80 to 110 tests per hour. With its enhanced menu, VIDIA® will provide laboratories with tests for infectious diseases (toxoplasmosis, rubella, cytomegalovirus, HIV, hepatitis, syphilis).

bioMérieux will thus offer a comprehensive solution adapted to laboratory needs, with the VIDIA® system for high-throughput infectious disease tests and VIDAS® as the complementing system for emergency, specific and individual tests. The laboratory also benefits from complete agreement between the VIDIA® and VIDAS® results, a particularly useful factor when checking analyses and running additional tests. A bidirectional connection, BCI Net™, increases the complementarity of the two systems by optimizing the management of data flow between the laboratory's central computer system and up to five VIDAS® and/or VIDIA® systems.

Microplate immunoassay tests

These reagents are used primarily by blood banks to test donated blood and at large laboratories for specific analyses, such as HIV positivity confirmation tests. In this segment the Company markets the DA VINCI® platform range (including a more compact version, DA VINCI® QUATTRO™). The Company intends to focus on markets where it considers there is potential growth for its business and good profitability. Accordingly, it decided:

- at the end of 2006, to withdraw from the North American market (this withdrawal was completed by the end of 2007),

- in December 2007 to close the Boxtel site, where R&D and production activities for this product range for the rest of the world were located. This site will be closed by the end of 2009, with R&D activities being transferred to the Marcy l'Etoile (Rhône) site in France and production to Shanghai, China, in a joint venture with the Chinese company Shanghai Kehua Bio-engineering Ltd.

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). The tests also offer a solution for rapid diagnosis at patients' point of care (emergency services, medical practices, etc.).

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

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 distribute, under its own name, Quidel's QuickVue® rapid diagnostic tests outside the United States, Japan and Scandinavia.

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.

The amplification and detection ranges

NASBA® is an amplification technology for which the company owns the patents. As opposed to the PCR amplification technology, NASBA® 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 the amplification process with labelling 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 measuring HIV viral loads. 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.

Partnerships in molecular biology

Since 2003, the Company has been collaborating with Cepheid, which has developed an innovative system, GeneXpert®, which may enable it to gain a position in new molecular biology segments, such as Point Of Care testing. GeneXpert® is a unique system that combines extraction, amplification and detection, without complex handling and without the need to intervene during the analysis. Under the terms of an agreement signed in January 2007, the Company and Cepheid intend to develop and market innovative sepsis detection tests on the GeneXpert® platform.

In May 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, provide faster identification (less than three hours) of infectious agents (Staphylococcus aureus, Candida albicans, Enterococcus faecalis, and other species) in the blood. Clinicians can take the appropriate decisions more rapidly, in particular on the choice of antibiotic therapy, thus reducing mortality in hospitals and the costs associated with septicemia.

In September 2006, bioMérieux Inc. acquired the molecular biotechnology company Bacterial Barcodes Inc., which has developed and distributes the patented DiversiLab® system for automated bacterial genotyping. This system provides laboratories with faster, more precise and less expensive solutions for the traceability of nosocomial infections and bacterial contaminations.

Since 1997, the Company is the exclusive distributor of certain Gen-Probe products outside the United States, the most important of which are the tests for mycobacteria.

4.3.6.3 Other Group products

The Group is also continuing its clinical chemistry business "commodity" segment which the Company does not consider a key to its success, but which does not require significant further capital expenditures and remains profitable and generator of cash-flow.

4.3.7 Customers

The Group sells its products mainly to private and hospital analysis laboratories. The Company estimates that these two groups account for approximately two thirds of the in vitro diagnostics market, with hospital laboratories alone accounting for approximately half the market. To a lesser degree, customers include blood banks, the point-of-care market (in particular, hospital emergency rooms), and physicians (known as the "physician office laboratory" or "POL" segment). The size of the POL segment varies from one country to the next: it is highly developed in North America, but accounts for only a small part of the market in Europe (except in Germany) and the Asia-Pacific region (except in Japan). The Company does not sell products directly to patients, as this customer base would require too large a distribution network.

The organization of the in vitro diagnostics sector varies considerably from one country to the next, depending on their healthcare system. It is part of either the public or the private sector, or is split between the two. Globally, bioMérieux sells its products to hospitals, private analysis laboratories, clinics, public health centers, industrial customers and distributors, and directly to physicians when the law allows it. In France, which accounted for 16% of the Group's sales in 2007, there is a mixed private/public organization. Private laboratories, which accounted for 61% of sales in 2007, place orders, whereas public hospitals, which accounted for 26% of the Company's sales, operate through tendering procedures. Industrial clients (13% of sales in 2007) also place direct orders. In the United States, which is the Group's largest market, public and private hospitals accounted for 62% of sales in 2007 and commercial laboratories accounted for 14%. In addition, 8% of sales were to other clinical-sector clients, including Physician Office Laboratories (POL). Industrial clients accounted for the other 16% of sales.

In the industrial segment, Group customers are the quality control laboratories of large industrial agribusiness, 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 starting to market to 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.

For several years, the Group has observed a trend towards 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 needs, technical demands and a shortage of qualified personnel. Partnership agreements between laboratories have gradually become integrated networks with sophisticated, highly-computerized connections.

The consolidation trend has moved at different speeds from one country to another, increasing the importance of good geographical knowledge of each market and prompt local responses. Consolidation of analysis laboratories is already very advanced in North America and, to a lesser extent, in Europe.

This consolidation often has advantages for the Company, as it speeds up the development of customer automation and increases customers’ capacity to invest in new platforms.

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.

The Group's strategic plan is designed to respond to the changing needs of its existing customers, broaden its customer base and use its strong expertise to enter new markets.

Revenue from the ten largest customers accounted for less than 10% of Company revenue in 2007. The largest customer accounted for approximately 3% of total sales.

4.3.8 Geographical presence

Revenue is generated in more than 150 countries through 38 international subsidiaries and over a hundred distributors, most of them exclusive.

4.3.8.1 Distribution network

The Company's distribution strategy focuses on proximity to its customers to better respond to their needs and assist them in controlling the use of its products. Global strategy principles are defined at the Group level. The distribution policy is then implemented at the local level. The Company distributes its products through a network of 38 international subsidiaries, as well as over 100 distributors for geographic areas not covered by subsidiaries.

4.3.8.1.1 An extensive distribution network

Product distribution relies principally upon a network of marketing subsidiaries, which focus their efforts on the sale, promotion and maintenance of the Company's products. Subsidiaries work at expanding the Group's market share and at increasing product penetration.

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 or food-processing sectors. Conversely, in smaller markets, sales forces are not specialized. As of 31 December 2007, the sales and marketing and customer service personnel of the Group (in full-time equivalents) totaled 1,906 persons, including 985 in Europe, 419 in North America, 317 in the Asia-Pacific region[(15)] and 185 in Latin America.

Sales and marketing are primarily directed at the local market. Monitoring of local needs is a key element of the Company's business. In the industrial market, sales and marketing are organized according to the targeted sub-segment: agriculture and food processing, cosmetics and pharmaceutical firms.

Each subsidiary is responsible for its contribution to Group operating income. Each 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.

4.3.8.1.2 Outside distributors

In addition to the subsidiaries' sales forces, the Company also seeks to ensure that it has a strong presence on all continents through outside 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) inform 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 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, 2007, the outside distribution network included over 100 partners in some 120 countries.

(15) Before implementation of the agreement signed in January 2008 with Sysmex (see section 7 below).

4.3.8.2 Sales by country

The following table sets out Group sales by geographic area between 2005 and 2007:

	2007 sales (€ millions)	**% of total sales**	**2006 sales** (€ millions)	**% of total sales**	**2005 sales** (€ millions)	**% of total sales**
Europe - Middle East - Africa(*)	613.2	57.7	586.0	56.5	566.6	57.0
Of which France	*170.8*	*16.1*	*171.5*	*16.5*	*176.3*	*17.7*
North America	262.7	24.7	268.8	25.9	255.9	25.8
Asia-Pacific(*)	118.9	11.2	113.1	10.9	107.7	10.8
Latin America	68.0	6.4	69.0	6.7	63.4	6.4
TOTAL	**1,062.8**	**100%**	**1,036.9**	**100%**	**993.6**	**100%**

(*) After reclassification in 2005 of SAARC country sales

The Company has long developed a strategy of proximity to its customers, and, over time, the number of subsidiaries has increased (now 38 foreign subsidiaries). In those countries where there are no subsidiaries, distribution agreements have been entered into with around 100 distributors throughout the world.

Europe, the Middle East and Africa continue to account for most of the Company's business. The experience and the quality of its sales network targeting hospital and private laboratories have enabled it to become the fourth-ranking supplier in the French market (source: SFRL, French in vitro diagnostics industry trade association). The Company holds major market shares in all microbiology segments and distinctive positions in immunoassays in its other two main European markets (Italy and Germany). It is gaining market shares in molecular biology and industrial applications.

In North America, where automated processes are predominant, the Company has boosted its market position, including in automated microbiology with the launch of VITEK® 2 Compact and in medical practices with the VIDAS® automated system.

In the Asia-Pacific region, Company sales are increasing steadily in spite of Japan's current economic difficulties, which affect its healthcare budget. In China, bioMérieux is in 4th place with significant strategic market shares in microbiology, HIV testing and industrial applications thanks to its appropriate distribution networks.

In Latin America, the Company benefits from more than 30 years of operation in Brazil, where it has a manufacturing, research and training facility. It holds a strong position in this region in immunoassays and has been expanding rapidly in the field of automated microbiology.

The Company has set up a World Sales Division in order to optimize the effectiveness of its sales network, in particular in the United States and Japan, and to encourage synergies resulting from the experiences of its sales and marketing teams. It also plans to continue extending its network of marketing subsidiaries, as shown by the recent decisions to establish two new subsidiaries in South Africa and Algeria and a decision center for the ASEAN region in Singapore.

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 69% of 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, where the Company estimates its market share at around 35%, its principal competitors are Becton-Dickinson for manual products, culture media and automated blood culture systems, and Siemens in the automated identification and antibiotic susceptibility testing segment.

The table below shows, for 2007, the sizes of the microbiology sub-segments, the competitive position of the main players in these markets, and the Company's market share, as estimated by the Company.

	Culture	**Blood culture**	**Automated ID/AST**	**Manual ID/AST**	**Total**
Segment (€ millions)	510	350	430	210	1 500
Growth rate	[1% - 3%]	[4% - 5%]	[5% - 6%]	[0% - 2%]	[3% - 4%]
Market share					
bioMérieux	**~15%**	**~45%**	**~60%**	**~20%**	**[34% - 36%]**
Becton-Dickinson	X	X	X	X	[28% - 30%]
Siemens			X		[8% - 10%]
Other	X	X	X	X	[26% - 28%]

The Company's market share is thus greater than 50% in the most technology-intensive sub-segments, blood culture and automated identification and antibiotic susceptibility testing systems, and it holds a strong position in major markets, including Europe and the United States.

b) In immunoassays, a segment where the 10 leading firms are active, with the exception of Becton Dickinson, the major pharmaceutical and diversified companies (Roche, Abbott, Johnson & Johnson, Siemens) are dominant. bioMérieux 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 added value.

c) In molecular biology, the market leader is Roche. The other significant players in the market are Siemens, Gen-Probe (some of whose products are distributed by the Company) and Abbott.

4.3.9.2 Industrial market

In the industrial market, the Company occupies a leading position alongside 3M-Biotrace and Becton-Dickinson, with a market share of approximately 13% in 2007. This fast growing new market is currently highly fragmented, despite a few strategic or technological alliances (e.g. Dupont-Applied Biosystems, Millipore-Applied Biosystems), with many companies specializing in specific segments. Other than 3M-Biotrace and Becton-Dickinson, bioMérieux's primary competitors in the industrial market are Millipore, Oxoïd, Merck KgaA, Neogen, AES-Chemunex, BioTest, BioControl and Dupont (Qualicon).

4.4 RESEARCH AND DEVELOPMENT

4.4.1 Strategy

The Company has elected to focus its research and development along strategic lines, with the objective of:

- reinforcing the Group's microbiology product range by making use of its historical expertise and leadership in the segment;

- developing a molecular biology product line by making use of its know-how in microbiology, its technical platforms targeted at different market segments and applications (NucliSENS EasyQ®, NucliSENS® easyMAG®), its technologies (BOOM®, NASBA®), and its strong portfolio of patents;

- capitalizing, in immunoassays, on its unique know-how in biology to increase the number of menu parameters for its platforms.

The Company strategy is to maintain strong capabilities in advanced technology research, particularly in areas such as human genetics, pharmacogenomics, proteomics, and bio-informatics, as well as selected microtechnologies such as microfluidics and electronics. It also relies on a high profile network of international alliances and a strong intellectual property policy compatible with its objectives.

4.4.2 Capital expenditure policy

Research and development expenditure represented 13.1% of Group turnover in 2005, 12.5% in 2006 and 12.4% in 2007. Excluding up-front payments for access to new biomarkers or new technologies, Group research and development expenditure is focusing on:

- the development of new reagents, expanding menus, and developing new generations of systems composed of instruments, reagents, expert systems and software (approximately 80% of R&D expenditure in 2007). The particular focus of the Company at present is on the development of the menus of the VITEK® and BacT/ALERT® platforms in microbiology, VIDAS® and VIDIA® in immunoassays, NucliSENS EasyQ® in molecular biology, and TEMPO® in industrial applications;

- the implementation of research programs in advanced technologies intended for incorporation into future products (approximately 20% of expenditure in 2007). The Company is currently focusing on molecular biology research, including for applications in the cancer and infectious diseases segments. The Company is also working on the validation of new detection principles to allow miniaturization and better integration of systems.

The Company's allocation of investment in research and development demonstrates its desire to develop its business in the area of infectious diseases, emergency treatment of cardiovascular pathologies, and cancer, particularly through the use of molecular biology.

It was also with this objective that the French Industrial Innovation Agency (now OSEO-ANVAR) has awarded bioMérieux a grant of up to 54.5 million euros over the next 10 years as part of the ADNA (Advanced Diagnostics for New therapeutic Approaches) program, coordinated by Mérieux Alliance.

For additional information on the Company's research and development policy, see sections 4.4.1, 4.4.5 and 4.7.

4.4.3 Research and Development projects

The Company's research and development efforts rely on technologies that are developed internally or in partnership with other companies or academic research institutes, as well as on technologies accessed by the Company within the framework of its license acquisition policy.

Throughout the Company's history, it has shown a strong track record for developing new products, identifying business value in upstream research concepts obtained from its acquisitions and partnerships, and turning them into commercial successes. For instance, the NASBA® amplification technology, which came with the acquisition of the diagnostic division of Organon Teknika in 2001, has enabled the Company to market a line of reagents developed through its molecular biology research.

The Company has also chosen to reinforce its research and development capabilities in the areas of micro- and nanotechnologies applicable to molecular biology and immunoassays.

The main strategic lines of research and development for each technology in the clinical and industrial segments are described below.

4.4.3.1 Clinical applications

The Company's research projects in the microbiology segment mainly concern:

- development of new chromogenic culture media for direct identification of bacteria (ChromID™);
- identification of new technologies for obtaining more rapid results in blood culture;
- development of new menus on VITEK® 2 Compact™;
- continuous updating of expert software.

The Company's main priorities in the immunoassay segment concern:

- development of new generations of VIDAS® tests with high medical value;
- extension of the range of available parameters, in particular for the VIDIA® platform;
- broadening of the range of rapid immunoassay tests, in particular through the planned collaboration with Quidel, an American company, capitalizing on bioMérieux's unique starting materials.

The main research topics in molecular biology concern:

- extension of the range of parameters for the NucliSENS EasyQ® platform;
- development, in collaboration with Cepheid, of innovative tests in the field of sepsis on the GeneXpert® platform;
- development of new methods for the early detection of breast, colon and prostate cancers, based on the use of Affymetrix technology and the measurement of the genetic response in the blood of affected patients (cooperation with ExonHit);
- development of new integrated molecular biology platforms (ADNA project).

4.4.3.2 Industrial applications

The research and development strategy in the industrial segment is based mainly on:

- development of new culture media and extension of the TEMPO® menu (with new cards for counting yeasts and moulds, and staphylococci) for microbiology;
- development of new applications for the VIDAS® range incorporating "phage ligand" technology, in collaboration with Profos AG, a German company.

In addition, several research and development projects are undertaken to facilitate the registration of certain existing products (including the VIDAS® NT-proBNP test) by the Food and Drug Administration (FDA) in the United States.

4.4.4 Research and Development organization

Research and development at bioMérieux is organized around three technologies: microbiology, immunoassays, and molecular biology. Each brings together the competencies necessary for the development of reagents, consumables, instruments and the associated software. Nine hundred people are dedicated to research and development and are located in ten research centers: United States (Durham and Saint Louis), France (four sites in the Lyons and Grenoble regions), Italy (Florence), Netherlands (Boxtel)[16], Brazil (Rio de Janeiro) and China (Fudan-Shanghai university hospital).

[16] bioMérieux has announced the gradual closure of the Boxtel site in the Netherlands, with the transfer of its work on the development of the microplate-based molecular biology and immunoassay ranges to Grenoble.

The composition of the portfolio of new projects, their follow-up and resource allocation are overseen by the "Project Approval Committee", which is responsible for monitoring and approving the different phases of research and development projects and launching the manufacture of products. The committee meets regularly to assess quality, lead-times, resources, costs and risks both at the start and throughout each research program. The PAC decides whether a project should continue or be stopped, depending on the results obtained.

Each site is specialized in research on and/or the manufacturing of a particular product. The following table describes the research and development specializations for each product and geographical area:

Sites	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® - VIDIA®) Microbiology (TEMPO®) Rapid tests (VIKIA®)	Immunoassays (VIDIA®) Micro-immunoassays (electrochemistry)	Bio-informatics
Grenoble (France)	Molecular biology (NucliSENS®)	Microsystems	Bio-informatics
Florence (Italy)		Immunoassays (VIDAS® - VIDIA®) Microbiology (TEMPO®)	
Boxtel (Netherlands)	Immunoassays (microplates) Molecular biology (NucliSENS® and BOOM®)	NucliSENS EasyQ®, easyMAG®	Bio-informatics
Rio de Janeiro (Brazil)	Rapid immunoassay tests		
Fudan (China)	Tests for early detection of cancers (Molecular biology)		
Sydney (Australia) BTF	BioBall™ (EasyStain™, ColorSeed™, EasySeed™ (microbiological tests)		
Athens, Georgia (USA) Bacterial Barcodes		DiversiLab® (Molecular biology)	Bio-informatics

In addition to launching new platforms, the Company, through its research and development, wishes to make use of its experience and adapt its existing products to meet new needs. For a detailed description of the product in the pipeline, refer to "Group products" in section 4.3.6.2 above.

4.4.5 Key agreements and partnerships

Part of the Company's research and business, in particular for the development of new technologies, is based on a system of 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 or marketing rights for products subject to the partnership, as well as the payment of royalties to partners, or vice versa.

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

– In the molecular biology segment, the Company has signed agreements with:

  - **Affymetrix (United States)**, for the use of DNA chips for the detection of nucleic acids in infectious diseases, several types of cancer, and industrial monitoring;

  - **Avestha Gengraine Technologies Pvt Ltd. (India)**, for joint development work on the identification of new tuberculosis markers;

  - **Cepheid (United States)**: in January the two companies initiated a strategic collaboration, in which they will pool their technologies in order to develop and market an innovative line of sepsis detection test products on the GeneXpert® platform;

  - **ExonHit (France)**, for the discovery of tumor markers.

– 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 the immunoassay segment, the Company is working with Profos AG on the development of innovative solutions for the detection of food-borne pathogens, on the basis of the Profos "phage ligand" technology. The results of this collaboration will be integrated into the Company's food safety product range;

– In the theranostics segment, the Company has signed agreements with:

  - Ipsen (France) for the development by bioMérieux of an accompanying diagnostic test for a new molecule currently in phase I of the clinical development and intended for the treatment of breast cancer;

  - Merck & Co. Inc. (United States) for collaboration on the development of a test used by Merck in its research on infectious diseases. This test will be based on bioMérieux immunoassay technology.

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

– with the **Commissariat à l'Energie Atomique - CEA (Saclay – France)** in immunoassays, for the engineering of antibodies and antigens;

– with the **Commissariat à l'Energie Atomique - Leti (Grenoble – France)** in molecular biology and immunoassays, for joint development of various research projects and programs on the application of microtechnologies and microsystems to in vitro diagnostics and to industrial microbiological monitoring;

– with the **Centre National de la Recherche Scientifique – CNRS, in a mixed research unit – UMR – 2714** in molecular biology, immunoassays and microbiology, comprising three laboratories: "Substrate chemistry", "Human retrovirology", and "Antigen determination". This unit was closed on 31 December 2007;

– with the **Chinese Academy of Medical Science (CAMS) (Beijing, China)**[(17)] in molecular biology, for the establishment of a joint laboratory devoted to new emerging pathogens;

– with the **Hospices Civils de Lyon** in molecular biology, for genome analysis applied to the mechanisms of development of autoimmune diseases, rheumatoid arthritis, and diseases with an inflammatory activity.

In 2006, the Company announced its participation in the ADNA (Advanced Diagnostics for New therapeutic Approaches) program, coordinated by Mérieux Alliance. The ADNA program aims to take up the challenge of personalized medicine in the areas of cancer, infectious diseases, and rare genetic diseases.

(17) This agreement has been transferred to the Fondation Mérieux, as part of the transfer to the foundation of the "emerging pathogens" research program (see section 6 below).

This program, which should receive funding from the AII (French industrial innovation agency) (now OSEO ANVAR) of up to 54.5 million euros over its duration, will cover research and development on:

- the identification and validation of biomarkers enabling the development of diagnostic tests for earlier detection of diseases, choice of treatment, and follow-up of patient response to the treatment;

- the development of new molecular diagnostic platforms for the production of analyses with high medical value.

4.5 MANUFACTURING, LOGISTICS, REAL ESTATE AND CAPITAL EXPENDITURES

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, and by forming partnerships and by later forming subsidiaries in Europe and elsewhere. It owns its principal manufacturing, logistics and research and development facilities. The Company leases sites in Basingstoke (United Kingdom), Brisbane and Sydney (Australia) and Lombard (United States), as well as most of the premises of its distribution subsidiaries.

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. The Group operates 15 manufacturing centers organized by product line and business segment. Manufacturing activities are organized 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 facilities, and partly due to productivity gains that may be generated through economies of scale. The only exception to this principle concerns Petri boxes. Due to their limited shelf life as well as to barriers in some countries to imports of animal-based products, the boxes must be manufactured close to the customer at the Brisbane (Australia), Rio de Janeiro (Brazil), Lombard (Illinois, USA), Basingstoke (United Kingdom) and Madrid (Spain) facilities, as well as at the main Craponne plant in France.

Manufacturing policy focuses primarily on:

- continued improvements in the efficiency of production facilities, as illustrated by the recent decision to gradually phase out microplate immunoassays and molecular biology production at Boxtel (Netherlands) until 2009, and to transfer these activities respectively to a subsidiary in China jointly owned with Shanghai Kehua Bio-Engineering Ltd. and to the Grenoble facility in France;

- optimizing in a structured manner its production capabilities through the implementation of a plan to improve manufacturing practices designed to achieve productivity gains and to reduce the length of production cycles by making the best possible use of capacity and industrial resources;

- adapting manufacturing tools in order to rapidly respond to the needs of customers and technical advances and to make possible the manufacture of new products;

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

The manufacturing and logistics sites are as follows:

France

- **Marcy l'Etoile**
  Located near Lyon, the site at Marcy l'Etoile has housed the Company's headquarters since the beginning. The property, which is wholly owned, covers an area of 120,000 square meters (including 40,000 square meters of buildings) and notably contains reagent-manufacturing units (VIDAS® reagents and VIDIA® immunoassays, clinical biochemistry). Approximately 1,100 employees are working in general management, global and support functions , training and manufacturing.

- **Craponne**
  Located near Lyon, the Craponne site covers an area of 71,000 square meters, owned by the Company (including 24,000 square meters of buildings). It currently houses manufacturing units for reagents for microbiology (culture media (Petri boxes), tubes and bottles, dehydrated media), sales administration, global functions and a small research and development unit. Approximately 640 persons work at the site.

- **La Balme – Les Grottes**
  Located between Grenoble and Lyon, the La Balme-les-Grottes site historically belonged to API S.A., acquired in 1987. It covers an area of 103,000 square meters, of which the Company owns 18,000 square meters of usable floor space. The site employs approximately 300 people in microbiology, instruments and software research and development and the manufacturing of products for bacteria identification (API®, ID 32, ATB™ identification and antibiograms). A new European instrument distribution center was opened at the beginning of 2005.

- **Saint-Vulbas**
  The Saint-Vulbas site, known as the "IDC platform", employs approximately 60 people. This site functions as the international bioMérieux product distribution center. The IDC platform is located on a 70,000 square meter property, where it occupies 11,000 square meters of floor space, which are leased.

- **Grenoble**
  Since September 2005, molecular biology operations have been located at this Company-owned site, which covers an area of more than 20,000 square meters, in the midst of the Grenoble scientific district, opposite the headquarters of the Atomic Energy Commission. The building, with 5,500 square meters of floor space, was completed in August 2005. The site currently employs more than 100 persons.

Europe

- **Boxtel (Netherlands)**
  The Boxtel site houses immunoassays and molecular biology production and research and development facilities. The owned property covers nearly 92,000 square meters, including 24,000 square meters of building space where approximately 270 persons are employed. Operations at the facility will be gradually phased out and the facility will shut down in 2009. They are being transferred to other Group entities.

- **Basingstoke, England**
  This leased manufacturing facility for microbiology (culture media (Petri boxes)) and logistics sits on 5,000 square meters of land, where the premises cover 4,500 square meters of floor space.

- **Florence, Italy**
  Florence is the Company's second instrument site. The facility, with 6,500 square meters of floor space on several floors, is located on 7,500 square meters of Company-owned land and employs approximately 110 employees in sales, development and the manufacturing of VIDAS®, TEMPO® and VIDIA® instruments.

- **Madrid, Spain**
  This is a Company-owned facility that employs some thirty persons in the production of microbiology culture media.

United States

- **Durham**
  The Durham facility is located in North Carolina, on 417,000 square meters of Company-owned land, of which 23,000 square meters consists of buildings. The Group also leases premises nearby with close to 10,000 square meters of floor space. The site houses the Group's North American headquarters and employs some 600 persons in research, the manufacture of microbiology reagents (BacT/ALERT®) and customer services. The production of immunoassays and hemostasis reagents was discontinued in 2007.

- **St. Louis**
  The St. Louis site covers a surface area of 70,000 square meters, which is wholly owned and includes 32,000 square meters of buildings and 15,800 square meters of leased premises used for offices, warehousing, manufacturing and research and development. Today operations at this site are centered on research and development and the manufacture of VITEK®, VITEK® 2, VITEK® 2 Compact™ and BacT/ALERT® microbiology instruments and VITEK® cards. Approximately 550 employees currently work there.

- **Other sites**
  - The Lombard site, in Chicago, Illinois, houses manufacturing and sales of culture media for U.S. industrial customers. The 4,300 square meters facility is leased and employs more than 50 people.

  - The Bacterial Barcodes facility, in Georgia, is used for research and development and the manufacture of molecular biology instruments and reagents (DiversiLab®).

Other Countries

- **Brazil**
  The Company has owned this site since 1974. It covers an area of 42,000 square meters (including 5,400 square meters of buildings) and employs approximately 150 people which are dedicated to research and development, manufacturing and sales of reagents for immunology and ready-to-use culture media for microbiology.

- **Australia**
  - The Brisbane facility is located on a leased property covering 2,300 square meters. It employs 40 persons for the manufacture and sale of culture media.

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

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 play a critical role within the Group.

Product distribution is handled by:

- two administrative centers, which process 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;

- local centers operated by subsidiaries, which handle customer orders and shipments.

Some 240 persons are employed in logistics. The Group seeks to supply its customers and manage its inventories under the best possible conditions. 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 all stages of the distribution process and ensures that products are traceable (in particular through the use of barcodes on reagent containers).

In most countries, reagents are delivered to customers within twenty-four hours. Each subsidiary is responsible for managing its inventories of reagents and instruments, under policy guidelines set by the group with the Global Supply Chain, which optimizes the flows and the balance between customer service and inventory levels.

4.5.2.3 Purchasing

In order to improve the procurement of raw materials and components specified for each product line and reagent, the Company has:

- diversified its suppliers to ensure both security and competitiveness;
- produced selected raw materials in-house; and
- developed partnerships with suppliers, which are yielding technical and economic benefits.

In 2007 the Group's top ten suppliers accounted for approximately 15% of total procurement expenses, and the largest of them accounted for approximately 4% of purchases.

The Company endeavors, as much as possible, to have constantly at least two suppliers for the same component or key raw material. Technical issues for sourcing raw materials require tight management of suppliers and supply security. 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 a manufacturing company and, as such, it is affected by fluctuations in the price of materials it processes, which prices in turn are affected by the price of raw materials they contain. bioMérieux does not directly trade in raw materials and, compared to many manufacturers, it is only exposed indirectly and to a limited extent to fluctuations in raw material prices (as a result of price adjustments that some suppliers have made or may make in the future).

4.5.3 Capital expenditure policy

Annual capital expenditures by the Group, not including the cost of instruments placed with customers, amount to between 40 and 50 million euros, of which two-thirds are spent on production facilities and the other one-third on research and development, computer hardware and software and general-purpose fixed assets.

Most of these expenditures are for buildings and equipment and are paid for out of cash flow from operations.

The main purposes of capital expenditures are, in declining order of magnitude:

- adding capacity (production, research and development of new products, etc.);
- complying with quality, environmental, health and safety (ISO, FDA, AFSSAPS, etc.) and security standards;
- replacing and maintaining equipment and facilities;
- capital projects related to sustainable development and environmental efficiency.

In 2002, the Group started to restructure its network of manufacturing and R&D facilities, including for the purpose of concentrating capital expenditures on a smaller number of selected locations.

4.5.3.1 Recently completed capital projects (over one million euros)

The following main capital projects were carried out in recent years:

- expansion of Petri box production capacity at Craponne (€ 4.1 million);
- renovation of the immunomicrobiology building at Marcy and improvement of production capacity for VIDIA® (€ 8 million in 2002-2005);
- building of laboratories for training and research and development in Marcy (€4 Million) in 2004/2005;
- refitting of a BacT/ALERT® production line (autoclave) at Durham (1.8 million US dollars) in 2005;
- renovation of central packaging department at Craponne (incl. VIDAS®) (€ 2.4 Million) in 2005;
- purchase of a building to enlarge the Florence plant (€ 3.1 million) in 2005;
- conversion of the Saint-Vulbas distribution center (IDC) to meet its volume requirements (€2.5 million) in 2005;
- establishment of a research and development center for molecular biology and micro-systems in Grenoble (€10 million) in 2004/2005;
- addition of a production line for TEMPO® at La Balme (€ 1.4 million in 2005/2006);
- refitting of an office building at Craponne (€2.1 million in 2005 and 2006);
- purchase of land and an office building at Tassin-la-Demi-Lune (Rhône, France), near the world headquarters of the Company (€1.5 million) in 2006;
- upgrading of manufacturing and quality control facilities at Durham (US $1.2 million) in 2006;
- renovation of a manufacturing building (1.2 million euros) and reorganization of a logistics facility (1 million euros) at Craponne in 2006 and 2007;
- purchase of a 16,000 square-meter building and surrounding land in Saint Louis, Missouri (US).

4.5.3.2 Principal current capital projects

- Renovation of a manufacturing facility (1.2 million euros) and reorganization of a logistics facility (1.2 million euros) at Craponne.
- Extension and modernization of the Raw Materials building at Marcy (1.6 million euros).

4.5.3.3 Principal future capital projects

- Construction of a new building and reorganization of the Research and Development and Training facilities at Marcy (4 million euros) in 2008/2009;
- Construction of buildings in Saint Louis (6 million euros) and Durham (6.5 million euros);
- Extension of logistics facilities at Saint Vulbas (1.2 million euros);
- Construction of a new building in Grenoble (4 million euros) for molecular biology production.

4.6 QUALITY ASSURANCE AND APPLICABLE REGULATIONS

4.6.1 Quality assurance, monitoring systems and audits

Quality standards and regulatory issues are closely monitored through the Company's corporate quality assurance/regulatory affairs department, which is assisted by a quality assurance network in each manufacturing and distribution facility.

Most of the Group's subsidiaries have ISO 9001 certifications. Recent Group's companies are in the process of obtaining this certification.

All sites that export products comply with ISO 13485, the quality standard in the industry. This certification is issued either by a certifying body acting under the auspices of regulatory authorities, as part of a regulatory procedure, or by an outside certifying body, in the case of a voluntary procedure for which approval is not required.

In 2006, the Company's Grenoble research and development facility was certified compliant with ISO 9001 and ISO 13485.

Furthermore, in December 2006, the Craponne culture media production facility was certified compliant with ISO 11133. The standard is designed for all the firms that make culture media for their own use or for distribution. It ensures more reliable 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 just to analysis laboratories but also to manufacturers.

4.6.2 Regulations

Specific regulations apply to each category of products whether they are intended for clinical customers (hospitals and private laboratories) 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 in Japan, the United States and the European Union. The regulations address the effectiveness, performance and safety of systems.

Reagents used for microbiological testing in industrial applications 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 European Community regulations. Countries can be divided into two groups: countries without their own regulatory regimes that use other countries' regimes and countries with their own regimes.

Three principal bodies of law govern *in vitro* diagnostics activities:

- Directive 98/79/CE for the European Union;
- FDA regulation for the United States (Federal Code of Regulation); and
- "Pharmaceutical Affairs Law" for Japan.

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

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

- 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, including products intended for the detection markers of the HIV virus and hepatitis, reagents used for the determination of blood types.

The regulatory procedures necessary for the marketing of these products differ based on the risk classification of the product.

In the European Union, the regulatory environment is based on Directive 98/79/CE of October 27, 1998, which applies to all *in vitro* diagnostics medical devices. The Directive was transposed into French law when a Government Order was issued on March 1, 2001, completed by the Decree N° 2004-802 of July 29, 2004 adding 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 upon the risk level and what is allowed under the regulation, a manufacturer chooses the appropriate procedures to follow. Currently, 95% of the Company's products are marketed following self-evaluation to determine whether they comply with the European directive (CE marking). As a result, regulatory certification does not impact the timing of the commercialization of these products.

For the remaining 5% of products that have a higher level of risk, certifications must be obtained attesting to regulatory compliance before the marketing of products. All certifications have been obtained for CE 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 examinating the product file (design file), to the verification of each batch prior to sale. Generally, the delay prior to 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 head of corporate quality assurance and regulatory affairs during a meeting of the marketing committee, 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 typically takes less than six months. For high-risk products, which include a limited number of those of the Company, procedures are more restrictive: 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, the registration procedure is similar to that of the United States.

4.6.4 Monitoring

Applicable laws and regulations, which may contain particular procedures in different countries, impose an additional monitoring system. This system 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 complete 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 manufacturing 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 asks on a voluntary basis to verify compliance with ISO 9001 and ISO 13485. Customers especially in industrial applications also perform other audits to ascertain that products and procedures comply with existing regulatory standards, as well as their own standards, and to guarantee the 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.

With the exception of the inspections of the Durham plant in the United States, audits conducted by supervisory agencies in various countries (France, United States, etc.) since 2000 have not disclosed any material breach of applicable regulations or the appropriate measures have been taken and the matters have been closed (Saint Louis, United States and Boxtel, in the Netherlands, in 2004).

A new inspection by the Food and Drug Administration (FDA) in May 2007 at the Durham facility in the United States showed that corrective measures carried out by the Company's subsidiary had eliminated virtually all defects referred to in the FDA warning letters of 2004 and 2005. This and the Group's other facilities must pay continued attention to compliance with existing quality assurance standards.

4.6.6 Industrial microbiological control

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

In the industrial applications domain, regulations applicable to manufacturers of industrial microbiology 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 relating to the use of products: pharmacopoeia, standards such as AFNOR, ISO, etc.) Recent developments in the agri-business sector (*Listeria*, *Escherichia coli* O157, salmonella, etc.) could lead to more stringent regulation. Moreover, in the United States, for example, authorities may impose supplementary security measures as a result of the fight against bio-terrorism.

4.7 INTELLECTUAL PROPERTY

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

4.7.1 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 and the installed instrument base (the majority of which are closed systems that function only with the Company's reagents), it is difficult for an outside party to benefit from the expiration of patents to put in place a competing system. Therefore, notably for microbiology and immunoassay systems, patent protection of the technology is a less important factor for the Company's success than for companies in the pharmaceutical or high-technology industries. However, for molecular biology, intellectual property rights on technologies (such as NASBA® or BOOM®) are key success factors. Patent protection, in particular of new pathogens (virus, bacteria, parasites, etc.) or markers (e.g. cancer) identification could give the Company an important competitive advantage in the future, and the development of patent protection in these areas is a priority.

The Group currently owns 417 patent families, of which more than 95% are filed in Europe and the United States, and more than 75% in Japan. As of December 31, 2007, it owned 306 U.S. delivered patents and 166 European delivered patents. The Company actively protects the results of its research through patents (approximately 30 new patents are filed each year), and monitors its competitors to be able to pursue actively any infringements on its patents.

The Company's key patents concern the following applications:

- nucleic acids extraction technologies (BOOM® and its derivatives);
- amplification devices for targeting sequences of nucleic acids (in particular the NASBA® technology);
- selected technical aspects of the instruments of the VITEK® and BacT/ALERT® product lines;
- antigen preparations for immunoassays, in particular for toxoplasmosis, HIV or EBV (Epstein-Barr Virus);
- nucleic sequences for pathogen protection for infectious diseases such as tuberculosis, Whipple's disease and viral infections such as HIV, selected hepatitis viruses, EBV and CMV (Cytomegalovirus);
- the Waveform technology for analysis of coagulation curves; and
- nucleic acid sequences (Factor II and Factor V) in hemostasis.
- The Group also owns a certain number of patents which cover the artificial polymer synthesis process, techniques for fixing nucleic proteins or acids to a solid support and devices and instruments for the integration of analytic stages, in particular fluids.

There is no patent or group of patents with an expiration date in the near future that could have a material effect on the financial condition or results of the Group. However, the expiration of patents generating significant licensing royalties, such as patents for the BacT/ALERT® detection system, some of which expired in March 2008, the base patents for the NASBA® technology and those for the BOOM® technology, which expire between 2010 and 2012, will have a significant effect on total proceeds from royalties received 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 138 countries that are party to the treaty (as of December 31, 2007). 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 whose interpretation (especially in cases of conflict) is determined by national legislation.

4.7.2 Third-Party licenses ("Licenses in")

In April, bioMérieux and LabTech Systems, an Australian healthcare equipment and services company, signed an exclusive worldwide licensing agreement for the future distribution of PREVITMIsola, an automated pre-poured media streaker for the automation of routine agar plate processing in microbiology laboratories.

4.7.3 Licenses out and cross-licensing

- **MRSA**

Under the partnership agreement with Cepheid (United States) referred to in section 4.4.5 above, the Company has granted its partner a sub-license to the MRSA patent, to enable it to develop and distribute innovative Sepsis detection tests on the GeneXpert® platform.

bioMérieux and Becton Dickinson & Co have granted each other reciprocal licenses to their respective industrial properties in the area of methycillin-resistant staphylococcus aureus detection.

bioMérieux holds an exclusive license to the MRSA patent until 2017 for the United States, Canada, Europe, Japan and Australia.

- **Other**

In 2007, bioMérieux and NuGEN Technologies, Inc. (United States), a limited liability company(société anonyme) that develops and distributes nucleic acid amplification and labeling systems, entered into an intellectual property cross-licensing agreement. The agreement grants bioMérieux non-exclusive rights to NuGEN's proprietary amplification technology, which will enable it to develop and sell in vitro diagnostic tests requiring amplification for gene expression analysis. In return, NuGEN will have access to bioMérieux's patented linear amplification technologies using chimeric primers, including extensive OEM rights for the research market. As a result, NuGEN will be able to broaden its intellectual property portfolio in this area.

4.7.4 Trademarks

The Company owns the "bioMérieux" corporate trademark, which is registered worldwide as both a Company name and a semi-figurative trademark, as well as trademarks of products and product lines brought out by the Company. In addition, the use of the name "Mérieux" by Mérieux Alliance affiliates is controlled by Mérieux Alliance. Any new use of the name "Mérieux" in a corporate name requires the authorization of Mérieux Alliance (See section 6.2.3.1 below).

Each new trade name is registered in France, the United States or the Netherlands 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 name are to be marketed.

The Company's strategy is based on the registration of high value-added trade names 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 BUSINESS

4.8.1 Sales and placement agreements

Contracts with customers are essentially instrument sales agreements and instrument placement agreements with purchase of 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 installed instruments. They cover the placement (or leasing of the equipment), the purchase of reagents and, if 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 respect traceability rules applying to the products they order or use.

The net sale price of reagents takes into account whether the instrument is placed or sold.

In France, general terms and conditions of sale include title retention clauses.

4.8.2 Other contracts

The Company is not a party to significant agreements other than those entered into in the ordinary course of business.

4.8.3 Seasonal nature of the business

See section 5.2.1 below.

4.8.4 Pledged Company assets

See section 5.3.16.7 below.

4.9 LEGAL PROCEEDINGS

The Company is involved in litigation arising in the ordinary course of business. In its opinion, no current or pending litigation is likely to have a material adverse impact on its operations. With the exception of the cases described below (see section 5.3.14.2.1), the Company is not involved in litigation liable to have a material impact. The Company believes that provisions recognized for litigation are reasonable to settle the obligation.

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 on behalf of 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 goals and priorities and share their experience using the available channels of communication.

4.10.1 Headcount

As of December 31, 2007, there were 5,771 full-time equivalent (or "FTE") employees, 60% of whom are employed outside of France.

The following table breaks down FTE employees by function and location as of December 31, 2007:

Geographic Area	Production and logistics	Sales, marketing, customer service	R&D	Administrative and general services	Total	%
Europe	1,500	985	687	418	3,590	62.2
Of which France	*1,146*	*381*	*576*	*294*	*2,397*	*41.5*
North America	664	419	214	129	1,426	24.7
Asia-Pacific	76	317	8	50	451	7.8
Latin America	64	185	1	54	304	5.3
Total	**2,304**	**1,906**	**910**	**651**	**5,771**	**100.0**
%	39.9	33.0	15.8	11.3	100.0	–

The following table sets out the changes of the Group workforce (on a FTE basis) since 2005:

	12/31/2007	12/31/2006	12/31/2005
France	2,397	2,351	2,249
Other European countries	1,193	1,162	1,158
North America	1,426	1,494	1,453
Latin America	304	312	298
Asia-Pacific	451	428	412
TOTAL	**5,771**	**5,747**	**5,570**

Several business restructuring measures in 2007 had an impact on bioMérieux's total workforce:

- The March 2007 acquisition of Biomedics, a Spanish company specializing in the production of culture media, resulted in the addition of 36 employees to the Group's European workforce.

- The September 2007 acquisition of BTF, a Sydney company giving the Group an improved position in industrial microbiology, led to the addition of 23 employees to its Asia and Pacific workforce.

- In December 2007, the Company announced the gradual phase-out of the Boxtel (Netherlands) facility, which will close in 2009. The announcement followed the negotiation of a lay-off plan with the Boxtel works' council and union representatives. The plan provides for various forms of assistance for the employees affected by the closing.

- The continued restructuring measures required by the 2006 disposal of microplate and hemostasis ranges, primarily in the United States, caused reductions in the workforce of 71 and 28 persons, respectively.

4.10.2 Personnel policy

The Group's personnel policies address certain aspects in particular. These include (i) the piloting of performance (ii) skill acquisition, training and mobility, (iii) compensation, (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 reconcile individual aspirations with the Company's priority objectives, assess individuals' performances and design skill-development measures. It provides an opportunity for clarifying expectations and assessing compliance with principles.

(ii) The Company makes every effort not to employ people on a temporary basis except in specific circumstances. As a consequence, in France and in the Netherlands, 94% of the personnel was employed on a permanent basis in 2007.

Training is considered by the Group as a way to foster the best career development for employees and to enable them to acquire cross-disciplinary and "job" competences. In this connection, training now includes an overall plan made up of two series of cross-corporate assignments, one for managers, which began in France and the United States in late 2007, and one for all employees, scheduled to start in the second half of 2008.

Training programs are carried out by each entity in order to meet their specific local needs. Lastly, training concerning products, which plays a key role in the Group's performance, is provided at special Knowledge Centers in the United States, the Netherlands and France.

(iii) With a global network of 38 subsidiaries, the Group encourages mobility by its personnel whenever this satisfies a need for specific skills or contributes to the career development aims of its employees.

(iv) 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 and supervisory 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 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 are also covered by a voluntary incentive plan. Since 2006, all of Group employees in France 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.

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

(viii) Women accounted 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 in France in 2003.

The Company considers that it has sound labor relations. The 2008 agreement on wages and salaries was signed by both unions representing its personnel.

In 2007, the Company started labor negotiations with a view to setting up a European Works' Council covering four countries (France, Germany, Italy and the Netherlands). The Council is expected to hold its first meeting in 2008.

In connection with the 2004 IPO, the Company's employees in France and the United States were given an opportunity to purchase shares under an employee stock offering. As of December 31, 2007, about 1% of the shares of bioMérieux was held by its personnel directly or through dedicated funds.

4.11 RISK FACTORS

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.

4.11.1 Presentation

The Company marketed or plans to market several new platforms but cannot be certain that these products will be commercially successful or sufficiently profitable.

Several new platforms have recently been brought out or are scheduled for release, either to replace or to complement existing platforms, or to be developed on new markets.

Growth could be affected if these platforms encounter technical, commercial or regulatory setbacks. In particular:

- the new platforms may not correspond to market demand;
- technical difficulties could affect the new technologies used in these platforms, which could delay their marketing, affect their commercial success or give rise to additional expenses 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 for technical, regulatory or intellectual property reasons;
- 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;
- it may not be possible to market products due to the existence of third-party intellectual property rights;
- more spending in research and development, marketing and customer training than anticipated by the Company may be required to launch new platforms;
- competitors may develop products that are more effective or otherwise better adapted to demand;
- one of the new platforms integrates the NASBA® amplification technology, which competes with PCR, the industry standard marketed by the Roche group, and the Company cannot be certain that customers will accept NASBA® as the second industry standard; and
- the cost of some of the new platforms is higher than that of existing platforms; the difference should be offset by labor savings; however, if customers are not in a position to make such savings, such as because of labor market conditions, the gains achieved by the new platforms could be reduced.

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

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

The Company's competitors include major international companies, such as Siemens, Johnson & Johnson, Roche and Becton-Dickinson, which are larger and more experienced, and have larger financial resources and market shares. In some countries, bioMérieux also competes with several specialized mid-sized companies. As a result, it cannot be certain that its products will be able to:

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

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

- adapt rapidly enough to new technologies and scientific advances in both mature market segments and in those that are still in development, such as the molecular biology market; and

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

The Company faces product liability risks.

The Company 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 relies on 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.

The manufacture and sale of these 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. 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 otherwise provide for potential product liability claims, it could be exposed to significant liabilities that could undermine the marketing of its products and importantly harm its business.

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

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

- unforeseen changes or lack of harmonization in regulations, or in tax, trade and pricing legislation;

- restrictions on transfers of capital across borders;

- significant fluctuations in exchange rates;

- 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 outside France; and

- the absence of international agreements on regulatory standards.

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.

The commercial success of Company's products depends, in part, on the extent to which government healthcare programs, private health insurers and other similar bodies reimburse the cost of tests performed by Company's customers. A decision by the government or a private insurer to limit the reimbursement of diagnostic tests could have a significant effect on the demand for Company's products and/or on price charged by the Company to its customers. In addition, 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.

Because of the Company's "single-site" manufacturing process, an event causing a temporary or permanent interruption at one of the manufacturing sites could have a negative impact on its financial condition.

The Company operates fifteen 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 turnover.

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. 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 four main logistic centers, the largest being in France and the second largest in the United States. In the same manner, 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 turnover.

Applicable regulations could adversely affect the Company's ability to market products or increase their manufacturing costs.

The Company's products and the process of manufacturing them are submitted to rigorous, evolving and varying governmental regulation in the 150 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;
- oblige the Company to halt production or 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, upon regulators' requirement or spontaneously, 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.

A new inspection by the Food and Drug Administration (FDA) in May 2007 at the Durham facility in the United States showed that corrective measures carried out by the Company's subsidiary had eliminated virtually all defects referred to in the warning letters of 2004 and 2005. This and the Group's other facilities must continue to pay special attention to compliance with existing quality assurance standards.

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 business expands. If problems of this nature were to arise, the Company's reputation could suffer, which would affect its ability to maintain and develop its customer base. In addition, if manufacturing capacity had to be expanded, substantial investments could be necessary, requiring significant amounts of financing.

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.

Environmental liabilities and compliance costs could have an adverse effect on 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 or operated in the past, or even sites where waste that it produced was dumped. In 2005 and 2006, the Company inspected its facilities in France in order to locate and identify asbestos-containing materials in all of its buildings, for the purpose of assembling asbestos technical files in accordance with applicable regulations. 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 for the Company, as well as could make it subject to stricter inspections 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, there would be 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.

Increased raw material prices could adversely affect the Company's financial results.

The Company is a consumer of energy as well as of raw materials it processes 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.

In addition, the increase in oil prices and the consequent rise in fuel prices are likely to have a material adverse impact on the Company's hauling costs.

Risks related to from changes in the economic environment

There is a trend toward more business concentration among end-users of *in vitro* diagnostic products, notably in the case of medical laboratories, a factor that gives them more influence on pricing. In addition, the arrival of new market participants with considerable financial resources and that seek to rapidly acquire market shares could put pressure on prices charged for *in vitro* diagnostic products. This pressure also comes from the application of national public health policies, which generally tend to restrict reimbursements for healthcare products.

Lowering prices could obviously have an impact on the Company's turnover. Under inflationary conditions, combined with increasing labor costs and raw material prices, this could also have an adverse impact on the Company's profit margins.

A significant portion of future growth depends on the development of the molecular biology market, which may not evolve in the manner anticipated.

The Company's growth strategy depends to a large extent on molecular biology technologies, a segment of the in vitro diagnostics market that is in the initial stage of development. As a result, it faces several risks:

- molecular biology technologies may not grow as rapidly as anticipated, particularly in the United States;
- laboratories that currently use “home brew” tests, an important target market for the Company, may not be receptive to the commercial offers made by the Company; and
- if the molecular biology market experiences significant growth, new players could decide to enter the market and effectively benefit from the Company's investments, reducing its sales and results from this segment.

The Company operations may be adversely affected if it were not able to pursue its strategy of acquiring third-party developed technologies.

Growth depends in part on the Company having access to technologies developed by third parties, either through targeted acquisitions of smaller companies or through partnership agreements with the owners of such technologies. Nevertheless, it may not be able to find partners willing to provide it with the technologies it may require. Additionally, the in vitro diagnostics market is consolidating. This trend has reduced the number of potential partners with whom the Company could enter into such agreements. It should also be noted that 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 receipt of regulatory approvals, which are not always under the Company's control. If the Company is unable to obtain such technologies, it could delay its growth and have a significant effect on its financial condition.

In order to remain competitive the Company invests significant amounts on product research and development and there may be no return on these investments if products do not receive the necessary regulatory approvals or do not achieve the anticipated market acceptance.

To remain competitive in the in vitro diagnostics industry, especially in its high value-added segments, the Company must make significant investments in research and development each year in order to ensure the growth of its current product lines and the development of new products. However, these investments may not necessarily prove to be profitable.

The research and development process is lengthy. It can take several years to launch a new platform, and at least several months for a new reagent or group of reagents. This process involves several phases. At each phase there is a risk that objectives will not be met and that a product in which substantial amounts have been invested will have to be abandoned. Difficulties encountered in the research and development process and obtaining regulatory approval can increase costs and jeopardize the commercial success of new products.

Furthermore, rapid technological development by competitors could render the Company's products obsolete before it is able to recover the research, development and marketing expenses incurred in their development.

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

The Company's success depends on its ability to obtain, maintain and defend patents and other intellectual property rights effectively. Patent law, particularly relating to the filing and interpretation of claims in the health segment is an area of law that is constantly changing and uncertain. Accordingly, it cannot be certain that:

- it will be able to develop patentable inventions;

- it will be able to obtain patents or licenses from third parties, particularly for certain products or techniques (especially in the immunoassay market), necessary for the development of its business;

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

- patents issued or licensed to it will not have their validity challenged;

- 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 be claimed, or more generally challenged, by others.

bioMérieux currently has more than 417 families of patents worldwide, either granted or under consideration, and a number of patents are subject to licenses for products currently marketed or in development. It cannot be sure of the validity of these patents. Third parties could challenge the validity of patents in the course of opposition proceedings, in particular before the European Patent Office, either in a patent cancellation proceeding or as a defense to an infringement action. This could result in issued patents being subsequently revoked or declared invalid. The proliferation of scientific information on a worldwide level, both written and oral, and especially in the field of biotechnology, is such that there will always be uncertainty as to whether the Company's inventions are patentable. The Company cannot be sure how much protection will be given to its patents if it attempts to enforce them or if they are challenged in court for infringement. One of those patents will expire in 2008, which could significantly reduce the amount of royalties received under licenses granted on this patent.

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

Competitors may infringe the Company's patents or successfully circumvent them through design innovations. Action may be taken to prevent infringement, which is expensive and time 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 the patents of others. 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.

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 (see section 4.9 "Legal Proceedings" above).

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. Their loss, 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.

The Company could be affected by the failure of its information system, interrupting the transmittal of data on production, logistics, accounting and finance.

The Company is increasingly dependent on shared data processing applications and on a communications network for producing the data required in manufacturing and logistics, as well as for the accounting and financial information data that serves as a basis for decision-making by the Company's management. 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.

Fluctuations in currency exchange rates could materially affect the Company's turnover, operating income and net worth (see section 5 below).

Because products are sold in over 150 different countries, the Company's turnover and income of operations could be affected by fluctuations in currency exchange rates. While some expenses are incurred in currencies other than the euro, the effect of these expenses only partially offsets the effect of fluctuations in currency exchange rates on turnover. The Company is particularly sensitive to movements in exchange rates between the euro and the U.S. dollar, as a significant portion of its turnover and operating income is generated in North America (approximately 25% of turnover in 2007).

In addition to having an impact on the Company's income, exchange-rate fluctuations can generate variation on its equity capital. Indeed, the Company's worldwide operations require it to have assets and liabilities in dollars and other currencies. At the present time, the Company has not taken measures to hedge this exposure to foreign-exchange losses.

Exposure to currency risks is examined in section 5. The impact of exchange-rate fluctuations on turnover and the translation reserve for the past two fiscal years are described in the consolidated financial statements found in section 5.

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 loan of 260 million euros in the form of a credit facility repayable in full at maturity (January 2013).

As of December 31, 2007, there had been no drawdowns under the facility. In order for bioMérieux to make use of the financing, the Company must satisfy a certain ratio of "net debt to earnings before amortization and acquisition expenses".

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

The Company owns minority interests in other companies.

The Company owns minority interests in several companies, mainly in the biotechnology sector. As it does not control these companies, they may make decisions that do not necessarily coincide with the Company's interest.

In addition, some of those companies' shares are publicly traded or likely to become publicly traded, so that the Company's financial results could be affected by changes in their trading price.

The Company also does not have access to sufficient information regarding those companies and cannot perform the same financial and operating diligences as in the case of its own subsidiaries.

The principal shareholder holds a majority of voting rights at the shareholders' meetings.

Mérieux Alliance, the holding Company controlled by the Alain Mérieux family, holds approximately 58.9% of the share capital and 71.86% of the voting rights of the Company. Consequently, Mérieux Alliance will be able to adopt all resolutions that require shareholder approval at an ordinary general meeting and, except in the case of an exceptionally high rate of participation by other shareholders, all resolutions that require shareholder approval at an extraordinary general meeting. Mérieux Alliance will therefore be in a position to take important decisions alone, including the appointment of board members, approval of the annual accounts, and the distribution of dividends, as well as the authorization of capital increases, statutory mergers and asset contributions. It should be noted that Mérieux Alliance has been entitled to double voting rights since 2007.

Risks related to the price volatility and the liquidity of shares; impact of future sales of shares

Several factors may cause the price of the Company's shares to fluctuate:

- changes in the recommendations of financial analysts concerning the Company;
- changes in forecasts by financial analysts concerning the sector in which the Company operates;
- the announcement by the Company of its financial results, capital transactions or other significant changes in its business;
- and, in general, stock market fluctuations.

In addition, certain large shareholders hold more than 5% of the Company's capital, a factor that limits the number of shares available for trading; as there is no lock–up clause currently in effect, the offering of a large number of shares in the market, or the perception by financial markets that a large sale is imminent, could cause the price of the Company's shares to decline.

Other financial risks

The management of other financial risks is reviewed in sections 5.2.6 and 5.3.27 below.

4.11.2 Risk management

In order to effectively protect against and manage risks to which it is exposed in its business, the Company has implemented internal oversight procedures described below in section 5.9.4 on the Report of the Chairman of the Board of Directors and in section 4.12 on Insurance.

Section 5.3.27 below also covers the management of financial risks.

4.12 INSURANCE

4.12.1 Purchase of insurance 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 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:

- general and specific 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 policies

Liability

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

- its operating liability;
- its liability subsequent to the delivery of products or the completion of tests;
- its professional liability;
- environmental damage caused by its products.

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

- liability for environmental damage caused by Group entities;
- Group liability under regulations governing biomedical research ("Huriet Act").

Lastly, in order to comply with laws and regulations in effect in certain countries, specific "employer liability" policies have been purchased by certain Group entities, 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 principals.

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 Company 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:

- between €30,000 and €1 million per claim in the case of liability insurance;

- various sums ranging from €20,000 to €2,500,000 in the case of property damage and business losses insurance;

In 2007, no loss incurred exceeded the deductible amounts set in property damage and business losses or liability policies.

4.13 Environmental information

4.13.1 Environmental policy

As part of its environmental 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 examines 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 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.). For example, studies conducted in 2007 concerning capital projects at the Durham and Saint Louis sites in the United States included an analysis of the environmental efficiency of the planned facilities. 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 their other obligations, and uses all necessary means to remedy reported shortfalls.

In September 2007, the Company set up a Sustainable Development Committee, which is chaired by the deputy managing director and whose membership includes the chief operating officer, the heads of production and quality, research and development, infrastructure and properties, and which works closely with the Group's health, safety, security and environment divisions.

The Committee's purpose is to draw up a "white book" 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 sustainable development.

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

Persons at various management levels of the Company are responsible for preventing accidents. Every manager undertakes to comply with and to cause other to comply with environmental policy principles and all rules, procedures and instructions applicable to their sector.

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

At the Company's principal operating facilities, continuous improvement plans modeled on the “Kaizen” or “5S” systems are being carried out. They contribute to raising awareness of the Company's impact on the environment.

Monthly reports on occupational accidents at the principal manufacturing sites are carried out and disseminated within the Company.

4.13.2 Environmental review

Protection of natural resources and contribution to reducing water, energy and raw material consumption

- **Water**

– Use of water resources

Water is a non-hazardous solvent and 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 all 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. This was done at the Durham site in 2007, where water usage declined by 43% in three months, making it possible to operate through a summer drought period and to realize significant savings.

– Wastewater

Biologically and chemically contaminated water is collected and decontaminated at the point of use. At the largest facilities, analysis are frequently performed of waste water 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 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 throughout the Group.

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 60 kWh per square meter per year.

- **Raw materials**

The Company makes every effort to reduce its consumption of raw materials in packaging, where large quantities tend to be used, by such measures as the use of volume packaging adapted to its needs and by giving priority to recycling. Likewise, initiatives have been taken to reduce paper consumption and to promote the use of recycled paper.

- **Air**

The Company seeks to lower its emissions into the air, including by using mainly clean fuels, like natural gas. Its facilities are in compliance with the latest anti-pollution standards and monitoring is done in the form of “carbon assessments”. Such measures were taken in 2007 in particular at the facilities of Saint Vulbas and La Balme in France.

The Company has also decided to apply environmental standards to its purchases of company vehicles and promotes the use by its French sales force of vehicles emitting less than 140 grams of CO_2 per kilometer.

- **Asbestos**

The Company has inspected all of its facilities in France in order to locate and identify asbestos-containing materials, for the purpose of assembling asbestos technical reports in accordance with applicable regulations.

- **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 cause odor pollution.

- **Waste**

For the past several years, the Company has sought to optimize waste management and to sort the 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.

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 great emphasis on the appearance of its facilities and on landscaping and architectural integration of its sites.

Environmental assessment and certification procedures

At this time, the Company has not started procedures everywhere aimed at being granted an environmental certification. One of its distribution subsidiaries, bioMérieux Suisse, was certified ISO 14001 compliant in late 2006. The certificate was renewed in 2007.

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

All of the Company's French facilities are in compliance with regulations applicable to classified facilities, under either the reporting or the authorization system, depending on the nature of their operations. None of the facilities is submitted to regulations governing major technological risks.

Cost of preventing the Company's operations from affecting the environment

When facilities are established and throughout their life, the Company seeks to make sure that they incorporate environmental protection features and make the most efficient use of natural resources. Significant expenditures were regularly undertook by the Company to ensure that facilities fully comply with environmental regulations. In 2007, nearly €880,000 were spent on capital projects related to environmental protection.

Internal control and management of environmental risks

In addition to the committee on sustainable development, as described above, the Company's main facilities all have a Health, Safety and Environment Department (HSE) which reports to the head of the facility. In addition, the Infrastructure and Property Division provides guidance and support to facilities that need it, especially those that do not have their own in-house specialized departments.

The Company has set up an HSE education program for new employees at its facilities in France, the Netherlands and North America.

PART 5

ASSETS – FINANCIAL POSITION - INCOME

5.1 KEY FIGURES

5.1.1 Consolidated income statement

In millions of euros	Jan. 07-Dec. 07	Jan. 06-Dec. 06	Jan. 05-Dec. 05
Net sales	**1,062.8**	**1,036.9**	**993.6**
Gross profit	**565.8**	**541.9**	**520.4**
Operating income before non recurring items	**167.0**	**149.4**	**138.8**
Operating income	**149.9**	**152.5**	**138.9**
Net income of consolidated companies	**98.1**	**105.4**	**90.1**

5.1.2 Consolidated balance sheet

Assets *In millions of euros*	**Net 12/31/2007**	**Net 12/31/2006**	**Net 12/31/2005**
Fixed assets	**466.7**	**443.8**	**428.3**
Current assets	**531.7**	**495.8**	**477.8**
Total assets	***998.4***	***939.6***	***906.1***
Liabilities and shareholders' equity	**12/31/2007**	**12/31/2006**	**12/31/2005**
Shareholders' equity	**601.3**	**557.5**	**498.5**
Non-current liabilities(*)	**102.4**	**82.6**	**94.6**
Current liabilities	**294.7**	**299.5**	**313.0**
Total liabilities and shareholders' equity	***99.,4***	***939.6***	***906.1***

(*) Provisions are recognized as non-current liabilities or current liabilities in a manner consistent with the presentation of the 2006 financial statements

5.1.3 Consolidated statement of change in net financial debt

In millions of euros	Jan. 07-Dec. 07 12 months	Jan. 06-Dec. 06 12 months	Jan. 05-Dec. 05 12 months
Cash flow from operating activities before cost of net financial and income tax	**237.6**	**206.2**	**214.0**
Net cash flow from operations	**171.0**	**124.6**	**164.5**
Net cash flow from (used in) investment activities	**-103.4**	**-64.5**	**-75.6**
Net cash flow from (used in) shareholders' equity	**-34.9**	**-21.7**	**-15.9**
Change in net debt (1)	**32.7**	**38.4**	**73.0**
Net debt at the beginning of the year	**10.5**	**43.3**	**118.1**
Impact of currency changes on net debt	7.2	5.6	-1.8
Change in net debt (1)	**-32.7**	**-38.4**	**-73.0**
Net debt at the end of the year	**-15.0**	**10.5**	**43.3**

(1) Change in net debt, excluding impact of exchange rates

5.2 MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL POSITION AND RESULTS OF OPERATIONS

5.2.1 Overview

General situation

The Company's consolidated revenue has been rising in a sustained manner, on a constant foreign-exchange and comparable consolidation basis: from 1998 to 2007, revenue increased by an average of 6% per annum, with annual growth in the range of 5.2 to 7.4% during the period, except in 2000, when it was 8.5%. Over the past two fiscal years, sales increased by 5.9% in 2006 and 7.4% in 2007.

The fact that growth has been so sustained is accounted for in part by an overall market growth, a broader reagent menu for the existing installed base and the expansion of that base. Reagents account for 82 to 84% of total sales and 70% of them are designed for the automated systems sold by the Company. The remainder is used for tests performed manually or not dedicated to its instruments. As of December 31, 2007, the Company had placed more than 49,000 instruments with customers, most of which exclusively use its own reagents.

The bulk of the Company's sales were in Europe, North America and Japan, the major markets for diagnostic products. Those regions accounted together for 85% of total sales in 2007, a ratio that has remained relatively stable since 2001. The growth in our revenue has been greater in industrial applications (10.7% in 2007) than in clinical applications (6.8% in 2007).

The operating margin income increased over the past year, to 15.7% of revenue in 2007, from 14.4% in 2006 and 14% in 2005.

The Company generated sufficient cash flow to finance its investments and significantly reduce its net debt. At the end of 2007, the Group had surplus cash of 15 million euros, as compared to a net debt of 10 million euros on December 31, 2006.

Factors affecting revenue

Sales of reagents account for close to 82% of the Company's revenue. Except in the case of manual or non-specific products, these sales of reagents are preceded by the sale or placement with clients of instruments in which the reagents are used. At the end of 2007, approximately two-thirds of the total installed base had been sold to the customers. The remaining one-third consisted of instruments placed at client locations. In case of placements, the selling price of reagents is increased to account for the cost of placing the instrument. Sales of instruments accounted for close to 13% of consolidated revenue in 2007.

The expansion of the installed base serves as an indicator of the Company's potential revenue. However, there is no direct relationship between the size of the installed base and revenue, since the consumption of reagents can vary significantly from one product line to another as well as from one country to the next. Sales also depend on the scope of the reagent menus available for each instrument and on the value added by each test in a menu. The size of the installed base is therefore only one of several factors with an impact on sales.

The Company also provides services, such as technical support, which are either billed as part of service contracts or included in the price of reagents. Separately billed services represented approximately 5% of the Company's revenue in 2007.

Factors affecting operating income before non-recurring items

Changes in operating income before non-recurring items reflect the following factors:

- Costs directly related to manufacturing and product purchases, the installation and field service of instruments, depreciation of instruments placed with or leased to clients and royalties paid on certain products sold.

- Other operating costs consist primarily of selling and marketing expenses, general and administrative expenses and research and development expenses. Research and development costs are recognized in the year in which they are incurred and may include up-front license payments for products in development.

- Proceeds from royalties are reported on a separate line in the consolidated income statement, net of amortization allowances for the corresponding intangible assets; they contributed €10.6 million of operating income before non-recurring items in 2007.

Impact of exchange-rate fluctuations

Because much of the Company's business is conducted outside the euro zone, its revenue, income, and some items on its balance sheet can be significantly affected by fluctuations in exchange rates between the euro and other currencies. Revenue, in particular, is affected by changes of the euro against the US dollar, and to a lesser extent against other currencies.

However, some operating expenses, in particular those incurred in the United States, are paid for in US dollars, lessening the impact of fluctuations of the US dollar on operating income. This natural hedge is less effective in the case of other currencies in which the Company operates.

The Company may also be exposed to currency risks arising from borrowings by certain subsidiaries in currencies other than their own (such as euros or dollars) in countries where the volatility of those currencies is higher and where it may not always be possible to hedge exchange risks (such as in certain Latin American countries).

The Company'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. 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.

The Group's exposure to exchange rate and other market risks is examined in section 5.2.6 "Market risks" below. The impact of exchange-rate fluctuations on revenue over the past two years is examined in the "Revenue" section below.

In addition to having an impact on the Company's income, exchange-rate fluctuations can affect its net worth. The Company's worldwide operations require it to have assets and liabilities in dollars and other currencies. At the present time, the Company has not taken measures to hedge this exposure to foreign exchange losses.

Comparable figures

The notion of "comparable figures" in the context of changes in revenue refers to the exclusion of the impact of exchange rate fluctuations, and changes in consolidation (acquisitions or divestitures of consolidated companies or divisions) and changes in accounting methods. The impact of exchange-rate fluctuations is eliminated by recalculating sales for the year under review using the exchange rates for the previous year.

Seasonal nature of the business

The Group's business is not seasonal.

5.2.2 Comparison of fiscal 2007 with fiscal 2006

Changes in the scope of consolidation

Changes in consolidated entities during fiscal 2007 are examined in section 5.3.2.1.1 below.

Highlights

Fiscal 2007 highlights are reviewed in section 5.3.2.1.2 below.

Revenue

Revenue for fiscal 2007 was 1,063 million euros, up from 1,037 million euros in 2006.

Revenue increased by 7.4%, on a comparable foreign-exchange and consolidation basis.

Revenue by region was as follows:

In millions of euros	**2007**	2006	*Change*	
			in euros	***On a comparable exchange and consolidation basis***
Europe (1)	**613.2**	586.0	*+4.6 %*	***+5.6 %***
North America	**262.7**	268.8	*-2.3 %*	***+10.2 %***
Asia-Pacific	**118.9**	113.1	*+5.1 %*	***+12.0 %***
Latin America	**68.0**	69.0	*-1.3 %*	***+4.5 %***
Total	**1,062.8**	1,036.9	***+2.5 %***	***+7.4 %***

(1) Including the Middle East and Africa

- Sales were up 5,6% in the Europe, Middle East and Africa regions (which accounted for 58% of consolidated revenue). They rose slightly in France. Excluding France, sales in the region increased by 7.8%, with most of the growth being accounted for by Germany, the Middle East/Africa region and the United Kingdom. In clinical products, growth was driven primarily by all microbiology lines, especially VITEK®2, and molecular biology. There was a slight increase in sales of immunoassays. The new parameters with a high medical value, such as VIDAS® B·R·A·H·M·S PCT®, as well as instruments, provided a source of renewed growth for the VIDAS® product line. Competitive pressure remained strong in microplates. There was a 7.8% increase in sales of industrial applications.

- In North America (25% of revenue), there was a double-digit increase in sales in both the United States and Canada. The microbiology and molecular biology lines led growth in clinical applications. Industrial applications, where sales were up 14.4%, benefited from the successful release of TEMPO® and strong performances by the VITEK®2 and BacT/ALERT® sterility control lines

- In Asia and the Pacific (11% of revenue) business was up 12%. Sales increased significantly in China, where revenue generated rose by almost 20%, in Korea and in Australia. There was also a small improvement in sales in Japan, thanks in part to a contract with BML. All microbiology, immunoassay and molecular biology lines contributed to sustained growth in the clinical area. Sales of industrial applications also increased by 13.3%.

- In Latin America (6% of revenue), sales were up 4.5%. Growth was sustained in Mexico and Argentina. The Brazilian subsidiary reported declining sales in molecular biology and microplates. Sales of industrial applications were still relatively small but increased by 37%.

The table below shows revenue by application:

In millions of euros	**2007**	2006	*Change*	
			in euros	***On a comparable exchange and consolidation basis***
Clinical applications	**908.9**	**894.3**	***+1.6 %***	***+6.8 %***
Microbiology	**533.9**	505.5	*+5.6 %*	***+8.9 %***
Immunoassays	**288.2**	286.9	*+0.4 %*	***+2.3 %***
Molecular Biology	**47.3**	39.9	*+18.7 %*	***+19.5 %***
Other product lines	**39.5**	62.0	*-36.3 %*	***-5.0 %***
Industrial applications	**153.9**	**142.6**	***+7.9 %***	***+10.7 %***
Total	**1,062.8**	**1,036.9**	***+2.5 %***	***+7.4 %***

In the clinical applications segment, on a comparable basis:

- Microbiology sales rose 8.9%, with improvements in all core product lines.

- Revenue from immunoassays improved, in spite of considerable competitive pressure in microplates. Sales of VIDAS® reagents improved by more than 3%. Business was sustained in the Asia-Pacific region and Latin America. In Europe, results were helped by strong starting sales of the new parameters with a high medical value, including VIDAS® B·R·A·H·M·S PCT®.

- In spite of declining sales in Brazil, our molecular biology business there improved significantly.

With sales up 10.7%, the industrial applications segment continued to expand, supported by all microbiology lines.

In 2007, the portion of revenue accounted for by instruments was 13%, up from 12% in 2006.

The installed base continued to expand, with 3,800 new instruments put in place during the year. A total of some 49,000 systems were in place on December 31, 2007.

Gross profit and income

IAS/IFRS

Financial statements for fiscal 2007, 2006 and 2005 were prepared in accordance with IAS/IFRS.

Income

Gross profit was 565.8 million euros, corresponding to a margin of 53.2% of revenue, compared with 52.3% in fiscal 2006. In spite of a loss of profit margin from discontinued or sold operations, gross profit improved by 24 million euros. It was adversely affected by the increased share of instrument sales in total revenue but benefited from organic growth, economies of scale and a decline in quality rejections.

Distribution expenses and **overhead** totaled 277.6 million euros or 26.1% of revenue, compared with 26.3% on December 31, 2006.

Spending on **research and development** amounted to 131.8 million euros, or 12.4% of revenue, down from 12.5% in fiscal 2006.

Revenue generated by **patents held** rose by 0.8 million euros to 10.6 million euros. They included net royalties of 5.7 million euros from Becton Dickinson.

As a result of controlled operating costs, **EBIT** was up 11.7% to 167 million euros, or 15.7% of revenue. The margin would have been 15.3% – or 90 basis points more than last year – had it not been for the impact of exchange rates on revenue.

Operating income was 149.9 million euros, down from 152.5 million euros in 2006. It included the recognition of a provision (of 28.5 million euros) for the closing of the Boxtel facility, that was partially offset by a reversal of 11.4 million in the provision on the dispute with D.B.V. In 2006, operating income had included a gain of 10.1 million euros from the sale of the hemostasis line, as well as a charge of 6.6 million euros related from the discontinuation of the microplate immunoassay business in the United States.

Financial income improved to 3.8 million euros, reflecting primarily reduced debt charges and capital gains from the disposal of OPi shares (3.3 million euros before taxes).

Corporate income taxes amounted to 55.1 million euros. The average tax rate was 35.6% of pre-tax income, compared with 30.4% in 2006, as the provision for the closing of the Boxtel facility only generated a partial tax saving. In 2006, the intercompany sale of certain bioMérieux BV (Netherlands) patents had made it possible to apply some of that company's accumulated tax losses.

The Company qualified for research tax credits of 5.2 million euros, including 4.2 million euros in France. Starting in 2008, it will be entitled to new benefits in France that are expected to result in a threefold increase in those tax credits.

Net income was 98.1 million euros (9.2% of revenue), compared with 105.4 million euros (10.2% of revenue) in 2006.

Statement of change in net debt and financial position

Cash flow before the cost of debt and taxes was up 31 million euros to 238 million euros, reflecting the improvement in EBIT. In 2006, cash flow had been adversely affected by the cost of the settlements with Institut Pasteur and Bio-Rad Laboratories, Inc.

Working capital increased less than in 2006. This was due in part to stable inventories and in the average collection period. Working capital required for operations amounted to 21% of revenue (22% in 2006).

Net capital expenditures amounted to 90 million euros, of which 40 million for placed instruments, compared with 89 and 47 million euros, respectively, in 2006. Expenditures in 2007 were primarily incurred to increase productive capacity and improve productivity, as well as to consolidate sales and marketing operations in France. They included additional spending on intangible assets (software licenses, including from SAP, and technologies).

In 2007, the company made financial investments of 28 million euros, including for the acquisition of BTF and Biomedics, as well as equity stakes in LabTech and AdvanDx.

As a result, the Company had a free cash flow of 63 million euros in 2007. It paid out 29.9 million euros (or 0.76 euro per share) in dividends in June 2007.

Net cash amounted to 15 million euros on December 31, 2007, compared with a net debt of 10 million euros on December 31, 2006.

5.2.3 Comparison of fiscal 2006 with fiscal 2005

Changes in the scope of consolidation

Acquisition of Bacterial Barcodes Inc
In September 2006, bioMérieux Inc acquired 100% of the shares of Bacterial Barcodes Inc., a molecular biology based in Georgia (United States). That company has developed and distributes DiversiLab®, a system for automated genotyping of bacteria.

Since the acquisition, Bacterial Barcodes Inc. has contributed 0.5 million US dollars to the Group consolidated revenue.

The purchase price, at discounted value and including high probable contingent payments, was 22.2 million US dollars. The outstanding payable of 7.2 million US dollars is recognized under "payables on property, plant and equipment.

The acquired assets and liabilities had a fair value of 11.1 million US dollars and included technology and licensing agreements with a net value of 15.5 million US dollars, which are depreciated over their estimated useful life of fifteen years.

The balance of 11.1 million US dollars represents goodwill.

Acquisition of ReLIA Diagnostic Systems, LLC.

In January 2006, bioMérieux S.A. acquired 15% of the shares of ReLIA Diagnostic Systems, LLC. in the United States, for 8 million US dollars. This investment is accounted for by the equity method, as it meets the significant-influence criteria.

The company is a research and development firm and had no revenue in 2006.

The purchase did not generate goodwill, given the recognition of the technology acquired, which is amortized on a straight-line basis over its likely useful life.

Net sales

Revenue for fiscal 2006 was 1,037 million euros, up from 994 million euros in 2005.

Revenue increased by 5.9%, on a comparable foreign-exchange and consolidation basis (exclusive of the hemostasis business for the second half of 2005 and for 2006, and of the revenue of Bacterial Barcodes Inc., acquired September 15, 2006).

Revenue by region was as follows:

In millions of euros	**2006**	2005	*Change*	
			in euros	***On a comparable exchange and consolidation basis***
Europe (1) (2)	**586.0**	566.6	*+3.4 %*	***+5.0 %***
North America	**268.8**	255.9	*+5.0 %*	***+6.9 %***
Asia-Pacific (2)	**113.1**	107.7	*+5.0 %*	***+7.9 %***
Latin America	**69.0**	63.4	*+8.8 %*	***+7.1 %***
Total	**1,036.9**	993.6	***+4.4 %***	***+5.9 %***

(1) Including the Middle East and Africa
(2) After reclassification of 2005 revenue from SAARC

– Sales were up 5% in the Europe, Middle East and Africa region (which accounted for 56% of consolidated revenue). Excluding France, sales increased by 8.3%, driven by improvements in the United Kingdom (+10%), Spain (+7%) and in the Middle East/Africa region. Sales increased by only 4% in Italy, were stable in Portugal and declined by 2% in France, where most of the Group's clients are concentrated, as revenue from routine VIDAS® tests stagnated.

  In clinical applications, growth in microbiology benefited from strong sales of VITEK®2 reagents and culture media. The immunology lines were up 1%, helped by sales of microplate tests. In molecular biology, revenue improved by close to 50%. Sales of industrial applications continued to grow (+12.3%).

- In North America (26. of total revenue), the increase in sales was 6,9%. In clinical applications, the improvement was led by sales of VITEK®2 Compact instruments and of VITEK® and BacT/ALERT® reagents. Revenues generated by molecular biology were up 50%. In the industrial segment, sales rose by 9.7%.

- In Asia and the Pacific (11% of total revenue), business was up 7.9%. Sales declined by 2% in Japan, as aggregate insurance reimbursements were reduced by 10%. The shortfall was also due to the closing of the Saitama facility in July 2005, as well as to high sales the previous year of blood culture systems for industrial applications. Business was up in South Korea, Australia and India, were sales increased respectively by 21%, 14% and 16%. The increase in annual sales was 6% in China, even though instrument sales had been very high between August and October 2005 due to the securing of a major order. Discounting that factor, growth would have been 20%.

  Sales of microbiology and molecular biology reagents provided the impetus for clinical applications. Growth in the industrial applications segment was sustained in the region, except in Japan.

- Sales in Latin America increased by 7.1%. They fell slightly in Brazil, but were up 10% in Mexico and 13% in Argentina.

  Revenues from clinical microbiology and industrial applications were both up by close to 20%.

On a constant foreign-exchange and comparable consolidation basis, sales of clinical applications improved by 5.1%, while those of industrial applications rose by 11,5%.

The table below shows revenue by application:

In millions of euros	**2006**	2005	*Change*	
			in euros	***On a comparable exchange and consolidation basis***
Clinical applications	**894.3**	**865.5**	***+3.3 %***	***+5.1 %***
Microbiology	**505.5**	475.5	*+6.3 %*	***+6.5 %***
Immunoassays (1)	**302.0**	297.4	*+1.5 %*	***+1.4 %***
Molecular Biology	**39.9**	26.9	*+48.0 %*	***+45.9 %***
Other product lines	**46.9**	65.7	*-28.6 %*	***-10.2 %***
Industrial applications	**142.6**	**128.1**	***+11.4 %***	***+11.5 %***
Total	**1,036.9**	**993.6**	***+4.4 %***	***+5.9 %***

(1) after the 2005 reclassification of the microplate and manual lines under immunoassays

In the clinical applications segment, on a comparable basis:

- microbiology improved by 6.5% thanks to strong sales of VITEK® products, BacT/ALERT® reagents and culture media;

- in immunoassays, sales of microplate tests increased, as did the VIDAS® line in value-added tests and Physician Office Labs. However, sales of that line declined in France and in parts of Southern Europe for routine testing. The marketing of the new VIDIA automated instruments continued, with the release during the last quarter of the year of three new parameters for thyroid testing (TSH, FT3 and FT4).

- Benefiting from the combination of NucliSENS® easyMAG® for automated extraction and NucliSENS EasyQ® for amplification and detection, molecular biology sales were up 46%, reflecting significant sales of instruments.

Industrial applications sales increased by 11.5%, on a constant exchange parity and comparable consolidation basis, driven by the higher volumes in culture media, VITEK®2 Compact and VIDAS®. The marketing of TEMPO® continued, although sales remained modest; prospects for improvements were good, with a planned release in the United States and a recent extension of the menu.

Instrument sales accounted for the same portion of total revenue in 2006 as in 2005.
The installed base continued to expand, with 3,900 new instruments put in place during the year. Following the disposal of the hemostasis instruments line, there was an installed base of approximately 45,400 systems on December 31, 2006.

Gross profit and income

IAS/IFRS

Financial statements for the years ended December 31, 2006 and December 31, 2005 were prepared in accordance with IAS/IFRS. Figures for 2004 have been restated in accordance with the new standards.

The changeover to IFRS has had no significant impact on net income, except for the elimination of goodwill amortization, which represented an expense of 4.4 million euros for the period ended December 31, 2004.

The introduction of the new standards led to a reclassification of certain 2004 expenses, notably those related to the initial public offering, but this did not have any impact on net income. However, it did cause a 2.7-million euro reduction in 2004 operating income, as restated for purposes of comparison with 2005 figures.

Income

Gross profit was 541.9 million euros, corresponding to a margin of 52.3% of revenue, compared with 52.4% in fiscal 2005. Higher quality control costs were in large part offset by the favorable impact of exchange-rate fluctuations, the resolution of the HIV dispute and continued efforts aimed at limiting the increase in raw material costs.

Distribution expenses and **overhead** represented 26.3% of revenue, compared with 26.1% in fiscal 2005. This slight increase was due in part to the residual impact of the sale of the hemostasis business on overhead and the internal restructuring carried out in the second half of the year.

Spending on **research and development** amounted to 129.6 million euros, or 12.5% of revenue, down from 13.1% in fiscal 2005. Business development expenses declined in 2006 from the previous year, when costly bio-markers were acquired.

EBIT was up 7.6% to 149.4 million euros, or 14.4% of revenue (from 138.8 million euros and 14% in 2005).

Operating income totaled 152.5 million euros, a 9.8% improvement from fiscal 2005, and represented 14.7% of revenue (14% in 2005). It included a gain of 10.1 million euros from the sale of the hemostasis line, as well as a charge of 6.6 million euros related from the discontinuation of the microplate business in the United States in 2007.

Financial income improved by 1.3 million euros, reflecting in large part a reduction in the average net debt. During the first half of the year, bioMérieux renegotiated its main credit facility, which gives the Company access to loans of 260 million euros and expires in January 2013.

Corporate income tax fell by 1.8 million euros, due to higher tax credits for research, including as a result of improved conditions in France. Other factors included the settlement of the disputes with Bio-Rad Laboratories, Inc. and Institut Pasteur, as well as the transfer within the Group of certain bioMérieux BV (Netherlands) patents, which made it possible to take advantage of some of the losses accumulated by that company. The average tax rate declined to 30.4% of income, from 34.9% in 2005.

As a result of the foregoing, **net income** improved by close to 17%, to 105.4 million euros in fiscal 2006 (10.2% of revenue), from 90.1 million euros (9.1% of revenue) in 2005.

Statement of change in net debt and financial position

In spite of an increase in EBIT of 10.6 million euros, **cash flow before debt service and taxes** fell by 8 million euros in 2006, to 206 million euros, due to the cost of the settlement with Bio-Rad Laboratories, Inc. and Institut Pasteur.

The **increase in working capital** was greater than in 2005, when significant arrears had been settled by the Greek and Portuguese authorities. Working capital remained stable, however, as 22% of revenue.

Net capital expenditures totaled 89 million euros, including 47 million for placed instruments, up from respectively 82 million and 38 million euros in 2005. In 2006, capital spending concerned primarily manufacturing facilities as well as the purchase of a building complex at the Saint Louis, Missouri plant.

Other transactions for the year were related to the disposal of the hemostasis business (34 million euros) and the purchases of Bacterial Barcodes, Inc. (25 million US dollars, of which 15 million were paid during the fiscal year) and ReLIA (8 million US dollars).

Free cash flow for 2006 amounted to 57 million euros, enabling the Company to distribute 18.1 million euros in dividends (€0.46 per share) in June 2006.

As of December 31, 2006 the net debt had been reduced to only 10 million euros.

5.2.4 Liquidity

The Group's principal source of liquidity is cash flow from operations, which enables it to finance its capital expenditures and to have a positive cash balance. As of December 31, 2007, the Company had €260 million of committed and unused lines of credit.

The Company considers that it has adequate resources to finance its day-to-day business, capital expenditure and debt servicing.

5.2.5 Off-balance-sheet commitments

Outstanding commitments made or received on December 31, 2007 were as follows:

- Real estate operating lease commitments by Group entities amounted to €19.1 million on December 31, 2007, of which 13.3 million euros payable in more than one year.

- bioMérieux SA participates in a research program coordinated by Mérieux Alliance, together with Transgène, Genosafe and the Genethon association; the project's objective is to develop a new generation of diagnostics and therapies focusing on cancers, infectious diseases and genetic disorders. Known under the acronym "ADNA" (for "*Avancées Diagnostiques pour de Nouvelles Approches thérapeutiques*"), the program receives financing from the French government's Industrial Innovation Agency, which merged with Oseo Anvar in 2007. In this connection, bioMérieux SA has agreed to spend 136.5 million euros in research and development from 2007 to 2017. In return, bioMérieux SA will receive subsidies and repayable grants of up to 19.4 million euros (including 1.7 million euros for fiscal 2007) and 23.1 million euros, respectively. If projects are successful, bioMérieux SA will have to pay back a portion of the repayable grants calculated on its revenue (2%) and then 1 to 2 percent of its revenue, depending on the projects, until 2027 or 2029. The public financing agreement still requires the approval of the European authorities, which have not yet reached a decision.

- bioMérieux Inc and bioMérieux SA are parties to various agreements that call for payments based on progress in corresponding research projects (€31.1 million).

- bioMérieux SA has an option to purchase 35% of the shares of ReLIA Diagnostic System LLC, for a price to be set by an independent expert. The option is exercisable in a single transaction over a three-year period ending in 2009, from the initial purchase of shares by bioMérieux.

- bioMérieux Inc has an option to purchase the remaining 7% of the shares of the Mexican subsidiary from its minority owner, on the basis of a formula that takes into consideration the revenue and income of the company; this has no material impact on the equity and debt of bioMérieux.

- As part of the purchase of CEA-Industrie's interest in Apibio, 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), up to a ceiling of €1.1 million.

- bioMérieux SA has been granted a syndicated facility of 260 million euros (which had not been drawn on as of December 31, 2007) maturing in 2013.

- Bank guarantees obtained by the Group in connection with bids made by it totaled €10.4 million as of December 31, 2007.

- bioMérieux SA's obligations to its employees in terms of training (Droit Individuel à la Formation) were estimated as of December 31, 2007 to amount to a maximum of 181,946 working hours.

- Since Stelhys SNC sold its interest in Harmonie SA, bioMérieux benefits from a clause of additional sale price: bioMérieux is interested in the net income resulting from the transferred patients for a period of twenty years (until 2026).

- Other commitments of €1.2 million were given (endorsements, and guarantees other than real estate lease obligations).

- Other commitments of €0.3 million were received (sureties).

5.2.6 Market risks

Liquidity risk

The table below presents the maturity structure of our financial assets and liabilities as of December 31, 2007:

In millions of euros	**12/31/2007**		**12/31/2006**	**12/31/2005**
Over five years	1.2		1.7	1.4
Between one and five years	17.0		15.6	15.5
Total long-term debt	**18.2**	(a)	**17.3**	**16.9**
Short-term confirmed debt maturing in less than one year	3.0	(b)	1.2	2.4
Other short-term debt	18.3		25.9	44.9
Total short-term debt	**21.3**		**27.1**	**47.3**
Total financial liabilities	**39.5**		**44.4**	**64.2**
Cash	-48.3		-32.8	-20.3
Short-term deposits	-6.2	(c)	-1.1	-0.6
Net indebtedness / (Net cash)	**-15.0**		**10.5**	**43.3**

(a) Including a 6.4-million euro liability from the finance lease of the Plaine de l'Ain logistics facility, including 5.1 million euros for the purchase option. The lease expires in 2010, at which time bioMérieux will have the choice of either continuing to lease the facility or purchasing the building for the option price.

Including the balance of the employee profit-sharing account (6.4 million euros)

(b) Including a 0.6-million euro liability for the capital lease of the Plaine de l'Ain logistics facility

(c) The book value of short-term deposits is identical to their market value.

Interest rate risk

The Company can use swaps, caps and floors (or combinations of these instruments) in order to hedge its exposure to interest rate risks. The accrued rate differential is recognized in net financial income.

On December 31, 2007, the Group was not significantly exposed to foreign-exchange risks. It had a net cash surplus of 15 million euros. The Group does not use financial instruments to hedge interest-rate risks.

Exchange rate risk

The Company operates in 150 countries, generating cash flows in various currencies. Its primary currencies are the euro, US dollar, Japanese yen, pound sterling, and Brazilian real.

An inter-company billing system has been implemented among the three principal operating companies in order to pool exchange-rate risks, except in the case of countries for which this is not legally or economically feasible (currently Brazil, Argentina, Colombia, Chile, South Korea, Russia and India).

The Group hedges its currency exposure (see "Impact of exchange rates" in section 5.2.1 above).

The table below shows the estimated position (in millions of euros) with respect to all currency hedging instruments in effect on December 31, 2007, broken down by type of instrument. Forward contracts are valued at the forward rate and options at their exercise price.

Currency hedges on December 31, 2007 *In millions of euros*	Total	Expiration date		Market value (a)
		< 1 year	1 - 5	
Hedges of existing commercial transactions				
- Currency forward contracts	48.4	48.4		
Total	48.4	48.4		
Hedges of future commercial transactions				
- Currency forward contracts	103.3	95.6	7.7	-0.4
- Options	20.4	19.0	1.4	0.6
Total	123.7	114.6	9.1	0.2
Net investment hedges				
- Currency forward contracts	11.3	11.3		0.4
Total	11.3	11.3		0.4

(a) Difference between the present value of the hedge instrument on December 31, 2007 and its market value on December 31, 2007

The 0.2-million euro market value of hedge contracts pertaining to future commercial transactions outstanding on December 31, 2007 is recognized in other reserves for 0.3 million euros and in income for 0.1 million euros.

Financial instruments used to hedge net foreign investments on December 31, 2007 were recognized at their market value (0.4 million euros) in other reserves.

Futures and options outstanding on December 31, 2007 mature within 18 months.

5.3 CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDING DECEMBER 31, 2005, 2006 AND 2007

CONSOLIDATED INCOME STATEMENT

In millions of euros	**Jan. 07-Dec. 07 12 months**	**Jan. 06-Dec. 06 12 months**	**Jan. 05-Dec. 05 12 months**
Net sales (note 5.3.1.16.1)	**1,062.8**	**1,036.9**	**993.6**
Cost of sales	-497.0	-495.0	-473.2
Gross profit	**565.8**	**541.9**	**520.4**
Other operating income (note 5.3.1.16.1)	10.6	9.8	8.3
Selling and marketing expenses	-189.3	-186.7	-177.3
General and administrative expenses	-88.3	-86.0	-81.9
Research and development expenses	-131.8	-129.6	-130.7
Total operating expenses	**-409.4**	**-402.3**	**-389.9**
Operating income before non recurring items	**167.0**	**149.4**	**138.8**
Other non recurring incomes (expenses) (note 5.3.23)	-17.1	3.1	0.1
Operating income	**149.9**	**152.5**	**138.9**
Cost of net financial debt (note 5.3.22.1)	0.0	-0.9	-1.6
Other financial items (note 5.3.22.2)	4.7	1.8	1.2
Income tax (note 5.3.24)	-55.1	-46.6	-48.4
Investments in associates (note 5.3.7)	-1.4	-1.4	
Net income of consolidated companies	**98.1**	**105.4**	**90.1**
Attributable to the minority interests	0.1	0.1	0.0
Attributable to the parent company	**98.0**	**105.3**	**90.1**
Net income per share (a)	2.48	2.67	2.28

(a) In the absence of dilutive instruments, diluted net income per share is identical to basic net income per share

CONSOLIDATED BALANCE SHEET

Assets *In millions of euros*	Net 12/31/2007	Net 12/31/2006	Net 12/31/2005
Fixed assets			
. Intangible assets (note 5.3.3)	42.8	31.1	19.5
. Goodwill (note 5.3.4)	76.9	74.8	69.6
. Property, plant and equipment (note 5.3.5.1)	284.3	271.7	276.2
. Financial assets (note 5.3.6)	17.8	14.9	15.8
. Investments in associates (note 5.3.7)	3.1	4.9	
. Other non-current assets (note 5.3.5.3)	21.7	21.5	22.6
. Deferred tax assets (note 5.3.15)	20.1	24.9	24.6
Total	**466.7**	**443.8**	**428.3**
Current assets			
. Inventories and work in progress (note 5.3.8)	145.8	146.8	156.0
. Accounts receivable (note 5.3.9)	293.6	280.8	277.7
. Other operating receivables (note 5.3.10)	23.8	23.7	14.2
. Non-operating receivables (note 5.3.10)	14.0	10.6	9.0
. Cash and cash equivalents (note 5.3.11)	54.5	33.9	20.9
Total	**531.7**	**495.8**	**477.8**
Total assets	***998.4***	***939.6***	***906.1***
Liabilities and shareholders' equity	**12/31/2007**	**12/31/2006**	**12/31/2005**
Shareholders' equity			
. Share capital (note 5.3.12)	12.0	12.0	12.0
. Additional paid in capital	63.7	63.7	63.7
. Retained earnings	458.9	382.2	312.8
. Other comprehensive income	0.6	0.9	-1.3
. Translation reserve (note 5.3.13)	-32.3	-7.0	20.9
. Net income for the year	98.0	105.3	90.1
Total equity before minority interests	**600.9**	**557.1**	**498.2**
Minority interests	**0.4**	**0.4**	**0.3**
Total shareholders' equity	**601.3**	**557.5**	**498.5**
Non current liabilities			
. Net financial debt-long-term (note 5.3.16.2)	18.2	17.3	16.9
. Deferred tax liabilities (note 5.3.15)	12.8	5.4	3.5
. Provisions (note 5.3.14)	71.4	59.9	74.2
Total	**102.4**	**82.6**	**94.6**
Current liabilities			
. Net financial debt-short-term (note 5.3.16.2)	21.3	27.1	47.3
. Provisions (note 5.3.14)	7.5	17.0	7.7
. Accounts payable (note 5.3.17)	98.1	95.8	99.2
. Other operating liabilities (note 5.3.17)	140.6	132.3	131.5
. Tax liabilities (note 5.3.17)	12.3	11.0	14.5
. Non-operating liabilities (note 5.3.17)	14.9	16.3	12.8
Total	**294.7**	**299.5**	**313.0**
Total liabilities and shareholders' equity	***998.4***	***939.6***	***906.1***

CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL DEBT

In millions of euros	Jan. 07-Dec. 07 12 months		Jan. 06-Dec. 12 months		Jan. 05-Dec. 12 months	
Net income of consolidated companies	98.1		105.4		90.1	
Net depreciation, and provision and others	95.2		59.0		71.9	
(Increase) / Decrease in fair value of derivatives	-1.1		0.3		0.2	
Net realized capital gains (losses)	-3.5		-6.4	(2)	-2.4	
Cash flow from operating activities	**188.7**		**158.3**		**159.8**	
Cost of net financial debt	0.0		0.9		1.6	
Current income tax expense	48.9		47.0		52.6	
Cash flow from operating activities before cost of net financial and income tax	**237.6**		**206.2**		**214.0**	
Increase in inventories	-1.4		-4.5		-16.3	
Increase requirements in accounts receivable	-18.2		-21.7		-2.7	
Increase (decrease) in accounts payable and other operating working capital	11.2		-2.3		20.0	
Decrease requirements (increase) in operating working capital	**-8.4**		**-28.5**		**1.0**	
Income tax paid	-56.3		-53.5		-46.0	
Cost of net financial debt	0.0		-0.9		-1.6	
Other	0.4		3.2		-1.1	
(Increase) / Decrease in non-current assets	-2.3		-1.9		-1.8	
Decrease requirements (increase) in working capital requirements	**-66.6**		**-81.6**		**-49.5**	
Net cash flow from operations	**171.0**		**124.6**		**164.5**	
Purchase of property, plant and equipment	-89.7		-88.6		-81.6	
Proceeds on fixed asset disposals	8.0		8.0		12.2	
Purchase of financial assets disposals of financial assets	-1.1		0.8		-5.7	
Net cash from the sale of Hemostasis line of business	2.3		33.7			
Impact of changes in the scope of consolidation	-21.6	(1)	-18.4	(3)	-0.5	(4)
Other investments	-1.3					
Net cash flow from (used in) investments activities	**-103.4**		**-64.5**		**-75.6**	
Purchases and proceeds of treasury stocks	-5.0		-3.6		-0.1	
Dividends to bioMerieux SA shareholders	-29.9		-18.1		-15.8	
Net cash flow from (used in) shareholders' equity	**-34.9**		**-21.7**		**-15.9**	
Change in net debt (5)	**32.7**		**38.4**		**73.0**	
Analysis of change in net financial debt						
Net financial debt at the beginning of the year	10.5		43.3		118.1	
Impact of currency changes on net financial debt	7.2		5.6		-1.8	
Change in net financial debt:	**-32.7**		**-38.4**		**-73.0**	
- Confirmed facilities	*2.5*		*-0.9*		*-97.5*	
- Cash and other bank deposits	*-35.2*		*-37.5*		*24.5*	
Net financial debt at the end of the year (see. note 5.3.16.2)	**-15.0**		**10.5**		**43.3**	

(1) Acquisition of Biomedics (11.3 millions of euros), net from cash at the acquisition date (1,3 million of euros)
Acquisition of BTF (11.7 millions of euros), net from cash at the acquisition date (0,1 million of euros)
(2) Including net income before tax on the sale of Hemostasis line of business: € 10.1 millions, or €6.9 millions after tax
(3) Acquisition of Bacterial Barcodes Inc (11.6 millions of euros)
Investment in ReLIA Diagnostic Systems, LLC accounted for by the equity method (6,8 millions ofeuros)
(4) Partial buyout of bioMerieux Mexico minority shareholder
(5) Change in net financial net debt, excluding impact of exchange rates

STATEMENT OF CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY

	Group's share								Minority share
In millions of euros	**Share capital**	**Additional paid in capital**	**Consolidated reserves**	**Payment in shares**	**Changes in fair value (a)**	**Treasury shares**	**Translation reserve**	**TOTAL**	**TOTAL**
Shareholders' equity on December 31, 2005	**12.0**	**63.7**	**402.7**	**0.4**	**-1.3**	**-0.2**	**20.9**	**498.2**	**0.3**
Net income for the year			105.3					**105.3**	**0.1**
Treasury shares			0.1			-3.7		**-3.6**	
Dividends (b)			-18.1					**-18.1**	
Variation of the OCI (a)			-0.3		2.2			**1.9**	
Payment in shares (c)				1.3				**1.3**	
Change in translation reserve							27.9	**-27.9**	
Shareholders' equity on December 31, 2006	**12.0**	**63.7**	**489.7**	**1.7**	**0.9**	**-3.9**	**-7.0**	**557.1**	**0.4**
Net income for the year			98.0					**98.0**	**0.1**
Treasury shares			-0.7			-3.3		**-4.0** (f)	
Dividends (b)			-29.9					**-29.9**	
Variation of the OCI (a)					-0.3			**-0.3**	
Payment in shares (c)			1.4 (d)	3.9				**5.3**	
Change in translation reserve (see note 13)							-25.3	**-25.3**	**-0.1**
Shareholders' equity on December 31, 2007	**12.0**	**63.7**	**558.5** (e)	**5.6**	**0.6**	**-7.2**	**-32.3**	**600.9**	**0.4**

(a) Other comprehensive income

(b) Dividend per share : €0,46 in 2006 and €0,76 in 2007

(c) The fair value of share-based payment is expensed over the vesting period

(d) Shares definitely granted

(e) Including distributable reserves of bioMerieux SA: 323 M€. The general shareholders meeting of June 12, 2008 proposes a dividend of 0,76 € per share

(f) 5 millions d'euros before tax

INTRODUCTION

bioMérieux is a leading international diagnostics group that specializes in the field of *in vitro* diagnostics for clinical and industrial application. The Company designs, develops, manufactures and markets systems, i.e. reagents, instruments and software.

The consolidated financial statements were approved by the Board of Directors on March 14, 2008.

The financial statements will be considered final only after they are approved by the shareholders' meeting of June 12, 2008.

5.3.1 Accounting principles

The consolidated financial statements for the year ended December 31, 2007 have been prepared in accordance with the accounting and valuation rules and interpretations of the International Financial Reporting Standards (IFRS) adopted by the European Commission as of December 31, 2007.

Standards approved in 2007 but going into effect after December 31, 2007 have not been applied.

IFRS 7 "Financial Instruments: Disclosures" and the amendment to IAS 1 "Presentation of Financial Statements" were applied for the first time in 2007. The application of those standards resulted in information on financial instruments and the company's capital being added to the notes to 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.

The consolidated financial statements are prepared in euros. The figures in the notes to the consolidated financial statements are in millions of euros.

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, pension obligations, deferred taxes and payments in shares, as well as information provided in certain notes to the financial statements. These estimates and judgments 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.

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 percent 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 policies without controlling such policies. It is presumed whenever bioMérieux has a direct or indirect ownership between 20 and 50 percent of voting rights. ReLIA, a 15-percent held company, is accounted for by the equity method, as bioMérieux has significant influence over its management, as reflected in part by the presence of a bioMérieux representative on the board of directors.

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 Group's operating and accounting currency.

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.
- items in the statement of change in net debt 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 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**
2007	1.37	161	0.68	2.66
2006	1.26	146	0.68	2.73
2005	1.25	137	0.68	3.04

Year-end rates				
1 EURO =	**USD**	**JPY**	**GBP**	**BRL**
2007	1.47	165	0.73	2.61
2006	1.32	157	0.67	2.82
2005	1.18	139	0.69	2.76

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 transactions date and their 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, 2007. 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.

5.3.1.5 Intangible assets

5.3.1.5.1 Research and development expenses

As prescribed by IAS 38 "Intangible assets", research costs are not capitalized.

Under IAS 38 "Intangible assets", development expenses must be recognized as intangible assets whenever specific conditions prevail, 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 mergers: 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 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 on a straight-line basis, generally over five 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 combination 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. 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.

Goodwill is presented in the balance sheet at cost, net of impairments, if any. Impairments 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 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 is initially recorded in the balance sheet at its purchase or production cost, or at fair value on the date of business combinations. It is not revalued. Any revaluations by Group companies are eliminated when preparing the consolidated financial statements.

The value of property, plant and equipment is measured 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.

In case an asset acquisition is financed through a financial debt borrowing costs directly attributable to the acquisition are not capitalized but recognized in the income statement under "cost of net financial debt" during the period in which they are incurred.

Normal maintenance and repair costs of property, plant and equipment are recognized as expenses for the period in which they are 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.

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 components:

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 is recorded and recognized in "other non-recurring income 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" (7.5 million euros on December 31, 2007).

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, 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 economic 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.

For this purpose, assets are assigned to cash-generating units, which in practice correspond to the Group's subsidiaries. Impairment tests on assets that cannot be assigned (such as goodwill generated by the acquisition of the diagnostics division of Organon Teknika OTD) are performed at the Group level.

The recoverable amount of a cash-generating unit or of a group of such units is mainly based on the discounted cash flow projections over the next five years and an end-value. The assumptions made regarding growth over the first five years are consistent with available business information; the final end-value is estimated on the basis of conservative assumptions. The discount rate used to calculate the present value is the weighted average cost of capital before tax, and was 8.7. in 2005, 7.9% in 2006 and 7.7% in 2007.

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.

Impairments are recognized immediately in income under other non-recurring expenses, if they meet the applicable definition (see note 5.3.1.16.3). In the case of goodwill, impairments 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 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.

Borrowing costs are not included 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 installed base.

5.3.1.11 Cash and cash equivalents

This line includes immediately available cash balances as well as short-term, risk-free investments (ex: money-market SICAV funds in euros) (see note 5.3.1.17).

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. Sums outstanding at the end of the period are shown as "Other operating liabilities".

In the absence of material extra costs identified by the Group, employee training entitlements under the DIF regulation are accounted for as off-balance-sheet commitments.

5.3.1.12.2 Post-employment benefits

These comprise 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. Sums outstanding 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, the Netherlands, Germany and France) and contractual retirement payments (primarily in France, Italy 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 pay increases, employee turnover and mortality rates. The principal assumptions made are shown in the table below:

		bioMérieux SA	bioMérieux Inc
Salary increases			
	2007	3.50%	3.75%
	2006	3.00%	3.75%
	2005	3.00%	3.75%
Discount rate			
	2007	5.40%	6.00%
	2006	4.50%	5.80%
	2005	4.25%	5.50%
Expected return			
	2007	4.70%	8.00%
	2006	4.50%	8.00%
	2005	4.50%	8.00%

Actuarial gains and losses are deferred and amortized in accordance with the corridor method, based on the average working life or life expectancy of the employees covered by the plan.

The cost of contributions for past service due to changes in plans is spread over the average remaining vesting period.

5.3.1.12.3 Other long-term benefits

Other long-term benefits include long-service pay 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 liability to a third party, which constitutes a probable obligation that will require the outlay of funds in favor of that third party, without equivalent consideration expected in return, and when the amount of the liability can be reliably estimated.

In the case of restructurings, a provision is accrued as soon as a restructuring is announced publicly and the corresponding plan is detailed or implemented. Provisions for restructuring charges include the cost of severance benefits.

Provisions are discounted if the impact is material.

Contingent liabilities are listed in the notes, 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. The Group uses a two-year period.

Deferred tax assets and liabilities are measured using the comprehensive liability method, taking into account probable dates of payment. 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 settle on a net a basis.

5.3.1.15 Non-operating receivables and liabilities

Non-operating receivables and liabilities are receivables and liabilities that are not related to operations. They include receivables from the disposal of non-current assets, payables to property, plant and equipment and accrued receivable income tax credits.

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 amount of revenue 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 or 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 budgets of the quality control, quality 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 clients.

- 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, infrastructures) 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 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 Non-recurring income and expenses

Non-recurring income and expenses include mainly the net capital gains from disposals of assets and other "material, unusual and non-recurring" items such as restructuring costs and certain provisions for impairments (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:

- Cost of net financial debt", which includes interest expenses, fees and foreign-exchange gains and losses on the debt, and income generated by cash and cash equivalents.

- Other financial items", which includes financial income on leased instruments, the impact of disposals and write-downs of non-consolidated investments, late-payment interest charged to customers and the non-effective portion of hedge contracts on commercial transactions and on net foreign investments.

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:

"Investments held to maturity" 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.

"Financial assets and liabilities at fair value through profit or loss" 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 closing price of publicly traded stocks and to the net asset value of investment securities. Changes in fair value are recognized in income.

"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 implicit 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.

"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 equity. 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.

Currency or interest-rate "derivatives" (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 close of the period. 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) are recognized directly in equity 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). Sums recognized in equity are reversed in the income statement in a symmetrical manner when the hedge 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.

5.3.1.18 Payments in shares

The only share-based payment transaction is the distribution of free shares approved by the annual and special shareholders’ meeting of June 9, 2005.

As prescribed by IFRS 2 "Share-based payment", the fair value of share-based payments is recognized as an expense in the period during which the rights to free shares vest, with a corresponding increase in shareholders’ equity.

It is based on the value of the shares on the grant date and is revised at the end of each year on the basis of the number of shares for which rights have vested.

At the end of the share grant period, the recognized advantage remains in shareholders' equity, regardless of whether all shares are allotted or not.

The tax savings on free shares recognized in company financial statements have been combined with the expense recognized as prescribed by IFRS 2 "Share-based payment".

5.3.1.19 Net income per share

Basic net income per share is calculated by dividing net income of consolidated entities 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, diluted net income per share is identical to basic net income per share.

5.3.1.20 Consolidated statement of change in net financial debt

The cash-flow statement is for the most part in the form prescribed by the French Accounting Board (Conseil National de la Comptabilité) in its recommendation no. 2004.R.02 of October 27, 2004. It measures changes in net financial debt, meaning all loans and debts, regardless of their maturity, less cash and cash equivalents.

It lists separately:

- cash flow from operations,
- cash flow used in investment activities
- cash flow used in shareholders' equity.

Cash flow used in 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 income tax expense and impairments, if any.

5.3.1.21 Segment reporting

As prescribed by IAS 14 "Segment reporting" and taking into consideration the Group's risk exposure and profitability, the first level of segment reporting is based on geographical segments. The Group's internal organization systems and management structure divide the business into the following four regions:

- Europe,
- North America,
- Asia-Pacific,
- Latin America.

Africa and the Middle East are part of the European region.

Even though Europe and North America together account for more than 75% of the Group's business, the four regions are separately presented.

Furthermore, bioMérieux operates only on the single segment of in vitro diagnostics.

The accounting principles applicable to segment reporting are the same as those used for the consolidated financial statements.

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. Treasury shares held for the purpose of maintaining an orderly market or for distribution under the current incentive plan are deducted from shareholders' equity; conversely, all corresponding transactions are recognized directly in equity (gains and losses from disposals, provisions, etc.).).

5.3.2 Important developments and changes in consolidation over the past three fiscal years

5.3.2.1 Fiscal 2007

5.3.2.1.1 Changes in consolidation

New subsidiaries

During fiscal 2007, bioMérieux SA set up a subsidiary in South Africa. It was also in the process of opening a subsidiary in Algeria at the end of 2007. The two companies will start operating in 2008.

bioMérieux China

bioMérieux SA became the sole owner of bioMérieux China when it purchased the 50-percent interest previously held by bioMérieux Inc. The intercompany transaction, for a price of 6.5 million US dollars, was eliminated from the consolidated financial statements. However, it had an impact on income, which reflected a charge of 1.6 million dollars for capital gains taxes payable by bioMérieux Inc.

Acquisition of Biomedics

On March 30, 2007, bioMérieux Spain purchased all of the shares of Biomedics (Madrid) for 11.3 million euros. Biomedics holds strong positions in Spain in microbiology, particularly culture media.

From its acquisition date to December 31, 2007, Biomedics generated revenue of 3.4 million euros from sales to third parties.

The assets and liabilities purchased had a fair value of 9.6 million euros and included:

- real estate valued by an independent appraiser at 9.3 million euros, before taxes;
- other property, plant and equipment of 1.6 million euros;
- business intangibles of 0.1 million euros related to Glucomedics;
- deferred tax liabilities resulting from valuation allowances (3.1 million euros).

Accordingly, the purchase generated goodwill of 1.7 million euros, which is not amortized, as prescribed by IAS 36 "Impairment of assets".

The company is in the process of being merged into bioMérieux Spain, with retroactive effect from January 1, 2008.

Acquisition of BTF

On September 12, 2007, bioMérieux SA acquired BTF, an Australian company that supplies reference standards for microbiological testing. Its patented BioBall™ technology is used in quality control of microbiological analyses.

Since that acquisition, BTF has contributed revenue of 0.6 million euros to the Group.

The excess of the purchase price of 19.5 million Australian dollars over the company's net worth of 1.8 million Australian dollars amounted to 17.7 million Australian dollars.

The fair value of the assets and liabilities acquired includes the value of the BioBall™ technology (estimated at 16.9 million Australian dollars) that is to be amortized over fifteen years, business intangibles (0.7 million Australian dollars) and deferred tax liabilities resulting from the restated value of depreciable items (5.2 million Australian dollars).

As a result, goodwill of 4.8 million Australian dollars was recognized. It is not amortized, as prescribed by IAS 36 "Depreciation of assets".

5.3.2.1.2 Highlights

Closing of the Boxtel plant in the Netherlands

bioMérieux confirmed in December 2007 that it would close its plant at Boxtel, in the Netherlands, by the end of 2009. The plant employs 287 persons.

Net restructuring charges of 28.5 million euros before taxes were recognized in the financial statements for the year. This includes expenses for which provisions had been recognized earlier (31.2 million euros), which include severance benefits payable (29.1 million euros), outplacement and training expenses (0.9 million euros) and the scrapping of machinery and equipment (0.6 million euros). A provision for post-employment benefits and long-term service bonuses of 2.7 million euros was also reversed.

A resulting tax saving of 3.4 million euros was recognized.

D.B.V. Litigation

Following several favorable court decisions in 2007, the Company has reversed a provision of 11.4 million euros set aside in connection with the infringement action brought by D.B.V. and International Microbio. Litigation is still pending in France, Spain and Italy, however (see note 5.3.14.2.1).

5.3.2.2 Fiscal 2006

5.3.2.2.1 Changes in consolidation

Acquisition of Bacterial Barcodes Inc

In September 2006, bioMérieux Inc acquired 100% of the shares of Bacterial Barcodes Inc., a molecular biology company based in Georgia (United States). That company has developed and distributes DiversiLab®, a system for automated genotyping of bacteria.

The purchase price, at discounted value and including highly probable contingent payments, was 22.2 million US dollars. The balance payable is accounted for in payables to fixed asset suppliers.

The acquired assets and liabilities had a fair value of 11.1 million US dollars and included technology and licensing agreements with a net value of 15.5 million US dollars, depreciated over their estimated useful life of fifteen years.

The balance of 11.1 million US dollars represents goodwill.

Acquisition of ReLIA Diagnostic Systems, LLC

In January 2006, bioMérieux S.A. acquired 15% of the shares of ReLIA Diagnostic Systems, LLC. in the United States, for 8 million US dollars. This investment is accounted for by the equity method, as it meets the significant-influence criteria (see note 5.3.1.2).

The purchase did not generate goodwill, given the recognition of the technology acquired, which is amortized on a straight-line basis over its likely useful life.

5.3.2.2.2 Highlights

Disposal of the Hemostasis product line

bioMérieux sold its Hemostasis product line to Trinity Biotech plc on June 22, 2006.

The transaction, which concerns a line of products rather than an independent business division or a cash generating unit is not a discontinued operation within the meaning of IFRS 5 "Non-current assets held for sale and discontinued operations".

The Hemostasis business contributed 28.6 million euros to revenue in 2006 and 9.6 million euros in 2007.

bioMérieux continued to manufacture this line of products for Trinity Biotech over a 12-month transition period.

In 2006, proceeds from the sale and the associated restructuring and contingency provisions were recognized in "other non-recurring income and expenses". The net aggregate gain amounted to 10.1 million euros before tax. In 2007, additional non-current operating income of 0.4 million euros was recognized, primarily due to excess provisions (see note 5.3.23).

This did not have a material impact on the comparability of fiscal years.

Termination of the microplate business in North America

In December 2006, bioMérieux announced that it would cease the production and distribution of its microplates immunoassay products in North America in 2007.

This concerns a specific product line and region and does not constitute a “discontinued operation” as defined by IFRS 5 “Non-current assets held for sales and discontinued operations”.

The product line generated revenue of 15.3 million euros in North America in fiscal 2006 and 11.1 million euros in 2007.

The decision resulted in the recognition of a charge of 6.6 million euros in 2006, all of which was accounted for as an "other non-recurring expense". The charge corresponds to provisions for announced restructuring measures, indemnities payable to clients and the impairment of inventories and assets, including intangibles, related to this product line. In 2007, non-current operating expenses of 0.1 million euros were recognized for restructuring charges (see note 5.3.23).

The transaction has no material impact on the comparability of the fiscal years.

5.3.2.3 Changes in consolidated entities in 2005

Merger with Apibio

bioMérieux SA and Apibio SAS, a wholly-owned subsidiary of bioMérieux SA, merged with retroactive effect from January 1, 2005, pursuant to a merger agreement signed on March 22, 2005 and ratified by the shareholders’ meeting of June 9, 2005.

Buyout of certain bioMérieux Mexico minority interests

Following the purchase by bioMérieux Inc of two-thirds of the shares of bioMérieux Mexico held by its minority owner, the Group's equity interest in that company rose from 80% to 93%.

The price paid was close to the corresponding portion of net acquired assets and accordingly generated only a small negative goodwill, which was immediately amortized.

Restructuring of bioMérieux Japan

bioMérieux Inc sold its shares of bioMérieux Japan to bioMérieux SA which now holds all of that company's equity. The internal transfer had no impact on the consolidated financial statements.

Two new distribution subsidiaries formed

bioMérieux Hungary and bioMérieux Czech Republic were formed in late 2005. Both are wholly-owned subsidiaries of bioMérieux SA.

5.3.3 Intangible assets

GROSS VALUE *In millions of euros*	Patents Technologies	Software	Advances & deposits	Other	Total
Total on December 31, 2005	**29.5**	**29.5**	**1.1**	**2.8**	**62.9**
Translation adjustment	-2.1	-0.9			-3.0
Acquisition of Bacterial Barcodes	12.2			0.2	12.4
Current acquisitions / increases	3.7	2.4	2.1		8.2
Disposals / Decreases	-0.7	-0.3			-1.0
Reclassifications		0.4	-0.4		
Total on December 31, 2006	**42.6**	**31.1**	**2.8**	**3.0**	**79.5**
Translation adjustment	-2.9	-0.7			-3.6
Acquisition of BTF	10.3	0.1			10.4
Acquisitions / Increases	7.5	2.3	3.4	0.1	13.3
Disposals / Decreases	-0.6	-0.8		0.3	-1.1
Reclassifications		1.7	-1.5	-0.1	0.1
Total on December 31, 2007	**56.9**	**33.7**	**4.7**	**3.3**	**98.6**

AMORTIZATION AND IMPAIRMENTS *In millions of euros*	Patents Technologies	Software	Advances & deposits	Other	Total
Total on December 31, 2005 (a)	**17.7**	**23.1**	**0.0**	**2.6**	**43.4**
Translation adjustment	-1.1	-0.6			-1.7
Current acquisitions / increases	4.2	3.2			7.4
Disposals / Decreases	-0.4	-0.3			-0.7
Total on December 31, 2006 (a)	**20.4**	**25.4**	**0.0**	**2.6**	**48.4**
Translation adjustment	-1.2	-0.6			-1.8
Increases	6.0	3.2	0.4	0.1	9.7
Disposals / Decreases	-0.6	-0.3		0.4	-0.5
Reclassifications					
Total on December 31, 2007 (a)	**24.6**	**27.7**	**0.4**	**3.1**	**55.8**

NET VALUE *In millions of euros*	Patents Technologies	Software	Advances & deposits	Other	Total
Total on December 31, 2005	**11.8**	**6.4**	**1.1**	**0.2**	**19.5**
Translation adjustment	-1.0	-0.3			-1.3
Acquisition of Bacterial Barcodes	12.2			0.2	12.4
Current acquisitions / increases	-0.5	-0.8	2.1		0.8
Disposals / Decreases	-0.3				-0.3
Reclassifications		0.4	-0.4		
Total on December 31, 2006	**22.2**	**5.7**	**2.8**	**0.4**	**31.1**
Translation adjustment	-1.7	-0.1			-1.8
Acquisition of BTF	10.3	0.1			10.4
Acquisitions / Increases	1.5	-0.9	3.0		3.6
Disposals / Decreases		-0.5		-0.1	-0.6
Reclassifications		1.7	-1.5	-0.1	0.1
Total on December 31, 2007	**32.3 (b)**	**6.0**	**4.3**	**0.2**	**42.8**

(a) Impairment tests did not result in the recognition of impairment losses during the the fiscal years for which the data is presented

(b) Including BTF (10 million euros), Bacterial Barcodes (9.5 million euros), bioMérieux S.A. (8 million euros) and bioMérieux Inc (4.6 million euros)

5.3.4 Goodwill

BREAKDOWN *In millions of euros*	**Gross value 12/31/2007**	**Gross value 12/31/2006**	**Gross value 12/31/2005**
Organon Teknika	49.7	51.5	54.2
Bacterial Barcodes (USA)	7.6	8.4	
Biotrol	4.7	4.8	4.8
BTF (Australia) (a)	3.3		
bioMérieux Inc (Vitek)	2.3	2.6	2.9
bioMérieux Poland	2.0	1.9	1.9
Micro Diagnostics Inc (USA)	1.8	2.0	2.2
Biomedics (Spain) (b)	1.8		
bioMérieux	1.7	1.7	1.7
Micro Diagnostics (Australia)	1.5	1.5	1.5
bioMérieux Brazil	0.5	0.4	0.4
Total (c)	**76.9**	**74.8**	**69.6**

(a) Including business intangibles (0.4 million euros) and residual goodwill (2.9 million euros)

(b) Including business intangibles related to Glucomedics (0.1 million euros) and residual goodwill (1.7 million euros)

(c) Impairment tests did not result in impairments being recognized for the fiscal years for which the data is presented

CHANGE *In millions of euros*	**Gross value**
December 31, 2005	**69.6**
Translation adjustment	-2.7
Increases (a)	8.7
Decreases	-0.8
December 31, 2006	**74.8**
Translation adjustment	-3.0
Increases (b)	5,1
December 31, 2007	**76,9**

(a) Goodwill from Bacterial Barcodes Inc. (United States)

(b) Goodwill from BTF (3.3 million euros) and Biomedics (1.8 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	Equipement	Capitalized instruments	Other fixed assets	Fixed assets in progress	Advances and deposits	Total
Total on December 31, 2005	**15.4**	**215.8**	**163.2**	**273.9**	**66.2**	**11.4**	**2.0**	**747.9**
Translation adjustement	-0.4	-4.5	-4.9	-8.2	-2.8	-0.8		**-21.6**
Change in the consolidation scope (a)			0.1					**0.1**
Acquisitions / Increases	2.7	7.0	9.5	46.8	5.0	7.2	1.7	**79.9**
Disposals / Decreases		-1.4	-3.8	-40.8	-2.4		-0.2	**-48.6**
Reclassifications	0.2	3.8	5.2	0.6	0.8	-8.6	-1.9	**0.1**
Total on December 31, 2006	**17,9**	**220.7**	**169.3**	**272.3**	**66.8**	**9.2**	**1.6**	**757.8**
Translation adjustement	-0.4	-4.0	-4.4	-5.0	-2.1	-0.8		**-16.7**
Change in the consolidation scope (b)	5.2	4.4	1.8		0.1			**11.5**
Acquisitions / Increases		8.1	9.8	40.4	5.4	10.4	4.0	**78.1**
Disposals / Decreases		-1.4	-8.9	-31.9	-5.1	-0.5		**-47.8**
Reclassifications		1.5	4.8	1.0	1.3	-6.5	-1.4	**0.7**
Total on December 31, 2007	**22.7**	**229.3**	**172.4**	**276.8**	**66.4**	**11.8**	**4.2**	**783.6**

DEPRECIATION AND IMPAIRMENTS *In millions of euros*	Land	Buildings	Equipement	Capitalized instruments	Other fixed assets	Fixed assets in progress	Advances and deposits	Total
Total on December 31, 2005	**0.2**	**96.6**	**117.5**	**209.4**	**47.4**	**0.6**		**471.7**
Translation adjustement		-2.0	-3.4	-6.1	-2.1			**-13.6**
Increases		11.8	14.6	32.2	5.9			**64.5**
Disposals / Decreases		-1.3	-3.6	-29.2	-2.3	-0.1		**-36.5**
Reclassifications		0.2			-0.2			
Total on December 31, 2006	**0.2**	**105.3**	**125.1**	**206.3**	**48.7**	**0.5**		**486.1**
Translation adjustement		-2.0	-3.1	-3.6	-1.6			**-10.3**
Increases		11.6	14.5	31.2	5.6	0.3		**63.2** (c)
Disposals / Decreases		-1.3	-8.7	-24.7	-5.3	-0.5		**-40.5**
Reclassifications		-0.1	-0.4	0.8	0.6			**0.9**
Total on December 31, 2007 (d)	**0.2**	**113.5**	**127.4**	**210.0**	**48.0**	**0.3**		**499.4**

NET VALUE *In millions of euros*	Land	Buildings	Equipement	Capitalized instruments	Other fixed assets	Fixed assets in progress	Advances and deposits	Total (h)
Total on December 31, 2005	**15.2**	**119.2**	**45.7**	**64.5**	**18.8**	**10.8**	**2.0**	**276.2**
Translation adjustement	-0.4	-2.5	-1.5	-2.1	-0.7	-0.8		**-8.0**
Change in the consolidation scope (a)			0.1					**0.1**
Acquisitions / Increases	2.7	-4.8	-5.1	14.6	-0.9	7.2	1.7	**15.4**
Disposals / Decreases		-0.1	-0.2	-11.6	-0.1	0.1	-0.2	**-12.1**
Reclassifications	0.2	3.6	5.2	0.6	1.0	-8.6	-1.9	**0.1**
Total on December 31, 2006	**17.7**	**115.4**	**44.2**	**66.0**	**18.1**	**8.7**	**1.6**	**271.7**
Translation adjustement	-0.4	-1.9	-1.3	-1.4	-0.5	-0.8		**-6.3**
Change in the consolidation scope (b)	5.2	4.4	1.8		0.1			**11.5**
Acquisitions / Increases		-3.5	-4.7	9.2	-0.2	10.1	4.0	**14.9**
Disposals / Decreases		-0.1	-0.2	-7.2	0.2			**-7.3**
Reclassifications		1.6	5.2	0.2	0.7	-6.5	-1.4	**-0.2**
Total au 31 décembre 2007 (e)	**22.5**	**115.9** (f)	**45.0**	**66.8** (g)	**18.4**	**11.5**	**4.2**	**284.3** (i)

(a) Acquisition of Bacterial Barcodes Inc (United States)
(b) Acquisition of Biomedics (Spain) and BTF (Australia)
(c) Including an impairment provision related to bioMérieux BV (0.6 million euros for the closing of a plant) recognized in other non-recurring income and expenses
(d) Aggregate impairments amount to 2.7 million euros
(e) No pledge of property, plant and equipment has been granted.
(f) Including bioMérieux SA (72.8 million euros), bioMérieux Inc (17.9 million euros), bioMérieux BV (9.3 million euros) and bioMérieux Italy (6.2 million euros)
(g) Most of the instruments are placed with third-party customers
(h) Detailed information on leased assets is provided in note 5.3.5.2
(i) Including the net book value of unused real estate (2.1 million euros)

5.3.5.2 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 €1 million in fiscal 2007, €1 million in 2006 and €1.1 million in 2005.

The corresponding liability, which is included in the balance sheet under financial debt was €10,7 million on December 31, 2007, €11 million on December 31, 2006 and €11,8 million on December 31, 2005 (see note 5.3.16.5.1).

Leased property included under property, plant and equipment						
In millions of euros		Land	Buildings	Equipment	Other	Total
12/31/2007	Gross value	0.8	14.3	1.1	2.4	18.6
	Accumulated depreciation		-6.5	-1.1	-1.6	-9.2
	Net value	**0.8**	**7.8**	**0.0**	**0.8**	**9.4**
12/31/2006	Gross value	0.8	14.3	1.1	1.8	18.0
	Accumulated depreciation		-5.8	-1.0	-1.4	-8.2
	Net value	**0.8**	**8.5**	**0.1**	**0.4**	**9.8**
12/31/2005	Gross value	0.8	14.3	1.3	1.9	18.3
	Accumulated depreciation		-5.1	-1.2	-1.2	-7.5
	Net value	**0.8**	**9.2**	**0.1**	**0.7**	**10.8**

5.3.5.3 Receivables from finance leases

Some instruments are leased (see note 5.3.1.7) under finance leases with a usual term of five years and an interest of rate approximately 10%.

Receivables under such leases totaled 31.2 million euros as of December 31, 2007.

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 lease contracts	12.6	25.0	0.5	**38.1**
Accrued interests	-3.0	-3.8		**-6.8**
Present value of minimum future lease payments	9.6	21.2	0.5	**31.3**
Provisions	-0.1			**-0.1**
Present net value of minimum future lease payments	9.5	21.2	0.5	**31.2**

(a) Recognized as accounts receivable (see note 5.3.9).

(b) Recognized as other non-current assets

5.3.6 Financial assets

In millions of euros	12/31/2007	12/31/2006	12/31/2005
Loans and receivables	5.4 (a)	5.7	5.8
Investments held for sale	11.5	7.3	7.1
Financial assets at fair value through profit or loss	0.9	1.9	2.8
Investments in associates			0.1 (b)
TOTAL	**17.8**	**14.9**	**15.8**

(a) Of which €3 million to cover post-retirement obligations (Germany)

(b) Corresponds to Bergerie de la Combe au Loup, a company accounted for by the equity method. The value of the shares has been reclassified under "Investments in associates" (see note 5.3.7)

CHANGE *In millions of euros*	**Gross value**	**Depreciation and change in the fair value**	**Net value**
December 31, 2005	**23.6**	**7.8**	**15.8**
Translation adjustment	-0.2		-0.2
Acquisitions / Increases	0.9	1.0	-0.1
Disposals / Decreases	-2.7	-2.1	-0.6
December 31, 2006	**21.6**	**6.7**	**14.9**
Translation	-0.4		-0.4
Acquisitions / Increases	5.6	1.1 (a)	4.5
Disposals / Decreases	-1.1		-1.1
Reclassifications	-0.1		-0.1
December 31, 2007	**25.6**	**7.8**	**17.8**

(a) Changes in fair value (-1.1 million euros) are recognized in their entirety in income.

In millions of euros	**Ownership %**	**Net value**	**Shareholders' equity**	
			Before net income	**Net income**
Investments held for sale				
ExonHit	5.4%	4.2	17.7 (a)	-4.5 (a)
Advandx	5.0%	3.4	4.1 (a)	-2.2 (a)
Avesthagen	6.0%	1.4	4.3 (b)	0.0 (b)
Labtech	9.9%	1.3	7.6 (c)	0.7 (c)
InoDiag	11.0%	0.9	2.2 (a)	-0.2 (a)
Altabiopharma	0.9%	0.0	3.4	-1.5
Sofinnova Ventures III	1.0%	0.0	0.1	-0.1
Sofinnova IV	0.6%	0.0	4.5	-0.7
Europroteome	8.8%	0.0	In liquidation	
Other		0.3		
		7.3		
Financial assets at fair value through profit or loss				
Dynavax Technologies	0.6%	0.8	56.5 (d)	-35.0 (d)
Oscient Pharma	0.6%	0.1	0.7	-21.8
		0.9		

(a) Last available information: fiscal year ending December 31, 2006

(b) Last available information: fiscal year ending March 31, 2006

Last available information: fiscal year ending June 30, 2007

(c) Last available information: fiscal year ending September 30, 2007

5.3.7 Investment in associates

In millions of euros	12/31/2007	12/31/2006
Investment in ReLIA (a)	3.0	4.8
Investment in Bergerie Combe au Loup	0.1	0.1
TOTAL	**3.1**	**4.9**

(a) No residual goodwill (see note 5.3.2.1.1)

CHANGE *In millions of euros*	**Net value**
Decembre 31, 2005	**0.0**
Translation adjustment	-0.6
Acquisition of ReLIA's shares	6.8
Reclassification of Bergerie de la Combe aux loups	0.1
bioMerieux' shares of net result of associated companies	-1.4
Decembre 31, 2006	**4.9**
Translation adjustment	-0.4
bioMerieux' shares of net result of associated companies	-1.4
Decembre 31, 2007	**3.1**

5.3.8 Inventories and work in progress

In millions of euros	12/31/2007	12/31/2006	12/31/2005
Raw materials	50.9	54.0	60.0
Work in progress	31.5	33.0	29.3
Finished goods and other materials	77.0	77.0	81.5
Total gross value	**159.4** (a)	**164.0**	**170.8**
Provisions			
Raw materials	-4.4	-5.8	-5.5
Work in progress	-2.3	-1.8	-2.2
Finished goods and other materials	-6.9	-9.6	-7.1
Total provisions	**-13.6**	**-17.2**	**-14.8**
Raw materials	46.5	48.2	54.5
Work in progress	29.2	31.2	27.1
Finished goods and other materials	70.1	67.4	74.4
Net value	**145.8** (b)	**146.8**	**156.0**

(a) Including gross value of inventories relating to instrumentation: 34%

(b) As of December 31, 2007, no pledge of inventories had been granted.

5.3.9 Accounts receivable

In millions of euros	**12/31/2007**	**12/31/2006**	**12/31/2005**
Accounts receivable (a)	305.4	292.6	289.4
Provisions (b)	-11.8	-11.8	-11.7
Net value (c)	**293.6**	**280.8**	**277.7**

(a) Of the Group's trade receivables, 38% are from the government and may be paid later than on 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 in arrears and have not been depreciated account for 16% of trade receivables outstanding.

(c) Including short-term portion of receivables from finance lease contracts (see note 5.3.5.3)

5.3.10 Other receivables

In millions of euros	**12/31/2007**	**12/31/2006**	**12/31/2005**
Advances and deposits	1.3	1.2	0.4
Pre-paid expenses	7,5	10.2	5.3
Other receivable	15.0	12.3	8.5
Total gross value	**23.8**	**23.7**	**14.2**
Provisions			
Net value of other operating receivables	**23.8** (a)	**23.7**	**14.2**
Non operating receivables	14.0	11.6	10.8
Total gross value	**14.0** (b)	**11.6**	**10.8**
Provisions		-1.0	-1.8
Net value of non-operating receivables	**14.0**	**10.6**	**9.0**

(a) Most of the net book value of receivables from operations represents sums repayable in less than one year, with the exception, in particular, of prepaid expenses related to the settlement of the HIV litigation (0.9 million euros)

(b) Including €10.8 million in tax refunds receivable

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	**12/31/2007**	**12/31/2006**	**12/31/2005**
Cash (a)	48.3	32.8	20.3
Short-term deposit (b)	6.2	1.1	0.6
Cash and cash equivalents	**54.5**	**33.9**	**20.9**

(a) Including €18.8 million in bioMérieux S.A. certificates of deposit (€7.5 million in 2006).

(b) Short-term investments are the followings:

	2007	**2006**	**2005**
Name	3-month SICAV CA AM	3-month SICAV CA AM	3-month SICAV CA AM
Total	€ 1.2 million	€ 0.7 million	€ 0.6 million
Type	Euro money-market fund	Euro money-market fund	Euro money-market fund
ISIN code	FR0000296881	FR0000296881	FR0000296881
Name	SICAV BFT CA	SICAV Banamex - Horizontes Empresarial	
Total	€ 5 millions	€ 0.4 million	
Type	Euro money-market fund	Money-market fund	
ISIN code	FR0010232298	N/A	

5.3.12 Share capital

As of December 31, 2007, the Company's share capital stock of €12,029,370 was divided into 39,453,740 shares, of which 25,230,077 were entitled to double voting rights. The reference to a par value was deleted by decision of the shareholders' meeting of March 19, 2001. As of December 31, 2007, there were no rights or securities outstanding with a potentially dilutive impact.

The number of shares outstanding did not change during fiscal 2006 and 2007.

On December 31, 2007, the Company held 2,446 of its own shares as part of a market-making contract with an outside firm (see note 5.3.1.22) and another 120,900 treasury shares intended for distribution as bonus shares under a program voted by the shareholders' meeting of June 9, 2005 (see note 5.3.19). During the year, it bought 154,580 of its own shares and sold 112,934.

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)**	**Latin America**	**Other**	**TOTAL**
Translation reserve on December 31, 2005	**14.8**	**3.6**	**2;6**	**21.0**
Reclassification (b)	-1.4		1.4	
Impact of the translation on				
- shareholders' equity at closing exchange rates	-22.9	-1.9	-0.3	-25.1
- net income at average exchange rates	-2.6	-0.2		-2.8
Total	-25.5	-2.1	-0.3	-27.9
Translation reserve on December 31, 2006	**-12.1**	**1.5**	**3.7**	**-6.9**
Impact of the translation on				
- shareholders' equity at closing exchange rates	-21.7	0.1	1.4	-20.2
- net income at average exchange rates	-5.1	-0.1	0.0	-5.2
Total	-26.8	0.0	1.4	-25.4
Translation reserve on December 31, 2007	**-38.9**	**1.5**	**5.1**	**-32.3** (c)

(a) Dollar and related currencies: includes the United States and China in 2007 and 2006
(b) Reclassification of Australian dollars and Canadian dollars from the "dollar zone" to "other currencies"
(c) Including a translation reserve of 32.3 million euros on minority interests

5.3.14 Provisions – Contingent assets and liabilities

The table below shows provisions classified as current and non-current liabilities.

In millions of euros	Pensions and retirement indemnities	Product Warranties (a)	Restructuring	Other contingencies	Total
December 31, 2005	**40.0**	**3.1**	**1.5**	**37.3** (b)	**81.9** (c)
Allowances	9.7	3.6	4.7	17.1	35.1
Reversal (used)	-6.9	-3.9	-1.2	-19.5	-31.5
Reversal (non used)	-2.0	-0.1	-0.3	-3.5	-5.9
Net allowances	0.8	-0.4	3.2	-5.9	-2.3 (d)
Reclassifications	-0.2				-0.2
Translation adjustment	-1.3	-0.2	-0.3	-0.7	-2.5
December 31, 2006	**39.3**	**2.5**	**4.4**	**30.7** (b)	**76.9** (c)
Allowances	7.3	3.4	31.0	6.5	48.2
Reversal (used)	-6.2	-3.1	-4.1	-12.6 (f)	-26.0
Reversal (non used)	-2.8 (e)			-11.6 (g)	-14.4
Net allowances	-1.7	0.3	26.9	-17.7	7.8 (h)
Reclassifications	-3.9				-3.9
Translation adjustment	-1.1	-0.2	-0.2	-0.4	-1.9
December 31, 2007	**32.6**	**2.6**	**31.1** (i)	**12.6** (b)	**78.9** (c)

(a) Estimate of the costs likely to be incurred for instruments sold under warranty over the remaining warranty period

(b) Including litigation provisions of 9,7 million euros on December 31. 2007, 19 million euros on December 31, 2006 and 31,3 million euros on December 31, 2005; for reasons of confidentiality, the breakdown between litigation cases is not disclosed

(c) Including provisions classified as current liabilities of 7.5 million euros on December 31, 2007, 17 million euros on December 31, 2006 and 7,7 million euros on December 31, 2005

(d) Including net reversals affecting operating income before non-recurring items (13.6 million euros) and operating income (11.3 million euros)

(e) Including the reversal of a provision of 2.7 million euros related to the closing of the Boxtel facility

(f) Including the reversal of provisions on sold or discontinued lines (Hemostasis: 6.1 million euros and microplates in the United States: 2.9 million euros)

(g) Including the reversal of a provision of 11.4 million euros for the D.B.V. litigation (see note 5.3.14.2.1)

(h) Including net reversals affecting operating income before non-recurring items (3.7 million euros) and operating income (11.5 million euros)

(i) Including a provision of 30.6 million euros related to the closing of the Boxtel facility on December 31, 2007

5.3.14.1 Pension and other long-term benefit obligations

5.3.14.1.1 Defined benefit pension plans

Reconciliation of net liabilities with balance-sheet provisions

Provision for pensions *In millions of euros* Company	Type of liability	On December 31, 2007 Present value of future obligations	Fair value of funds (a)	Deferred actuarial gains or losses (b)	Provision
France	Contractual retirement payments	15.1	9.0	-0.3	**6.4**
USA	Pensions	51.6	40.3	4.8	**6.5**
Netherlands	Pensions and early retirement	3.3	1.1		**2.2**
Germany	Pensions	4.9	1.8	0.2	**2.9** (c)
Japan	Contractual retirement payments	1.2			**1.2**
		76.1	52.2	4.7	**19.2**

Provision for pension *In millions of euros* Company	Type of liability	On December 31, 2006 Present value of future obligations	Fair value of funds (a)	Deferred actuarial gains or losses (b)	Provision
France	Contractual retirement payments	14.8	9.4	-0.8	**6.2**
USA	Pensions	51.4	41.0	2.8	**7.6**
Netherlands	Pensions and early retirement	40.4	33.0	2.1	**5.3**
Germany	Pensions	5.2	1.7	0.6	**2.9** (c)
Italy	Contractual retirement payments "TFR"	3.9			**3.9**
Japan	Contractual retirement payments	1.1			**1.1**
		116.8	85.1	4.7	**27.0**

(a) Funds or regular payments

(b) All past-service liabilities 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)

Changes in net obligations during the fiscal year

The tables below show the principal pension obligations.

In millions of euros	USA	France	Germany	Nether-lands	Japan	Italy	Total
Defined benefit obligation							
At the beginning of the fiscal year	**51.4**	**14.8**	**5.2**	**40.4**	**1.1**	**3.9**	**116.8**
Net current service costs	4.1	0.7		2.3	0.3		7.4
Interest cost	3.0	0.5	0.2	1.8		0.2	5.7
Benefits payments	-0.8	-1.1	-0.1	-0.4	-0.2	-0.2	-2.8
Settlements and special termination benefits				-39.9 (a)			-39.9
Reclassification				-0.9 (b)		-3.5 (c)	-4.4
Cost of rendered services					0.1		0.1
Translation adjustement	-5.8				-0.1		-5.9
Actuarial gains (losses)	-0.3	0.2	-0.4			-0.4	-0.9 (d)
At the end of the fiscal year	**51.6**	**15.1**	**4.9**	**3.3**	**1.2**	**0.0**	**76.1**
Funding of obligations							
At the beginning of the fiscal year	**41.0**	**9.4**	**1.7**	**33.0**	**0.0**	**0.0**	**85.1**
Employer contributions	4.4			1.3			5.7
Expected return on funds	3.0	0.4	0.1	1.7			5.2
Benefits payments	-0.8	-0.5		-0.4			-1.7
Settlements and special termination benefits				-35.1 (a)			-35.1
Reclassification				0.6 (b)			0.6
Translation adjustement	-4.5						-4.5
Actuarial gains (losses)	-2.8	-0.3					-3.1
At the end of the fiscal year	**40.3**	**9.0**	**1.8**	**1.1**	**0.0**	**0.0**	**52.2**
Of which, payments scheduled for 2007	3.1			1.1			4.2
Deferred actuarial gains or losses							
At the beginning of the fiscal year	**2.8**	**-0.8**	**0.6**	**2.1**	**0.0**	**0.0**	**4.7**
Expenses recognized in 2007							0.0
Settlements and special termination benefits				-2.1			-2.1
Nex deferred items in 2007	2.5	0.5	-0.4			-0.4	2.2
Reclassification						0.4 (c)	0.4
Translation adjustement	-0.5						-0.5
At the end of the fiscal year	**4.8**	**-0.3**	**0.2**	**0.0**	**0.0**	**0.0**	**4.7**

(a) Closing of Boxtel facility

(b) Transfer of the vested rights of bioMérieux Benelux BV employees to this entity

(c) Change in reimbursement schedule; reclassification as “Taxes and contributions payable” (see note 5.3.17)

(d) Including an actuarial loss experience of 2.8 million euros

Net expense for the fiscal year

In millions of euros	2007
Net current service cost	7.4
Interest cost	5.7
Expected return on plan assets	-5.2
Curtailments	-2.7
Other	0.1
Total	**5.3**

Information on pension plan assets

Pension funds are invested as follows:

In millions of euros	12/31/2007				12/31/2006			
	Stocks	Bonds	Other	**TOTAL**	Stocks	Bonds	Other	**TOTAL**
France	1.6	6.6	0.8	**9.0**	1.7	7.0	0.7	**9.4**
USA	22.2	15.0	3.1 (a)	**40.3**	22.5	15.1	3.4 (a)	**41.0**
Netherlands			1.1 (a)	**1.1**	7.1	25.9		**33.0**
Germany			1.8	**1.8**			1.7	**1.7**

(a) Scheduled contribution

The table below shows the return on assets in 2007:

	2007 Return
France	1.5 %
USA	0.6 %
Netherlands	5.1 %
Germany	4.8 %

5.3.14.1.2 Other long-term benefits

Other long-term benefits *In millions of euros* Company	Type of liability	December 31, 2007 Present value of obligations	Fair value of funds	Deferred actuarial gains or losses	Provision
France	Long service payments	6.3			6.3
Netherlands	Long service payments	0.4			0.4
					6.7
Other					
France	Other liabilities	0.5		-0.5	1.0
USA	Health insurance for retired staff	8,0		-0.1	1.9
					2.9
Other countries					
Other	Pensions and other benefits				**3.8**
Total provision for other long-term employee benefits					**13.4**

Other long-term benefits *In millions of euros* Company	Type of liability	December 31, 2006 Present value of obligations	Fair value of funds	Deferred actuarial gains or losses	Provision
France	Long service payments	6.0			6.0
Netherlands	Long service payments	0.4			0.4
					6.4
Other					
France	Other liabilities	1.0		-0.1	1.1
USA	Health insurance for retired staff	2.1			2.1
					3.2
Other countries					
Other	Pensions and other benefits				**2.7**
Total provision for other long-term employee benefits					**12.3**

5.3.14.2 Other provisions

5.3.14.2.1 Provisions for litigation

The Company is involved in litigation arising in the ordinary course of business, the most significant of which are 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 covers all the litigation in which the Group is involved and amounted to 9,7 million euros on December 31, 2007.

D.B.V. Litigation

On June 13, 2007, the Paris Court of Appeals denied an appeal by International Microbio and Diffusion Bactériologie du Var (“D.B.V.”) in their infringement suit against bioMérieux on the grounds that the Mycoplasma IST kit distributed by the Company did not infringe a patent filed by D.B.V.

The decision followed the March 28, 2006 reversal by the Court of Cassation of an earlier judgment against bioMérieux by the Paris Court of Appeal on May 5, 2004.

International Microbio and D.B.V. have since appealed the June 13, 2007 decision.

In addition, the infringement claim brought by International Microbio and D.B.V. against bioMérieux's German subsidiary has been denied, with no further possibility of appeal. On April 17, 2007, the lower court held that the German part of the patent in question was void. In addition, the appeal filed by International Microbio and DVB was subsequently denied by the German Supreme Court.

Two infringement actions have also been brought by International Microbio and D.B.V. against bioMérieux subsidiaries in Italy and Spain. In each case, the courts ruled in the Company's favor:

- on November 4, 2005, a Roman district court ruled that the patent was invalid and that there had been no infringement; however, International Microbio and D.B.V. have since filed a new action in Milan.

- on March 26, 2007, the Madrid district court ruled that the Spanish D.B.V. patent was invalid and that infringement had not been proven; International Microbio and D.B.V. have since appealed that decision.

In this connection, the Company has reversed provisions of 11.4 million euros set aside for the litigation in Germany and France. The reversal was recognized in "Non-recurring income and expenses".

In the opinion of bioMérieux, overall revenue would not be materially affected by restrictions on the sale of the product concerned, should the outcome of the proceedings go against the Company.

5.3.14.2.2 Restructuring charges

New restructuring charges

The 2007 income statement includes new provisions or adjustments to existing provisions for restructuring (26.9 million euros) in connection with the following:

- Boxtel (Netherlands): the decision to close the Boxtel facility was confirmed in December 2007; a provision of 30.6 million euros was recognized to cover restructuring costs. In addition, the value of machinery and equipment with a limited useful life was written down by 0.6 million euros.

- Durham (United States): the facility stopped manufacturing and distributing microplate immonoassays in 2007. A provision for restructuring costs recognized in 2006 when the decision was announced was used up in its entirety to cover costs of 2 million euros. In addition, the restructuring measures required by the 2006 sale of the hemostasis business were completed in 2007; a 1.2-million euro balance of the provision set aside earlier was reversed.

- Rockland (United States): the decision to close this facility had been announced in 2003; the reversal of a provision 0.5 million euros was recognized in the 2007 financial statements, corresponding to rent paid during the period.

Balance of provisions for restructuring charges

The provisions include provisions for restructuring resulting from recent measures and restructurings in progress. As of December 31. 2007, those provisions amounted to 31.1 million euros and concerned the facilities at Boxtel (30.6 million euros) and Rockland (0.5 million euros).

5.3.14.3 Contingent assets and liabilities

Contingent assets

There were no material contingent assets as of December 31, 2007.

Contingent liabilities

There were no material contingent liabilities on December 31, 2007 other than those related to litigation and referred to in note 5.3.14.2.1.

5.3.15 Deferred tax

Change *In millions of euros*	Deferred tax assets	Deferred tax liabilities
December 31, 2005	**24.6**	**3.5**
Translation adjustement	-1.9	-0.1
Change in the consolidation scope (a)		3.7
Net allowances	3.8	-1.1
Recognition in reserves	-1.0	
Other movements (b)	-0.6	-0.6
December 31, 2006	**24.9**	**5.4**
Translation adjustement	-1.7	-0.5
Change in the consolidation scope (c)		6.1
Net allowances	-4.4	1.8
Recognition in reserves	1.4	
Other movements	-0.1	
December 31, 2007	**20.1**	**12.8**

(a) Deferred tax liability resulting from the purchase of Bacterial Barcodes Inc., calculated on the fair value of the technology and licenses, net of the tax asset from prior losses

(b) Reclassification of net deferred taxes

(c) Including a deferred tax liability of 3.1 million euros on the acquisition of Biomedics, calculated on the fair value of the land and buildings.

Including a deferred tax liability of 3 million euros on the acquisition of BTF, calculated on the fair value of the technology

Deferred tax assets exist mainly in the United States and France, 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*	Pension provisions	Unrecognized transferred profit in inventories and PPE	Other	**Total**
December 31, 2005	5.3	10.1	9.2	**24.6**
Changes for the period	0.6	-0.7	2.3	**2.2**
Translation adjustment	-0.3	-0.6	-1.0	**-1.9**
December 31, 2006	5.6	8.8	10.5	**24.9**
Changes for the period	-0.1	0.9	-3.9	**-3.1**
Translation adjustment	-0.3	-0.5	-0.9	**-1.7**
December 31, 2007	5.2	9.2	5.7	**20.1**

Deferred tax assets resulting from entries in shareholders' equity (in the Group's case the recognition of financial instruments at fair value and deferred taxes on treasury shares) amounted to €0.8 million.

Deferred tax assets resulting from losses carried forward amounted to €0.2 million on December 31, 2007.

Tax losses carried forward, which are not included in the calculation of deferred tax assets, amount to €8.5 million (i.e. a potential tax saving of €3.2 million). Furthermore, no deferred tax assets are recognized on the restatements pertaining to the concerned entities; the restatements amount to €1.2 million (for potential tax savings of €0.5 million).

The deferred tax liabilities arise mainly from booking Biomedics (€3.1 million), BTF (€3 million) and Bacterial Barcodes (€2.5 million) fixed assets at their fair value when these companies were acquired.

5.3.16 Net debt / (Net cash)

5.3.16.1 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 (see note 5.3.16.3).

As of December 31, 2007, there had been no drawdowns under the facility.

5.3.16.2 Maturity of the debt

In millions of euros	**12/31/2007**	**12/31/2006**	**12/31/2005**
Over five years	1.2	1.7	1.4
Between one and five years	17.0	15.6	15.5
Total long-term debt	**18.2** (a)	**17.3**	**16.9**
Short-term confirmed debt maturing in less	3.0 (b)	1.2	2.4
Other short-term debt	18.3	25.9	44.9
Total short-term debt	**21.3**	**27.1**	**47.3**
Total financial liabilities	**39.5**	**44.4**	**64.2**
Cash	-48.3	-32.8	-20.3
Short-term deposits	-6.2 (c)	-1.1	-0.6
Net indebtedness / (Net cash)	**-15.0**	**10.5**	**43.3**

(a) Including a 6.4-million euro liability from the finance lease of the Plaine de l'Ain logistics facility, including 5.1 million euros for the purchase option. The lease expires in 2010, at which time bioMérieux will have the choice of either continuing to lease the facility or purchasing the building for the option price.

Including the balance of the employee profit-sharing account (6.4 million euros)

(b) Including a €0.6 million liability for the lease of the Plaine de l'Ain logistics facility

(c) The book value of short-term deposits is identical to their market value.

The Company was in compliance with loan repayment schedules at the end of the fiscal year.

5.3.16.3 Debt covenants

The syndicated facility, which was not utilized as of December 31, 2007, requires compliance with one financial ratio only: net debt may not exceed three times EBITDA before acquisition expenses.

As of December 31, 2007, the 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 rates

As of December 31, 2007, the Company had a net surplus cash balance of 15 million euros, exclusively from floating-rate credit lines.

5.3.16.5 Borrowings on assets under capital leases

5.3.16.5.1 Debt (principal portion)

In millions of euros	**12/31/2007**	**12/31/2006**	**12/31/2005**
Under one year	1.2	1.2	1.0
One to five years	8.3	8.6	9.4
Over five years	1.2	1.2	1.4
Total	**10.7**	**11.0**	**11.8**

5.3.16.5.2 Future lease payments (principal and interest)

In millions of euros	**12/31/2007**	**12/31/2006**	**12/31/2005**
Minimum future payments	**11.6**	**12.1**	**13.1**
under one year	*1.4*	*1.5*	*1.3*
one to five years	*8.9*	*9.4*	*10.4*
over five years	*1.2*	*1.2*	*1.4*
Less interest portion	-0.9	-1.1	-1.3
Present value of future lease payments	**10.7**	**11.0**	**11.8**

5.3.16.6 Breakdown of net debt / (cash) by currency

In millions of euros	**12/31/2007**	**12/31/2006**	**12/31/2005**
Euro zone	75.3	68.1	92.1
Other			
US dollar	-88.3	-64.3	-63.3
South african rands	-7.8		
Hong-Kong dollar	-2.6	-1.2	-0.1
Turkish liras	-2.5	-2.8	-1.1
Brazilian reals	1.8	1.5	0.1
Indian rupee	3.6	3.6	2.9
Japanese yen	10.9	10.9	13.3
Other	-5.4	-5.3	-0.6
Total	**-15.0**	**10.5**	**43.3**

5.3.16.7 Loan guarantees

None of the Group’s assets have been pledged as collateral to a bank.

In the case of subsidiaries obtaining financing from outside the Group, bioMérieux SA provides first-demand guarantees in favor of banks granting credit facilities.

5.3.17 Accounts payable and other liabilities

In millions of euros	**12/31/2007**	**12/31/2006**	**12/31/2005**
Accounts payable	**98.1**	**95.8**	**99.2**
Advances and deposits received	0.8	1.0	1.1
Tax and payroll	108.5	98.3	96.0
Deferred income	23.1	23.6	23.4
Other	8.2	9.4	11.0
Other operating liabilities	**140.6** (a)	**132.3**	**131.5**
Taxes outstanding	**12.3**	**11.0**	**14.5**
Payables on property, plant & equipment	14.9	14.9	10.0
Other (b)	0.0	1.4	2.8
Non operating liabilities	**14.9** (c)	**16.3**	**12.8**

(a) Operating liabilities are generally due in less than one year, with the exception of liabilitites related to post-employment obligations by bioMérieux Italy (€3.7 million), the bioMérieux SA employee profit-sharing plan (€1 million) and the sums in connection with the Boxtel social plan (€0.5 million), as well as certain deferred revenues under maintenance contracts

(b) Including derivative instruments of -€0.6 million 2007, -€0.3 million in 2006 and €2.7 million in 2005

(c) Non-operating liabilities are for the most part due in less than one year, with the exception of deferred payments related to the purchase of Bacterial Barcodes Inc (1.6 million euros)

5.3.18 Payroll and benefits

In millions of euros	**2007 12 months**	**2006 12 months**	**2005 12 months**
Wages and salaries (a)	273.0 (a)	263.4	246.2
Benefits	92.2	92.2	84.7
Employee profit sharing (b)	7.9	8.5	7.5
Total	**373.1** (c) (d)	**364.1**	**338.4**
Average number of employees	**5,749**	**5,663**	**5,498**
No. of employees as of Dec. 31	**5,771**	**5,747**	**5,570**

(a) Of which €5.3 million corresponds to the fair value of payments in shares (see note 5.3.19).

(b) bioMérieux SA

(c) Including €3.5 million corresponding to restructuring charges recognized in “Non-recurring income and expenses”.

(d) Including €18.3 million in contributions to defined contribution pension plans (excluding Spain and Portugal, for which the information is not available)

5.3.19 Payment in shares

The Board of Directors, using the authority granted to it by the shareholders’ meeting of June 9, 2005 to distribute bonus shares and after consulting with the compensation committee, decided to grant 233,000 shares, subject to recipients satisfying certain conditions and criteria. They will be definitively owned after a period of 2 years ending on September 18, 2008 and October 15, 2009.

An expense of 5.3 million euros was recognized in this connection in employee compensation for 2007 (see note 5.3.18).

As of December 31, 2007, bioMérieux SA held 120,900 of its own shares for use in connection with the foregoing grants. The Company will have to purchase another 112,100 shares, the cost of which would be 8.9 million euros based on the price at which the shares were trading on December 31, 2007.

5.3.20 Operating leases expenses

In millions of euros	**2007 12 months**	**2006 12 months**	**2005 12 months**
Operating leases expenses	17.0	17.6	17.6

5.3.21 Net depreciation allowances and provisions

In millions of euros	**2007 12 months**	**2006 12 months**	**2005 12 months**
Depreciation allowance for property, plant and equipment	72.3	71.9	71.9
Provisions	8.4	-2.3	2.9
Provisions of current assets	-4.2	2.4	-3.3
Provisions of financial assets	1.1	-1.1	1.4
Total	**77.6**	**70.9**	**72.9**

5.3.22 Net financial expenses

5.3.22.1 Cost of net financial debt

In millions of euros	Income	Expenses	**2007 12 months**	**2006 12 months**	**2005 12 months**
Interests on loans	1.4 (a)	2.1	-0.7	-1.9	-3.5
Foreign-exchange gains (losses) on loans	0.8		0.8	1.3	2.3
Arranging fees				-0.6	-0.1
Interest-rate hedges		0.1	-0.1	0.3	-0.2
Currency hedges					-0.1
TOTAL	**2.2**	**2.2**	**0.0**	**-0.9**	**-1.6**

(a) Interest income on invested cash balances

5.3.22.2 Other financial items

In millions of euros	Income	Expenses	**2007 12 months**	**2006 12 months**	**2005 12 months**
Interest income on leased assets	3.4		3.4	3.4	3.3
Provision / Disposal on non-consolidated investments	4.1	1.9	2.2 (a)	1.1 (c)	-1.4 (d)
Other	1.4	2.3	-0.9 (b)	-2.7	-0.7
Total	**8.9**	**4.2**	**4.7**	**1.8**	**1.2**

(a) Including a capital gain on the sale of OPi shares (3.3 million euros) and write-downs of the shares of Dynavax (by 0.8 million euros), and Oscient Pharma (by 0.3 million euros)

(b) Including late payment interest income (1.2 million euros) and the cost of currency hedging (1.7 million euros)

(c) Of which: Dynavax (+2.1 million euros), Oscient Pharma (-1 million euros)

(d) Of which: Dynavax (-0.8 million euros), Oscient Pharma (-0.5 million euros)

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	**2007 12 months**	**2006 12 months**	**2005 12 months**
Sales	-0.3	-1.3	0.3
Cost of material supplies and other external charges	2.1	-0.1	-5.9
Financial items	0.8	-0.1	2.3
Total	**2.6**	**-1,5**	**-3,3**

5.3.23 Non-recurring income and expenses

In millions of euros	Income	Expenses	**Net 2007**	Net 2006	Net 2005
Restructuring the Boxtel site	3.1	31.6	**-28.5** (a)	0.2	
Net gain on the sale of the Hemostasis business	2.6	2.2	**0.4** (b)	10.1 (e)	
Charges for the termination of the microplates business (USA)	3.4	3.5	**-0.1**	-6.6 (f)	
Other restructurations	0.5	0.5	(c)	-0.6	-0.1
Gains (losses) on capital transactions	8.0	7.8	**0.2**		0.3 (g)
Other	11.4	0.5	**10.9** (d)		-0.1
Total	**29.0**	**46.1**	**-17.1**	**3.1**	**0.1**

(a) These expenses include a new restructuring provision (30.6 million euros) and the write-down of unused fixed assets (0.6 million euros) and are partly offset by the net reversal of a provision for retirement benefits and long-term employment bonuses (2.7 million euros).

(b) This revenue corresponds to the proceeds from the sale of inventories and the collection of previously written-off receivables.

(c) See note 5.3.14.2.2

(d) Including net reversals of litigation provisions of 11.4 million euros (see note 5.3.14.2.1)

(e) This capital gain corresponds essentially to:
- the proceeds of 35.9 million euros from the sale (selling price of 44.3 million US dollars less 6 million US dollars in deferred payments);
- less:
  - the net book value of the assets sold, written off or scrapped and the corresponding provisions (20.1 million euros),
  - provisions for contingencies and restructurings (4.7 million euros).

(f) The expenses include provisions for planned restructurings (-2.2 million euros) and provisions for risks and for depreciation of future unused fixed assets (-4,4 million euros).

(g) Of which: disposal of a Boxtel building and land (Netherlands): 2.1 million euros

additional depreciation of the Boxtel facility (Netherlands): -2.1 million euros, from the vacant portion of certain buildings

5.3.24 Income tax

5.3.24.1 Analysis of income tax expenses

In millions of euros	2007 12 months		2006 12 months		2005 12 months	
	Tax	**Rate**	**Tax**	**Rate**	**Tax**	**Rate**
Theoretical tax at French normal rate (a)	**53.2**	**34.4%**	**52.8**	**34.4%**	**47.7**	**34.4%**
- Impact of reduced tax rates on certain incomes and foreign tax rates	2.3	1.5%	1.8	1.2%	0.9	0.6%
- Taxes on dividends	3.4	2.2%	4.4	2.9%	2.1	1.5%
- Impact of permanent differences	-0.5	-0.3%	-1.2	-0.8%	0.4	0.3%
- Deferred tax assets not recognized on losses carried forward	3.7	2.4%	0.4	0.2%	2.7	2.0%
- Use of deferred tax assets not previously recognized	-0.4	-0.3%	-4.6	-3.0%	-0.8	-0.6%
- Tax credits (including tax credit on R&D expenditure)	-6.6	-4.3%	-7.0	-4.5%	-4.6	-3.3%
Actual consolidated tax expenses	**55.1**	**35.6%**	**46.6**	**30.4%**	**48.4**	**34.9%**

(a) Normal French corporate income tax rate applied to income before taxes of consolidated companies.

The basic corporate income tax rate in France is 33.33%. Act no 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	2007 12 months	2006 12 months	2005 12 months
Income tax on current operating income	51.6	45.6	48.8
Income tax on non-recurring income and expenses	0.5	0.6	-0.3
Income tax on net financial expenses	3.0	0.4	-0.1
Total	**55.1**	**46.6**	**48.4**
Net income tax expense			
of which current tax expenses	48.9	51.5 (a)	52.6
of which net deferred income tax expense	6.2	-4.9	-4.2

Of which 47 million euros excluding the sale of the Hemostasis product line

5.3.25 Segment reporting

bioMérieux is organized by geographical region (Europe, North America, Asia-Pacific and Latin America). Africa and the Middle East are part of the European region.

The accounting principles applicable to segment reporting are the same as those used for the consolidated financial statements.

December 31, 2007 *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)	**613.2**	**262.7**	**118.9**	**68.0**		**1,062.8**
Net export sales from the region	619.6	271.8	110.9	60.5		1,062.8
Inter-region sales	96.0	149.5		1.3	-246.8	0.0
Net sales generated by the region	**715.6**	**421.3**	**110.9**	**61.8**	**-246.8**	**1,062.8**
Income						
Current operating income for the sector	62.5	95.8	5.4	5.5	2.2	167.0
Other unallocated operating income and expenses						-17.1
Operating income						**149.9**
Cost of net financial debt						0.0
Other unallocated financial expenses						4.7
bioMerieux' shares of net result of associated companies						-1.4
Income before taxes						**153.2**
Income tax						-55.1
Net income of consolidated companies						**98.1**
Other information						
Total capital expenditures (including long-term finance leases)	**59.2**	**32.1**	**5.7**	**6.0**		**103.0**
Depreciation and amortization	**-50.1**	**-7.9**	**-5.2**	**-2.8**		**-66.0**
Unallocated depreciation and amortization						-11.5
Total depreciation and amortization						**-77.5**
Balance sheet						
Assets						
Segment assets	587.8	187.6	85.6	54.5	-93.8	821.7
of which PPE	*220.6*	*70.7*	*20.9*	*14.9*		*327.1*
Investments in associated companies						3.1
Unallocated assets						173.6
Consolidated assets						**998.4**
Liabilities and shareholder's equity						
Segment liabilities	289.2	117.8	11.3	8.1	-93.8	332.6
Shareholder's equity (incl. minority interests)						601.3
Financial debt						39.5
Other unallocated liabilities						25.0
Consolidated liabilities and shareholder's equity						**998.4**

December 31, 2006 *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)	**586.0**	**268.8**	**113.1**	**69.0**		**1036.9**
Net export sales from the region	594.2	276.3	105.8	60.6		1036.9
Inter-region sales	94.6	135.1		0.6	-230.3	0.0
Net sales generated by the region	**688.8**	**411.4**	**105.8**	**61.2**	**-230.3**	**1036.9**
Income						
Current operating income for the sector	70.1	72.9	3.0	3.1	0.3	149.4
Other unallocated operating income and expenses						3.1
Operating income						**152.5**
Cost of net financial debt						-0.9
Other unallocated financial expenses						1.8
bioMérieux' shares of net result of associated companies						-1.4
Income before taxes						**152.0**
Income tax						-46.6
Net income of consolidated companies						**105.4**
Other information						
Total capital expenditures (including long-term finance leases)	**55.1**	**33.1**	**5.6**	**6.1**		**99.9**
Depreciation and amortization	**-35.6**	**-13.6**	**-5.6**	**-2.7**		**-57.5**
Unallocated depreciation and amortizations						-13.4
Total depreciation and amortization						**-70.9**
Balance sheet						
Assets						
Segment assets	545.0	234.1	52.4	42.8	-80.2	794.1
of which PPE	*204.2*	*76.3*	*9.9*	*12.4*		*302.8*
Investments in associated companies						4.9
Unallocated assets						140.6
Consolidated assets						**939.6**
Liabilities and shareholder's equity						
Segment liabilities	248.6	103.5	29.6	18.4	-80.2	319.9
Shareholder's equity (incl. minority interests)						557.5
Financial debt						44.4
Other unallocated liabilities						17.8
Consolidated liabilities and shareholder's equity						**939.6**

December 31, 2005 *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)	**566.8**	**255.9**	**107.5**	**63.4**		**993.6**
Net export sales from the region	576.6	260.6	101.3	55.1		993.6
Inter-region sales	86.9	131.6		0.3	-218.8	0.0
Net sales generated by the region	**663.5**	**392.2**	**101.3**	**55.4**	**-218.8**	**993.6**
Income						
Current operating income for the sector	65.9	67.7	6.4	3.6	-4.8	138.8
Other unallocated operating income and expenses						0.1
Operating income						**138.9**
Cost of financial debt						-1.6
Other unallocated financial expenses						1.2
Income before taxes						**138.5**
Income tax						-48.4
Net income of consolidated companies						**90.1**
Other information						
Total capital expenditures (including long-term finance leases)	**59.2**	**18.2**	**4.8**	**2.9**		**85.1**
Depreciation and amortization	**-46.8**	**-15.2**	**-5.4**	**-2.7**		**-70.1**
Unallocated depreciation and amortizations						-2.8
Total depreciation and amortization						**-72.9**
Balance sheet						
Assets						
Segment assets	524.9	229.3	54.3	37.9	-69.5	776.9
of which PPE	*202.9*	*72.1*	*10.3*	*10.4*		*295.7*
Unallocated assets						129.2
Consolidated assets						**906.1**
Liabilities and shareholder's equity						
Segment liabilities	259.9	88.9	15.1	28.1	-69.5	322.5
Shareholder's equity (incl. minority interests)						498.5
Financial debt						64.2
Other unallocated liabilities						20.9
Consolidated liabilities and shareholder's equity						**906.1**

5.3.26 Auditors' fees

In thousand of euros	2007							2006						
	Deloitte & Associés		CCA		Other		**Total**	Deloitte & Associés		CCA		Other		**Total**
Auditing	**780**	***100%***	**125**	***100%***	**165**	***99%***	**1,070**	**729**	***91%***	**141**	***100%***	**179**	***80%***	**1,049**
- bioMérieux SA	129	*17%*	125	*100%*			254	146	*18%*	141	*100%*			287
- fully consolidated companies	651	*83%*			165	*99%*	816	583	*73%*			179	*80%*	762
Associated missions					2	*1%*	**2**	**16**	*2%*			3	*1%*	**19**
AUDIT	**780**	***100%***	**125**	***100%***	**167**	***100%***	**1,072**	**745**	***93%***	**141**	***100%***	**182**	***81%***	**1,068**
Legal, tax, social	2	*0%*				*0%*	2	(a) 58	*7%*			38	*17%*	96
Other						*0%*	0					4	*2%*	4
Other missions	**2**	***0%***	**0**		**0**	***0%***	**2**	**58**	***7%***	**0**		**42**	***19%***	**100**
TOTAL	**782**	***100%***	**125**	***100%***	**167**	***100%***	**1,074**	**803**	***100%***	**141**	***100%***	**224**	***100%***	**1,168**

(a) Of which, tax audit: €58,000

5.3.27 Risk management

5.3.27.1 Exchange rate risk

5.3.27.1.1 Group policy

Because a large part of the Group's business is conducted outside the euro zone, its revenue, income, and some items on its balance sheet can be significantly affected by fluctuations in exchange rates between the euro and other currencies due to the need to translate the financial statements of foreign subsidiaries. Revenue, in particular, is affected by changes of the euro against the US dollar, and, to a lesser extent, against other currencies.

However, some operating expenses, in particular those incurred in the United States, are paid for in US dollars, lessening the impact of fluctuations of the US dollar on operating income. This natural hedge is less effective in the case of other currencies in which the Group operates.

The Group may also be exposed to currency risks arising from borrowings by certain subsidiaries in currencies other than their own (such as euros or US dollars) in countries where the volatility of those currencies is higher and where it may not always be possible to hedge exchange risks (such as in certain Latin American countries).

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.

The Group's hedging transactions consist primarily of sales and purchases of currency futures (all contracts had maturities of less than 18 months as of December 31, 2007). Detailed information on the hedging of booked and future transactions and the market value of hedging instruments is set forth in note 5.3.27.1.3.

5.3.27.1.2 Currency exposure

For information purposes, the table below shows the currencies of sales by Group entities:

In millions of euros	**2007 12 months**	**%**	**2006 12 months**	**%**	**2005 12 months**	**%**
Euro	**478**	***45%***	**472**	***46%***	**471**	***47%***
Other						
US dollar	294	*28%*	273	*26%*	253	*26%*
UK sterling	43	*4%*	42	*4%*	43	*4%*
Japanese yen	28	*3%*	31	*3%*	35	*4%*
Brazilian real	26	*2%*	27	*3%*	24	*2%*
Other currencies	194	*18%*	192	*18%*	168	*17%*
TOTAL	**1,063**	**100%**	**1,037**	***100%***	**994**	***100%***

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, 2007 were as follows:

Currency hedges on December 31, 2007 *In millions of euros*	Total	Expiration date < 1 year	1 - 5	Market value (a)
Hedges of existing commercial transactions				
- Currency forward contracts	48.4	48.4		
Total	48.4	48.4		
Hedges of future commercial transactions				
- Currency forward contracts	103.3	95.6	7.7	-0.4
- Options	20.4	19.0	1.4	0.6
Total	123.7	114.6	9.1	0.2
Hedges of net investments abroad				
- Currency forward contracts	11.3	11.3		0.4
Total	11.3	11.3		0.4

(a) Difference between the present value of the hedge instrument on December 31, 2007 and its market value on December 31, 2007

The 0.2-million euro market value of hedge contracts pertaining to future commercial transactions outstanding on December 31, 2007 is recognized under other reserves for €0.3 million and in income as an expense of €0.1 million.

The market value of net foreign investment hedge contracts outstanding on December 31, 2007 (0.4 million euros) is recognized in other reserves.

Currency futures contracts and options outstanding on December 31, 2007 mature within 18 months.

5.3.27.2 Credit risk

The Group does not have a significant exposure to credit risks. The net book value of the receivables reflects the fair value of the amounts to be recovered. The impact of the net depreciation of trade receivables is explained 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 net cash, in note 5.3.16.2.

5.3.27.4 Interest-rate risk

As of December 31, 2007, the Group did not have a significant exposure to interest-rate risks. It had a net cash surplus of 15 million euros and did not use any instruments to hedge interest-rate risks. A change in interest rates of 100 basis points in 2007 would not have had a material impact on income from investments or the cost of debt.

5.3.27.5 Counterparty risks

The Group’s financial transactions (credit facilities, financial market transactions, 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:

			12/31/2007		12/31/2006	
	Note	Category	Net book value	Fair value (1)	Net book value	Fair value (1)
Assets:						
Financial assets:	5.3.6		**17.8**	**17.8**	**14.9**	**14.9**
- loans and receivables		D	5.4	5.4	5.7	5.7
- investments held for sale		A	11.5	11.5	7.3	7.3
- financial assets at fair value through profit or loss		B	0.9	0.9	1.9	1.9
Investments in associates	5.3.7	D	3.1	3.1	4.9	4.9
Other non-current assets (receivables from finance leases - long term)	5.3.5.3	C	2.7	2.7	21.5	21.5
Accounts receivable:	5.3.9		**293.6**	**293.6**	**280.8**	**280.8**
- accounts receivable		D	284.1	284.1	271.0	271.0
- receivables from finance leases - short term	5.3.5.3	C	9.5	9.5	9.8	9.8
Other receivables :						
- advances and deposits	5.3.10	D	1.3	1.3	1.2	1.2
Cash and cash equivalents	5.3.11	B	54.5	54.5	33.9	33.9
Liabilities:						
Accounts payable	5.3.17	D	98.1	98.1	95.8	95.8
Other liabilities:	5.3.17					
- advances and deposits received		D	0.8	0.8	1.0	1.0
- other		D	8.2	8.2	9.4	9.4
- payables on property, plant and equipment		D	14.9	14.9	14.9	14.9
- derivative instruments	5.3.17	(*)	**-0.6**	**-0.6**	**-0.3**	**-0.3**
. future commercial transactions hedges	5.3.27.1.3		-0.2	-0.2	-0.2	-0.2
. net investments hedges	5.3.27.1.3		-0.4	-0.4		
. interest-rate hedges	5.3.27.2.2		0.0	0.0	-0.1	-0.1
Financial debt (short term and long term)	5.3.16.2	C	39.5	39.5	44.4	44.4

A : available-for-sale assets
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 couterpart in the balance sheet depends on the qualification of the risk-hedging (see. note 5.3.1.17)
(1) The accounting net value represents a reasonable estimate of the fair value for the categories A, C and D

There were no reclassifications among categories in 2007.

Impairments of financial assets concern primarily trade receivables (note 5.3.9) and financial investments (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 on December 31, 2007 were as follows:

- Real estate operating lease commitments by Group entities amounted to €19.1 million on December 31,2007, of which 13.3 million euros payable in more than one year.

- bioMérieux SA participates in a research program coordinated by Mérieux Alliance, 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. The program, known as "ADNA" (Advanced Diagnostics for New therapeutic Approaches), is supported by the French Industrial Innovation Agency, which merged in 2007 with Oseo Anvar. bioMérieux SA has undertaken in this connection to spend up to 136.5 million euros on research and development in the period from 2007 to 2017. In return, bioMérieux SA will receive subsidies and repayable grants of up to 19.4 million euros (including 1.7 million euros for fiscal 2007) 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 to pay 1 to 2% of the revenue depending on the projects until 2027 or 2029. The public financing agreement still requires the approval of the European authorities, which have not yet reached a decision.

- 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 (€31.1 million).

- bioMérieux S.A. has the option to purchase 35% of the shares of Relia Diagnostic System LLC. The exercise price will be set by an appraiser and the option is exercisable in a single transaction no later than 2009, three years after the initial purchase by bioMérieux of an interest in that company.

- bioMérieux Inc has an option to purchase the remaining 7% of the shares of the Mexican subsidiary from its minority owner, on the basis of a formula that takes into consideration the revenue and income of the company; this has no material impact on the equity and debt of bioMérieux.

- As part of the purchase 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), up to a ceiling of €1.1 million.

- bioMérieux SA has access to a syndicated facility of 260 million euros (which had not been drawn on as of December 31, 2007) expiring in 2013 (see note 5.3.16.1).

- Bank guarantees obtained by the Group in connection with bids made by it totaled €10.4 million as of December 31, 2007.

- bioMérieux SA’s obligations to its employees in terms of training (*Droit Individuel à la Formation*) were estimated as of December 31, 2007 to amount to the equivalent of 181,946 working hours.

- bioMérieux SA, through the intermediary of Stelhys SNC, is entitled to additional payments for the sale of its interest in Harmonie SA. A clause provides for bioMérieux to receive a share of the proceeds from transferred patents over a period of 20 years (until 2026).

- Other commitments of €1.2 million were given (endorsements, sureties and guarantees other than real estate lease obligations).

Other commitments of €0.3 million were received (sureties).

5.3.29 Transactions with related parties

5.3.29.1 Compensation of officers and directors

An aggregate of 5.1 million euros was paid in fiscal 2007 as compensation to officers and directors (board members and corporate executives). This includes fixed compensation of 0.5 million euros and variable compensation of 0.4 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 (3.7 million euros).

5.3.29.2 Transactions with entities accounted for by the equity method

In 2007, bioMérieux SA purchased raw materials and services for 2.4 million euros from La Bergerie de la Combe au Loup, a company in which it holds a 20% equity interest and which is accounted for by the equity method in the consolidated financial statements.

bioMérieux S.A. has billed ReLIA, a company in which it holds a 15% interest and which is accounted for by the equity method, 0.1 million euros for services.

5.3.29.3 Other transactions with non-consolidated affiliates

Mérieux Alliance, which held 58.9% of bioMérieux SA's shares on December 31, 2007, provided consultancy and support services to bioMérieux SA, bioMérieux Inc. and bioMérieux BV valued at 5.2 million euros for the year. Conversely, bioMérieux S.A. billed Mérieux Alliance 2 million euros for services performed.

During 2007, the Group supplied reagents and instruments with a value of 2.9 million euros to entities of the Silliker Group Corp., in which Mérieux Alliance holds a majority interest. In addition, bioMérieux SA and bioMérieux Italy billed those entities 0.1 million euros for services. Silliker SAS also billed bioMérieux SA and bioMérieux Italy 0.4 million euros for personnel costs.

ABL, which is wholly owned by TSGH, owned at 100% by Mérieux Alliance, is a bioMérieux Inc subcontractor; it billed a total of 3.1 million euros for goods supplied in 2007. bioMérieux Inc also provided services to ABL valued at 1.1 million euros during the year.

Thera Conseil, which is 98.2%-owned by Mérieux Alliance and 1.8%-owned by bioMérieux SA, billed bioMérieux SA 1 million euros for services performed in 2007.

bioMérieux SA contributed 1.3 million euros to Fondation Christophe & Rodolphe Mérieux and €0.5 million euros to Fondation Mérieux for humanitarian projects.

5.3.30 Developments subsequent to the end of the fiscal year

In January 2008, bioMérieux South Africa purchased the South African distribution business of OmniMed for 5.6 million euros.

Also in January 2008, Sysmex Corporation and bioMérieux formed a joint distribution subsidiary for in-vitro diagnostics in Japan. In this connection, Sysmex Corporation acquired 34% of bioMérieux Japan, Ltd. The reorganization of bioMérieux Japan, Ltd. into Sysmex bio-Mérieux Co., Ltd. will result in the recognition of a non-current operating expense of approximately 2.5 million euros in the bioMérieux 2008 financial statements.

bioMérieux and Shanghai Kehua Bio-engineering have formed a joint venture, based in Shanghai, for the manufacturing of microplate immunoassays currently made by Boxtel in the Netherlands.

5.3.31 Consolidation

bioMérieux is a fully consolidated entity of Mérieux Alliance S.A. (17 Rue Bourgelat, 69002 - Lyon).

5.3.32 List of consolidated companies as of December 31, 2007

		2007	2006
bioMérieux SA	69280 Marcy l'Etoile - France R.C.S. Lyon B 673 620 399	Parent company	
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%
Biomedics	3 cantos (Madrid), calle Isaac Newton CP 28760 Parque Tecnologico de Madrid - Spain	100%	
bioMérieux South Africa	7 Malibongwe Dr, Cnr Aimee St. Fontainebleau, Randburg, PO BOX 2316 Randburg 2125 - South Africa	100%	
bioMérieux West Africa	08 BP 2634 - Abidjan 08 - Ivory Coast	100%	100%
bioMérieux Algeria (currently being created)	Algéria Business Center Les Pins Maritimes - Mohammadia Alger, Algeria	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 Sqaure - 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	Avenida 15 n° 100-43 - Piso 2 - Bogota - Colombia	100%	100%
bioMérieux Korea	7th floor Yoo Sung Building #830-67, Yeoksam-dong, Kangnam ku - Séoul - Korea	100%	100%
bioMérieux CZ	Praha 5, Kosire, Jinonickà 80/804- 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%

		2007	2006
bioMérieux Greece	Papanikoli 70 - 15232 Halandri - Athens - Greece	100%	100%
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 Italiy	Via Fiume Bianco, 56 - 00144 Roma - Italy	100%	100%
bioMérieux Japan	Seizan Bldg., 12-28, Kita-Aoyama 2-chome Minato-ku - Tokyo 107-0061 - Japan	100%	100%
bioMérieux Mexico	Chihuahua 88, col. Progreso - Mexico 01080, DF - Mexico	93%	93%
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	Rua do Alto do Montijo, Lotes 1 e 2 - 2790-012 Carnaxide - Portuga	100%	100%
bioMérieux united Kingdom	Grafton Way, Basingstoke - Hampshire RG 22 6HY - United Kingdo	100%	100%
bioMérieux Russia	Petrovsko - Razoumovskii proyezd, 29 - Stroyeniye 2 127287 Moscou - Russia	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	Regent House Bldg, 16th floor - 83 Rajdamri Road - Lumpini - Pathumwan - Bangkok 10330 - Thailand	100%	100%
bioMérieux Turkey	Degirmen Sok. Nida Plaza Kat:6 - 34742 Kozyatagi - Istanbul - Turkey	100%	100%
BTF	BTF Pty Limited Unit 1, 35-41 Waterloo Road North Ryde NSW 2113 - Australia	100%	
Stella SAS	69280 Marcy l'Etoile - France	100%	100%
Stelhys SNC	69280 Marcy l'Etoile - France	100%	100%

Two companies accounted for by the equity method:

Bergerie Combe Au Loup	Bazourgues - Boisset St Priest - 42560 St Jean Soleymieux - France	20%	20%
ReLIA Diagnosic Systems LLC	One Market - Suite 1475 - Steuart Tower - San Francisco - USA	15%	15%

This is a free translation into English of the statutory auditors' report issued in French and is provided solely for the convenience of English speaking users. The statutory auditors' report includes information specifically required by French law in such reports, whether modified or not. This information is presented below the opinion on the consolidated financial statements and includes an explanatory paragraph discussing the auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the consolidated financial statements taken as a whole and not to provide separate assurance on individual account captions or on information taken outside of the consolidated financial statements. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

5.4 STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

Following our appointment as statutory auditors by your Annual General Meetings, we have audited the accompanying consolidated financial statements of bioMérieux for the year ended December 31st, 2007.

The consolidated financial statements have been approved by the Board of Directors. Our role is to express an opinion on those financial statements, based on our audit.

5.4.1 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements give a true and fair view of the assets, liabilities, and of the financial position of the group as at December 31st 2007 and of the results of its operations for the year then ended in accordance with IFRS, as adopted in the European Union.

5.4.2 Justification of assessments

In accordance with the requirements of Article L.823-9 of the French Commercial Code (*Code de Commerce*) relating to the justification of our assessments, we bring to your attention the following matters:

- As disclosed in notes 1.12 and 14.1 to the consolidated financial statements relating to group pensions commitments, provisions are calculated based on actuarial estimates by experts appointed by the entities concerned. Our procedures consisted in examining the data used and assessing the assumptions applied. We are satisfied that notes 1.12 and 14.1 to the consolidated financial statements provide appropriate disclosure in this regard.

- As disclosed in note 1.8 to the consolidated financial statements, your company conducts impairment test for goodwill on a yearly basis. We have examined the terms and conditions for implementing this impairment test, the data and assumptions used by your company as well as the disclosure provided in this regard in note 1.8 to the consolidated financial statements. We deemed the assumptions and estimates of the company were reasonable and that information given in this respect was adequate.

- Finally, the Group accrues for costs related to disputes, litigation and restructurings, as disclosed in notes 1.13 and 14.2 to the consolidated financial statements. Our procedures consisted in assessing the data and assumptions on which these estimates rely, reviewing the calculations performed by the company and examining management's approval procedures for these estimates. Based on our procedures, we also assessed that the estimates used were reasonable.

These assessments were made as part of our audit approach for the consolidated financial statements taken as a whole and therefore contributed to the formation of our opinion expressed in the first part of this report.

5.4.3 Specific verifications

In accordance with professional standards applicable in France, 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 consistency with the consolidated financial statements.

Lyon and Villeurbanne, April 8th, 2008

The statutory auditors

Commissariat Contrôle Audit - C.C.A. **Deloitte & Associés**

Bernard CHABANEL Alain DESCOINS

5.5 BIOMERIEUX SA COMPANY FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2005, 2006 and 2007

INCOME STATEMENT

In million of euros	**Jan. 07-Dec.07 12 months**	**Jan. 06-Dec. 06 12 months**	**Jan. 05-Dec. 05 12 months**
Sales	512.4	494.1	455.0
Other revenues	40.5	36.4	25.8
Net sales (note 5.5.21)	**552.9**	**530.5**	**480.8**
Production included in inventories	5.1	-1.8	4.7
Capitalized production	6.2	7.8	4.8
Total production	**564.2**	**536.5**	**490.3**
Cost of material and supplies	-209.1	-194.5	-176.2
Changes in raw material and instrument inventories	2.7	1.5	8.0
External charges	-123.0	-98.1	-89.4
Added value	**234.8**	**245.4**	**232.7**
Taxes, other than income tax	-13.0	-13.2	-12.4
Payroll and benefits (note 5.5.22)	-160.7	-154.7	-141.9
Gross operating income	**61.1**	**77.5**	**78.4**
Depreciation and provisions	-33.9	-19.7	-29.7
Other operating income (expenses)	-4.4	-11.9	-6.3
Operating income	**22.8**	**45.9**	**42.4**
Financial expenses (net) (note 5.5.25)	-1.3	-2.0	-2.9
Net investment income	10.8	33.1	21.2
Income before exceptional items and taxes	**32.3**	**77.0**	**60.7**
Exceptional items (note 5.5.27)	2.9	-1.4	1.7
Employee profit-sharing	-1.0	-3.2	-2.6
Income tax (note 5.5.28)	-1.0	-10.5	-8.5
Net income	**33.2**	**61.8**	**51.3**
Net income per share (a)	**0.84**	**1.57**	**1.30**

(a) In the absence of dilutive instruments, diluted net income per share is identical to basic net income per share.

BALANCE SHEET

Assets *In million of euros*	**Net 12/31/2007**	**Net 12/31/2006**	**Net 12/31/2005**
Fixed assets			
. Intangible assets (note 5.5.3)	32.9	35.1	8.1
. Property, plant and equipment (note 5.5.4)	125.9	120.4	118.2
. Financial assets (note 5.5.5)	221.8	212.4	247.0
Total	**380.6**	**367.9**	**373.3**
Current assets			
. Inventories and work in progress (note 5.5.6)	76.8	67.2	68.7
. Accounts receivable (note 5.5.7)	164.9	151.7	129.3
. Other operating receivables (note 5.5.8)	14.0	14.8	10.0
. Non operating receivables (note 5.5.8)	12.6	4.8	3.9
. Cash and cash equivalents (note 5.5.10)	33.5	13.7	4.4
Total	**301.8**	**252.2**	**216.3**
Foreign currency translation adjustment (note 5.5.12)	**1.5**	**0.7**	**0.9**
Total assets	***683.9***	***620.8***	***590.5***
Liabilities and shareholders' equity	**12/31/2007**	**12/31/2006**	**12/31/2005**
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	227.5	195.6	162.4
. Statutory provisions and grants (note 5.5.14)	26.7	25.2	23.9
. Net income for the year	33.2	61.8	51.3
Total	**362.9**	**358.1**	**313.1**
Provisions (note 5.5.15)	**34.4**	**28.1**	**32.0**
Liabilities			
. Financial debt (note 5.5.16.2)	106.7	80.1	99.1
. Accounts payables (note 5.5.17)	103.3	81.6	76.1
. Other operating liabilities (note 5.5.17)	65.0	61.7	55.9
. Non-operating liabilities (note 5.5.17)	10.5	10.7	13.7
Total	**285.5**	**234.1**	**244.8**
Foreign currency translation adjustment (note 5.5.18)	**1.1**	**0.5**	**0.6**
Total liabilities and shareholders' equity	***683.9***	***620.8***	***590.5***

STATEMENT OF CHANGE IN NET FINANCIAL DEBT

In millions of euros	**Jan. 07-Dec.07 12 months**	**Jan. 06-Dec. 06 12 months**	**Jan. 05-Dec. 05 12 months**
Net income	33.2	61.8	51.3
Depreciation, amortization and provisiosn, net	63.3	40.2	26.0
Net realized capital gains (losses)	-3.2	1.4	0.2
Loss on merger			2.2 (1)
Cash flow from operating activities	**93.3**	**103.4**	**79.7**
Decrease (increase) in inventories	-7.8	0.3	-12.8
Increase (decrease)in accounts receivable	-13.2	-22.3	-8.9
Increase (decrease) in accounts payable and other operating working capital	25.5	6.8	17.4
Decrease (increase) in operating working capital requirements	**4.5**	**-15.2**	**-4.3**
Increase (decrease) in income tax payable	-9.2	-3.3	8.4
Other	0.3	0.7	4.7
Decrease (increase) in working capital requirements	**-4.4**	**-17.8**	**8.8**
Net cash flow from operations	**88.9**	**85.6**	**88.5**
Capital expenditures	-31.7	-53.7	-33.1
Sale of property, plant and equipment	5.4	2.0	0.8
Change in net payables related to fixed assets	1.7	-1.2	1.5
Investment securities	-26.4 (2)	-5.5 (3)	-11.7 (4)
Change in loans and advances to affiliates	-14.2 (5)	20.0	20.1
Increase in other financial fixed assets	-0.5	-0.6	-1.8
Net cash flow from (used in) investment activities	**-65.7**	**-39.0**	**-24.2**
Dividends	-29.9	-18.1	-15.8
Special 2.5% tax on special reserve for long-term capital gains			-0.2
Net cash flow from (used in) shareholders' equity	**-29.9**	**-18.1**	**-16.0**
Change in net debt (excluding exchange rate effects)	**-6.7**	**28.5**	**48.3**
Analysis of change in net indebtedness			
Net indebtedness at the beginning of the year	66.4	94.7	143.4
Impact of currency fluctuations on net indebtedness	0.1	0.2	-0.4
Change in net indebtedness:	6.7	-28.5	-48.3
- Confirmed facilities	*28.6*	*-0.1*	*-99.7*
- Cash and other bank deposits	*-21.9*	*-28.4*	*51.4*
Net indebtedness as the end of the year (note 5.5.16.2)	**73.2**	**66.4**	**94.7**

(1) Loss on the APIBIO merger
(2) including acquisition of BTF shares (-11,6 million euros), purchase of new shares issued by bioMérieux South Africa (-8 million euros)
(3) Including ReLIA shares acquisition(-6,8 million euros)
(4) Including purchases of new shares issued by bioMérieux Brazil (€-6.3 million), ExonHit (€-4 million) and purchase of existing bioMérieux Japan shares (€-1,3 million)
(5) Including loan to bioMérieux Spain (-10 million euros)
(6) Distribution of dividends decided by the shareholders' meeting of June 7, 2007

5.5.1 Preliminary observations

5.5.1.1 Acquisition of BTF

On September 12, 2007, the Company acquired all of the shares of BTF, an Australian company specializing in the production of calibrated bacterial strains for microbiological quality control. The purchase price was 11.6 million euros.

5.5.1.2 Purchase of interest in Labtech Systems Ltd.

The Company has acquired 9.8% of the shares of LabTech Systems Ltd. for 1.3 million euros.

5.5.1.3 Disposal of interest in Orphan Pharma International

bioMérieux has sold its shares of Opi, a company specializing in orphan diseases. The sale generated a net capital gain of 2.7 million euros after taxes.

5.5.1.4 D.B.V. Litigation

Following several favorable court decisions in 2007, the Company has reversed a provision of 11.4 million euros set aside in connection with the infringement action brought by D.B.V. and International Microbio. Litigation is still pending in France, Spain and Italy, however.

5.5.1.5 Restructuring of bioMérieux BV

The Boxtel facility in the Netherlands will close before the end of 2009. bioMérieux S.A. has undertaken to provide financial support to its subsidiary, including to ensure that the restructuring proceeds according to plans. A provision of 10 million euros was recognized in this connection as a non-recurring expense. At the same time an additional provision of 34.4 million euros was booked in 2007 in order to fully write off the interest held in this entity.

5.5.1.6 Buyback of bioMérieux China shares

The Company has purchased 50% of the shares of bioMérieux China previously held by bioMérieux Inc. for 4.5 million euros. bioMérieux S.A. now owns all of that company's shares.

5.5.1.7 New subsidiaries

During fiscal 2007, bioMérieux SA set up a subsidiary in South Africa. It was also in the process of opening a subsidiary in Algeria at the end of 2007. The two companies, which are wholly owned by bioMérieux SA (and are valued at 8 million euros and 0.6 million euros, respectively), will start operating in 2008.

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 to 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.

The only assets for which this approach is used are 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 to 10 years
Instruments*	3 to 5 years

**Instruments either placed with third parties or used in-house*

In the case of buildings, depreciation is calculated separately for each component:

Structures	30 to 40 years
Finishing work, fixtures and fittings	10 to 20 years

At the time the new rule was applied to assets, in fiscal 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 reversals 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 120,900 treasury shares, of which 80,900 were purchased in 2007 in connection with a plan to distribute free shares pursuant to a resolution by the special shareholders' meeting of June 9, 2005.

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 adjustments

Revenues 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 and 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 Mérieux Alliance S.A. (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 comprising it and Stella.

5.5.3 Intangible assets

BREAKDOWN *In millions of euros*	**Gross value**	**Depreciation and impairment loss**	**Net value 12/31/2007**	**Net value 12/31/2006**	**Net value 12/31/2005**
Patents, technologies	30.0	15.4	14.6	19.0	3.9
Software	20.6	17.6	3.0	2.4	2.7
Acquired business	10.5		10.5	10.5	0.6
Advances and deposits	5.2	0.4	4.8	3.2	0.9
Other	0.3	0.3			
Total	**66.6**	**33.7**	**32.9**	**35.1**	**8.1**

CHANGE *In millions of euros*	**Gross value**	**Depreciation and impairment loss**	**Net value**
December 31, 2005	**31.9**	**23.8**	**8.1**
Acquisitions / Increases	30.9	3.3	27.6
Disposals / Decreases	-0.7	-0.1	-0.6
December 31, 2006	**62.1**	**27.0**	**35.1**
Acquisitions / Increases	5.0	6.7	-1.7
Disposals / Decreases	-0.6	-0.1	-0.5
December 31, 2007	**66.5**	**33.6**	**32.9**

5.5.4 Property, plant and equipment

BREAKDOWN *In millions of euros*	**Gross value**	**Depreciation and impairment loss**	**Net value 12/31/2007**	**Net value 12/31/2006**	**Net value 12/31/2005**
Land	7.2	0.2	7.0	7.0	5.8
Buildings	137.8	67.2	70.6	68.6	70.8
Equipment	105.8	79.6	26.2	24.6	25.1
Capitalized instruments	43.2	32.0	11.2 (a)	10.5 (a)	7.6 (a)
Other fixed assets	20.7	15.0	5.7	5.6	6.2
Fixed assets in progress	1.6	0.3	1.3	2.1	
Advances and deposits	3.9		3.9	2.0	2.7
Total	**320.2**	**194.3**	**125.9**	**120.4**	**118.2**

(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, 2005	**289.3**	**171.1**	**118.2**
Acquisitions / Increases	22.8	20.0	2.8
Disposals / Decreases	-8.9	-8.3	-0.6
December 31, 2006	**303.2**	**182.8**	**120.4**
Acquisitions / Increases	26.7	20.7	6.0
Disposals / Decreases	-9.7	-9.2	-0.5
December 31, 2007	**320.2**	**194.3**	**125.9**

5.5.5 Financial assets

BREAKDOWN *In millions of euros*	**Gross value**	**Provisions**	**Net value 12/31/2007**	**Net value 12/31/2006**	**Net value 12/31/2005**
Investments	223.0	56.1	166.9	170.2	184.7
Other financial assets	10.0	7.7	2.3	4.3	5.2
Related receivables	51.0		51.0	36.8	56.8
Other	1.6 (a)		1.6	1.1	0.3
Total	**285.6**	**63.8**	**221.8**	**212.4**	**247.0**

(a) Including 2,446 own shares with a value of €188,735 and 56 Sicav CA AM fund shares with a value of €1,160,202 held on December 31, 2007 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, 2005	**261.2**	**14.2**	**247.0**
Acquisitions / Increases	13.8	21.5	-7.7
Disposals / Decreases	-29.8	-2.8	-27.0
Reclassifications	0.1	0.0	0.1
December 31, 2006	**245.3**	**32.9**	**212.4**
Acquisitions / Increases	59.3	35.7 (a)	23.6
Disposals / Decreases	-19.0	-4.8	-14.2
December 31, 2007	**285.6**	**63.8**	**221.8**

(a) Including 34.4 million euros for the write-off of bioMerieux BV shares

5.5.5.1 Subsidiaries and associates on December 31, 2007

See table below

	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
	(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)											
. ABG Stella	USD	0.0	357.9	100.0%	55.5	55.5		548.9	91.7	26.8	01/01/07 – 12/31/07
. bioMérieux West Africa	EUR	0.1	0.1	100.0%	0.1	0.1		0.4	0.0		01/01/06 - 12/31/06
. bioMérieux Argentina	ARS	0.5	11.0	99.1%	5.4	4.7		35.0	1.7		01/01/07 – 12/31/07
. bioMérieux Colombia	COP	502.9	10,699.3	99.0%	2.2	2.2		23,714.3	1,505.9	0.6	01/01/07 – 12/31/07
. bioMérieux Brazil	BRL	48.8	44.0	99.9%	24.0	23.4		73.4	2.4		01/01/07 – 12/31/07
. bioMérieux Germany	EUR	3.5	7.3	100.0%	3.8	3.8		51.4	1.9	0.8	01/01/07 – 12/31/07
. bioMérieux Austria	EUR	0.1	1.1	100.0%	0.1	0.1	0.8	15.3	0.7	1.1	01/01/07 – 12/31/07
. bioMérieux Belgium	EUR	0.3	3.3	100.0%	0.3	0.3	0.3	22.8	1.3	1.1	01/01/07 – 12/31/07
. bioMérieux Chile	CLP	1,686.6	2,194.9	100.0%	3.1	3.1		4,298.7	232.3		01/01/07 – 12/31/07
. bioMérieux Korea	KRW	1,000.0	2,674.8	100.0%	0.7	0.7		20,900.3	1,267.5	0.7	01/01/07 – 12/31/07
. bioMérieux Denmark	DKK	0.5	5.0	100.0%	0.5	0.5		34.5	1.6	0.2	01/01/07 – 12/31/07
. bioMérieux Finland	EUR	0.0	0.1	100.0%	0.1	0.1	0.3	3.0	0.0		01/01/07 – 12/31/07
. bioMérieux Greece	EUR	2.0	2.4	100.0%	4.1	4.1		14.0	0.0		01/01/07 – 12/31/07
. bioMérieux Bénelux BV	EUR	0.0	4.5	100.0%	0.1	0.1		30.4	0.8		01/01/07 – 12/31/07
. bioMérieux China	HKD	1.5	64.5	100.0%	4.6	4.6		299.4	14.8		01/01/07 – 12/31/07
. bioMérieux Hungary	HUF	3.0	19.8	96.7%	0.0	0.0		5.7	15.2		01/01/07 – 12/31/07
. bioMérieux India	INR	60.8	31.3	100.0%	1.4	1.4		650.2	4.4		01/01/07 – 12/31/07
. bioMérieux Italy	EUR	9.0	26.9	100.0%	12.8	12.8	21.8	93.4	1.9	2.0	01/01/07 – 12/31/07
. bioMérieux Japan	JPY	480.0	-536.3	100.0%	5.9	5.9	4.7	4,535.4	83.7		01/01/07 – 12/31/07
. bioMérieux Spain	EUR	0.2	14.4	100.0%	0.3	0.3	10.0	46.6	2.5		01/01/07 – 12/31/07
. bioMérieux Norway	NOK	2.8	6.3	100.0%	0.3	0.3		40.8	2.7	0.4	01/01/07 – 12/31/07
. bioMérieux Poland	PLN	0.4	41.0	100.0%	1.5	1.5		94.3	8.3	1.9	01/01/07 – 12/31/07
. bioMérieux Portugal	EUR	1.6	10.2	100.0%	2.0	2.0	2.8	19.6	1.1	1.1	01/01/07 – 12/31/07
. bioMerieux Czech Republic	CZK	0.2	15.8	100.0%	0.0	0.0		118.5	13.1		01/01/07 – 12/31/07
. bioMérieux Russia	USD	0.3	-0.2	100.0%	0.2	0.2		9.1	-0.8		01/01/07 – 12/31/07
. bioMérieux Sweden	SEK	0.5	4.3	100.0%	0.2	0.2		39.3	1.3	0.3	01/01/07 – 12/31/07
. bioMérieux Switzerland	CHF	0.4	2.3	100.0%	0.6	0.6		24.1	1.6	0.6	01/01/07 – 12/31/07
. bioMérieux Thailand	THB	35.0	76.2	100.0%	0.9	0.9		269.1	13.3		01/01/07 – 12/31/07
. bioMérieux Turkey	EUR	3.3	20.6	100.0%	2.7	2.7		32.9	4.1	0.9	01/01/07 – 12/31/07
. bioMérieux UK	GBP	0.0	6.0	100.0%	1.2	1.2		29.3	1.0	2.4	01/01/07 – 12/31/07
. bioMérieux BV	EUR	22.7	-7.0	100.0%	53.3	0.0	8.6	29.2	-28.6		01/01/07 – 12/31/07
. bioMérieux Stelhys	EUR	1.4	-1.6	100.0%	1.4	0.0	0.1	0.0	0.0		01/01/07 – 12/31/07
. Stella	EUR	0.0	0.0	100.0%	0.0	0.0		0.0	0.0		01/01/07 – 12/31/07
. BTF	AUD	4.1	3.0	100.0%	11.6	11.6		1.00	0.0		01/01/07 – 12/31/07
. South Africa	ZAR	80.0	80.0	100.0%	8.0	8.0		0.0	0.0		Non available
. bioMérieux Algeria	DIN	58.0	59.8	100.0%	0.6	0.6		0.0	0.0		currently being created
B - INVESTMENTS (5 to 50% of the equity held by bioMérieux)											
. Théra conseil	EUR	0.3	0.2	14.9%	0.0	0.0		1.6	0.0		01/01/07 – 12/31/07
. Bergerie Combe aux Loups	EUR	0.1	0.6	20.0%	0.0	0.0		3.4	0.1		01/01/07 – 12/31/07
. Inodiag	EUR	0.1	0.0	11.0%	0.9	0.9		0.8			01/01/07 – 12/31/07
. Exonhit	EUR	0.4	17.6	5.4%	4.2	4.2		5.3	-7.3		01/01/07 – 12/31/07
. GeNeuro	CHF	0.2	0.1	9.5%	0.1	0.1		0.0	-0.9		01/01/07 – 12/31/07
. Relia diagnostic systems Inc	EUR				6.8	6.8					
. Labtech LTD	USD	11.8	0.3	9.8%	1.3	1.2		3.6	1.0		07/01/06 – 06/30/07
TOTAL SUBSIDIARIES AND INVESTMENTS					**223.0**	**166.9**					
C – OTHER SECURITIES											
. Sofinnova Ventures II NV	USD	0.5	-0.5	1.0%	0.0	0.0		N/A	-0.2		01/01/07 - 12/31/07
. Europroteome AG	EUR			8.8%	2.0	0.0					In liquidation
. Sofinnova IV	USD	70.6	-64.9	0.6%	0.2	0.0		N/A	-1.0		01/01/07 - 12/31/07
. Altabiopharma	USD	106.9	-103.9	0.9%	0.4	0.0		0.0	-2.0		01/01/07 - 12/31/07
. Dynavax	USD	198.8	-163.6	0.6%	2.4	0.7		4.8	-47.9		10/01/06 - 09/30/07
. Oscient Pharma	USD	413.1	-441.9	0.6%	3.5	0.1		80.0	-29.9		01/01/07 - 12/31/07
. Avesthagen	INR	29.4	217.5	6.0%	1.4	1.4		178.4	-0.3		04/01/05 – 03/31/06
					9.9	**2.2**					
GRAND TOTAL					**232.9**	**169.1**					

5.5.6 Inventories and work in progress

In millions of euros	**12/31/2007**	**12/31/2006**	**12/31/2005**
Raw material	22.3	19.9	19.6
Work in progress	21.6	20.6	18.6
Finished goods and other materials	38.2	33.7	36.3
Total gross value	**82.1** (a)	**74.2**	**74.5**
Depreciation	-5.3	-7.0	-5.8
Total net value	**76.8**	**67.2**	**68.7**

(a) Including gross value of inventories relating to instrumentation: 21.7%
Including controlled inventories of 2.4 million euros recognized in accordance with the new rule on accounting for assets.

5.5.7 Accounts receivable

In millions of euros	**12/31/2007**	**12/31/2006**	**12/31/2005**
Accounts receivable	165.8	152.6	130.3
Depreciation	-0.9	-0.9	-1.0
Net value	**164.9**	**151.7**	**129.3**

5.5.7.1 Receivables recognized in more than one asset item

Receivables in bills of exchange *In millions of euros*	**12/31/2007**	**12/31/2006**	**12/31/2005**
Trade receivables	0.3	0.6	0.6
Total	**0.3**	**0.6**	**0.6**

5.5.8 Other receivables

In millions of euros	**12/31/2007**	**12/31/2006**	**12/31/2005**
Advances and deposits	1.0	1.1	0.4
Pre-paid expenses	3.4	5.3	2.5
Other receivables	9.6	8.4	7.1
Total gross value	**14.0**	**14.8**	**10.0**
Depreciation			
Net value of other operating receivables	**14.0**	**14.8**	**10.0**
Non-operating receivables	12.6	5.6	4.7
Total gross value	**12.6**	**5.6**	**4.7**
Depreciation		-0.8	-0.8
Net value of non-operating receivables	**12.6**	**4.8**	**3.9**

5.5.8.1 Breakdown of deferred expenses

In millions of euros	**12/31/2007**	**12/31/2006**	**12/31/2005**
Relating to purchases		0.1	0.1
Relating to external services and others	2.0	3.0	2.4
Relating to other operating expenses	1.4 (a)	2.2	
Total	**3.4**	**5.3**	**2.5**

(a) Including royalties on patent licenses of 1.3 million euros

5.5.9 Maturity of trade and other receivables

Net value in millions of euros	**12/31/2007**	**12/31/2006**	**12/31/2005**
Trade receivables	**164.9**	**151.7**	**129.3**
- Less than 1 year	162.8	148.5	126.7
- More than 1 year	2.1	3.2	2.6
Other operating receivables	**14.0**	**14.8**	**10.0**
- Less than 1 year	13.3	13.2	9.6
- More than 1 year	0.7	1.6	0.4
Non-operating receivables	**12.6**	**4.8**	**3.9**
- Less than 1 year	12.3	4.8	1.4
- More than 1 year	0.3		2.5

5.5.10 Cash

Cash includes available cash balances and short-term investments.

In millions of euros	**12/31/2007**	**12/31/2006**	**12/31/2005**
Short-term deposit (a)	30.9	11.3	0.6
Cash	2.6	2.4	3.8
Total	**33.5**	**13.7**	**4.4**

(a) Detailed information on short-term deposits

	2007	**2006**	**2005**
Name	120 900 own shares	78 800 own shares	3-month SICAV CA AM
Total	€7 millions	€3,7 millions	€0,6 million
Type	Shares	Shares	Euro money-market fund
Isin code	FR0010096479	FR0010096479	FR0000296881
Name	Certificates of deposit	Certificates of deposit	
Total	€18,9 millions	€7,6 millions	
Type	Euro money-market fund	Euro money-market fund	
Isin code	N/A	N/A	
Name	SICAV BFP		
Total	€5 millions		
Type	Euro money-market fund		
Isin code	N/A		

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	**12/31/2007**	**12/31/2006**	**12/31/2005**
On financial debts	0.4		
On trade receivables	1.1	0.7	0.8
On financial receivables			0.1
Total	**1.5**	**0.7**	**0.9**

5.5.13 Shareholder's equity

5.5.13.1 Share capital

As of December 31, 2007, the Company's share capital stock of €12,029,370 was divided into 39,453,740 shares, of which 25,230,077 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, 2007, no rights or securities with a dilutive impact were outstanding.

The number of shares outstanding did not change during fiscal 2006 and 2007.

On December 31, 2007, the Company held:

- 2,446 treasury shares under a market-making agreement with an outside service provider (see note 5.5.5). During fiscal 2007, it bought back 73,680 of its own shares and sold 74,934.

- 120,900 treasury shares held for distribution as free shares under authority granted by the shareholders' meeting of June 9, 2005.

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, 2005	**12.0**	**63.5**	**213.7**	**23.8**	**0.1**	**313.1**
Net income for the year			61.8			61.8
Dividends			-18.1			-18.1
Other movements				1.3		1.3
December 31, 2006	**12.0**	**63.5**	**257.4**	**25.1**	**0.1**	**358.1**
Net income for the year			33.2			33.2
Dividends			-29.9			-29.9
Other movements				1.5		1.5
December 31, 2007	**12.0**	**63.5**	**260.7**	**26.6**	**0.1**	**362.9**

5.5.14 Regulated provisions

In millions of euros	**Accelerated amortization**	**Provisions for price increase**	**Total**
December 31, 2005	**22.8**	**1.0**	**23.8**
Allowances	5.7	0.1	5.8
Reversal	-4.4	-0.1	-4.5
December 31, 2006	**24.1**	**1.0**	**25.1**
Allowances	5.6	0.3	5.9
Reversal	-4.2	-0.2	-4.4
December 31, 2007	**25.5**	**1.1**	**26.6**

5.5.15 Provisions

In millions of euros	**Other employee benefits**	**Product warranties** (a)	**Other contingencies**	**Total**
December 31, 2005	**5.1**	**0.7**	**26.2**	**32.0**
Allowances	1.1	0.6	7.1	8.8
Reversal (used)		-0.7	-11.6	-12.3
Reversal (unused)			-0.4	-0.4
Net allowances	1.1	-0.1	-4.9	-3.9
December 31, 2006	**6.2**	**0.6**	**21.3**	**28.1**
Allowances	0.3	0.5	21.5	22.3
Reversal (used)		-0.6	-3.9	-4.5
Reversal (unused)			-11.5	-11.5
Net allowances	0.3	-0.1	6.1	6.3
December 31, 2007	**6.5**	**0.5**	**27.4** (b)	**34.4**

(a) Estimate of the costs likely to be incurred for instruments sold under warranty over the remaining warranty period

(b) Including litigation provisions of 5.8 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 6.3 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 increase in pay of 3.5% and a discount rate of 5.4%.

5.5.15.2 Provisions

To the best of the Company's knowledge, no extraordinary event or litigation exists that is likely to substantially affect its business.

Whenever a probable risk is identified, a provision is recognized as soon as the risk can be reliably evaluated. The provision for litigation covers all the litigation in which the Group is involved and amounted to 5.8 million euros on December 31, 2007. The main litigation concerns the proceedings initiated by International Microbio and D.B.V. against bioMérieux.

On June 13, 2007, the Paris Court of Appeal denied an appeal by International Microbio and Diffusion Bactériologie du Var ("D.B.V.") in their infringement suit against bioMérieux on the grounds that the Mycoplasma IST kit distributed by the Company did not infringe a patent filed by D.B.V.

The decision followed the March 28, 2006 reversal by the Court of Cassation of an earlier judgment against bioMérieux by the Paris Court of Appeal on May 5, 2004.

International Microbio and D.B.V. have since appealed the June 13, 2007 decision.

In addition, the infringement claim brought by International Microbio and D.B.V. against bioMérieux's German subsidiary has been denied, with no further possibility of appeal. On April 17, 2007, the lower court held that the German part of the patent in question was void. In addition, the appeal filed by International Microbio and DVB was subsequently denied by the German Supreme Court.

Two infringement actions have also been brought by International Microbio and D.B.V. against bioMérieux subsidiaries in Italy and Spain. In each case, the courts ruled in the Company's favor:

- on November 4, 2005, a Roman district court ruled that the patent was invalid and that there had been no infringement; however, International Microbio and D.B.V. have since filed a new action in Milan.

- on March 26, 2007, the Madrid district court ruled that the Spanish D.B.V. patent was invalid and that infringement had not been proven; International Microbio and D.B.V. have since appealed that decision.

In this connection, the Company has reversed provisions of 11.4 million euros set aside for the litigation in Germany and France.

The reversal was recognized in non-recurring income. In the opinion of bioMérieux, overall revenue would not be materially affected by restrictions on the sale of the product concerned, should the outcome of the proceedings go against the Company.

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, 2007, there had been no drawdowns under the facility.

5.5.16.2 Maturity of the debt

In millions of euros	**12/31/2007**	**12/31/2006**	**12/31/2005**
Over five years		0.5	
Between two and five years	8.5	7.0	6.1
Total long-term debt	**8.5**	**7.5**	**6.1**
Other short-term debt	98.2	72.6	93.0
Total debt	**106.7**	**80.1**	**99.1**
Short-term deposits (a)	-30.9	-11.3	-0.6
Cash	-2.6	-2.4	-3.8
Net indebtedness	**73.2**	**66.4**	**94.7**

(a) The book value of short-term deposits is identical to their market value.

5.5.17 Accounts payable and other liabilities

In millions of euros	12/31/2007	12/31/2006	12/31/2005
Accounts payable	**103.3**	**81.6**	**76.1**
Tax and payroll	56.1	53.6	48.6
Deferred income	3.6	2.5	2.7
Other	5.3	5.6	4.6
Other operating liabilities	**65.0**	**61.7**	**55.9**
Payables on property, plant and equipment	10.5	8.8	9.9
Income tax liabilities		1.9	3.8
Non-operating liabilities	**10.5**	**10.7**	**13.7**

5.5.17.1 Liabilities recognized in more than one balance-sheet item

Liabilities in bills of exchange *In millions of euros*	12/31/2007	12/31/2006	12/31/2005
Accounts payable	9.5	12.1	16.8
Payables on property, plant and equipment	1.6	2.7	2.4
Other payables	0.1	0.1	0.1
Total	**11.2**	**14.9**	**19.3**

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	12/31/2007	12/31/2006	12/31/2005
Accounts payable			
Less than 1 year	103.3	81.6	76.1
Total	**103.3**	**81.6**	**76.1**
Other operating liabilities			
Less than 1 year	65.0	58.4	53.2
More than 1 year		3.3	2.7
Total	**65.0**	**61.7**	**55.9**
Non operating liabilities			
Less than 1 year	10.5	10.7	13.7
Total	**10.5**	**10.7**	**13.7**

5.5.17.4 Breakdown of accrued expenses

In millions of euros	12/31/2007	12/31/2006	12/31/2005
Other financial debts	0.1	0.1	1.1
Payables	35.0	15.8	16.1
Fiscal and social payables	42.2	40.2	36.6
Payables on property, plant and equipment	1.8	2.5	1.8
Total	**79.1**	**58.6**	**55.6**

5.5.18 Unrealized foreign-exchange gains

In millions of euros	12/31/2007	12/31/2006	12/31/2005
On operating payables	0.2	0.2	
On operating receivables	0.3	0.2	0.3
On financial loans	0.1		
On financial debts	0.5	0.1	0.3
Total	**1.1**	**0.5**	**0.6**

5.5.19 Balance-sheet items pertaining to associates

In millions of euros	12/31/2007	12/31/2006	12/31/2005
Total financial assets	**276.1**	**272.3**	**243.4**
Operating receivables	110.5	101.6	80.8
Non-operating receivables	0.2		
Total receivables	**110.7**	**101.6**	**80.8**
Operating liabilities	52.1	34.1	25.2
Non-operating liabilities	0.2		
Financial debts	94.8	69.0	69.3
Total liabilities	**147.1**	**103.1**	**94.5**

5.5.20 Financial commitments

5.5.20.1 Commitments made

In millions of euros	**12/31/2007**	**12/31/2006**	**12/31/2005**
Guarantees, including guarantees with affiliated companies €29 millions	30.2	47.0	42.6
Capital leases and rents	8.7	10.0	9.2
Total	**38.9**	**57.0**	**51.8**

5.5.20.2 Commitments received

In millions of euros	**12/31/2007**	**12/31/2006**	**12/31/2005**
Approvals, pledges and guarantees among which the connected companies €0 million	0.3	0.1	125.1
Revolving facility	260.0	260.0	
Total	**260.3**	**260.1**	**125.1**

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, 2007, 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, 2007:

- Forward sales of 6.1 million euros to hedge trade receivables.
- Forward sales of 5.7 million euros to hedge financial liabilities.
- Forward purchases of 93.6 million euros to hedge financial liabilities.

In addition, foreign-exchange hedge contracts were entered into in anticipation of fiscal 2008 budgetary positions. The contracts have an aggregate net value of 88.7 million euros.

Based on their market value on December 31, 2007 the combined hedge contracts generate unrealized gains of 0.9 million euros.

Lastly, hedge contracts are used to hedge the results of foreign subsidiaries. They have an aggregate value of 11.3 million euros.

For information purposes, the table below shows the currencies of sales by Group entities:

In millions of euros	**2007**		**2006**		**2005**	
	12 months	**%**	**12 months**	**%**	**12 months**	**%**
Euro	372.0	**67%**	375.4	**71%**	348.7	**73%**
Other						
US dollar	92.7	*17%*	78.1	*15%*	65.4	*14%*
UK sterling	22.1	*4%*	14.9	*3%*	13.7	*3%*
Polish zloties	13.4	*2%*	13.9	*3%*	11.5	*2%*
Swiss francs	8.8	*2%*	8.9	*2%*	7.7	*2%*
Turkish liras	8.5	*2%*				
Other currencies	35.3	*6%*	39.3	*6%*	33.8	*6%*
Total	**552.9**	***100%***	**530.5**	***100%***	**480.8**	***100%***

5.5.20.3.2 Interest-rate risk

As of December 31, 2007, there were no interest-rate swap contracts outstanding.

5.5.20.3.3 Information concerning capital leases

In millions of euros	**Value**	**Rent expenses** (a)		**Depreciation expense** (a)	
		current	**accumulated**	**current**	**accumulated**
Land	0.8	0.1	0.6		
Buildings	11.4	0.9	7.9	0.6	5.1
Total	**12.2**	**1.0**	**8.5**	**0.6**	**5.1**

In millions of euros	**Rent expenses to be paid**				**Residual value**
	Less than 1 year	**1 to 5 years**	**More than 5 years**	**Total**	
Land	0.1	0.1		0.2	0.6
Buildings	0.8	1.7		2.5	4.6
Total	**0.9**	**1.8**	**0.0**	**2.7**	**5.2**

(a) Capital lease in effect on December 31, 2007

5.5.20.4 Supplementary pensions, severance and related benefits

An actuarial assessment of the Company's obligations was made on December 31, 2007, based on:

- the expected turnover and mortality rate of payroll employees,
- assumed annual pay 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 5.4% discount rate.

The Company's obligations were valued at 15.3 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 6.3 million euros.

On December 31, 2007, the obligations consisted of the following elements:

– Contractual retirement payments 14.8 million euros

– Other liabilities 0.5 million euros

5.5.20.5 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, 2007 to amount to a maximum of 181,946 working hours.

5.5.20.6 Other liabilities

– Commitments made in connection with research contracts amounted to 23.9 million euros on December 31, 2007.

– bioMérieux S.A. has the option to purchase 35% of the shares of Relia Diagnostic System LLC. The exercise price of the option will be set by an appraiser and the option will be exercisable in a single transaction, no later than three years after the date of the initial investment by bioMérieux.

– bioMérieux SA participates in a research program coordinated by Mérieux Alliance, together with bioMérieux, Transgène, 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. The program, known as "ADNA" (Advanced Diagnostics for New therapeutic Approaches), is supported by the French Industrial Innovation Agency. bioMérieux SA has undertaken in this connection to spend up to 136.5 million euros on research and development in the period from 2007 to 2017. In return, bioMérieux SA will receive subsidies and repayable grants of up to 19.4 million euros (including 1.7 million euros for fiscal 2007) 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 to pay 1 to 2% of the revenue depending on the projects until 2027 or 2029. The public financing agreement still requires the approval of the European authorities, which have not yet reached a decision.

– As part of the purchase 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), up to a ceiling of €1.1 million.

– The Board of Directors, using the authority granted to it by the shareholders' meeting of June 9, 2005 to distribute free shares and after consulting with the compensation committee, decided to grant 233,000 shares, subject to recipients satisfying certain conditions and criteria. They will be definitively owned after a period of 2 years ending on September 18, 2008 and October 15, 2009. In addition to the 120,900 shares the Company held on December 31, 2007, bioMérieux S.A. will have to buy back another 112,100 shares for distribution under the above grants. At the trading price of the shares on December 31, 2007, this would represent a cost of 8.9 million euros.

– bioMérieux SA, through the intermediary of Stelhys SNC, is entitled to additional payments for the sale of its interest in Harmonie SA. A clause provides for bioMérieux to receive a share of the proceeds from transferred patents over a period of 20 years (until 2026).

5.5.21 Breakdown of revenue

In millions of euros	**France**	**Export**	**Total 2007**	**Total 2006**	**Total 2005**
Sales	12.5	50.6	63.1	60.6	57.2
Sold production (goods)	139.8	297.9	437.7	423.0	397.9
Sold production (services)	15.2	36.9	52.1	46.9	25.7
Total	**167.5**	**385.4**	**552.9**	**530.5**	**480.8**

5.5.22 Payroll and benefits

In millions of euros	**2007 12 months**	**2006 12 months**	**2005 12 months**
Wages and salaries	103.6	99.3	92.1
Incentive plan	6.9	5.3	4.8
Benefits	50.2	50.1	45.0
Total	**160.7**	**154.7**	**141.9**
Employees profit-sharing	1.0	3.2	2.6
Total	**161.7**	**157.9**	**144.5**
Average number of employees	**2,367**	**2,299**	**2,204**
No. of employees as of Dec. 31	**2,395**	**2,351**	**2,249**

5.5.23 Officers' compensation

Compensation paid to Company officers and directors for 2007 consisted of directors' fees of 188,000 euros paid to the members of the board of directors (180,000 euros in 2006).

5.5.24 Research and development expenses

Research and development expenses for fiscal 2007 amounted to 98.3 million euros.

5.5.25 Net financial expenses

5.5.25.1 Breakdown of net financial expenses

In millions of euros	2007 12 months	2006 12 months	2005 12 months
Net financial expenses	-1.1	-3.0	-3.6
Depreciation	-30.9 (a)	-20.0 (b)	-2.5 (c)
loss from merger			-2.2
Dividends	40.9	53.1	25.9
Exchange rate differences	0.6	1.0	0.7
Total	**9.5**	**31.1**	**18.3**

(a) Including net depreciations of 29.7 million euros on the shares of subsidiaries and 1.2 million euros on other investments

(b) Including net depreciations of 19.8 million euros on the shares of subsidiaries and 0.2 million euros on other investments

(c) Including net depreciations of 1.1 million euros on the shares of subsidiaries and 1.4 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	2007 12 months	2006 12 months	2005 12 months
Sales	-1.2	-1.6	-1.6
Cost of material supplies and other external charges	-0.3	0.1	0.3
Financial items	0.6	1.0	0.7
Total	**-0.9**	**-0.5**	**-0.6**

5.5.26 Associates: financial expenses and income

In millions of euros	2007 12 months	2006 12 months	2005 12 months
Net financial expenses	-4.5	-5.3	-1.7
Received dividends	40.9	53.1	25.9
Revenues from investments	1.9	1.8	1.9
Other financial incomes	0.4	0.3	0.2
Total	**38.7**	**49.9**	**26.3**

5.5.27 Extraordinary items

In millions of euros	**Income**	**Expenses**	**Net 2007**	**Net 2006**	**Net 2005**
Capital transactions	5.4	2.2	3.2 (a)	-1.4	-0.3
Statutory provisions	4.4	5.9	-1.5	-1.3	-0.7
Other	13.6	12.4	1.2	1.3	2.7
Total	**23.4**	**20.5**	**2.9**	**-1.4**	**1.7**

(a) On December 31, 2007, extraordinary items included capital gains of 3.7 million euros from the sale of OPi shares.

5.5.28 Income and taxes

5.5.28.1 Breakdown of corporate income tax

In millions of euros	**2007**			**2006**	**2005**
	Before tax	Tax	After tax		
Current income before tax	32.3	1.7	30.6	65.3	52.4
Exceptional income	2.9	0.4	2.5	-1.1	1.1
Employees profit-sharing	-1.0	-1.1	0.1	-2.3	-2.2
Total income	**34.2**	**1.0**	**33.2**	**61.9**	**51.3**

5.5.28.2 Income exclusive of valuation allowances

In millions of euros	**2007**	**2006**	**2005**
Net income for the year	33.2	61.8	51.3
Income tax	1.0	10.5	8.5
Net income before tax	34.2	72.3	59.8
Total statutory provisions	1.5	1.3	-0.7
Income tax before tax and without statutory provisions	**35.7**	**73.6**	**59.1**
Income tax	1.0	10.5	8.5
Tax on exceptional valuation at 34,43%	0.5	0.5	-0.2
Net tax expense	**1.5**	**11.0**	**8.3**
Net income without statutory provisions	**34.2**	**62.6**	**50.8**

5.5.28.3 Change in future tax liabilities

In millions of euros	**2007** Rate 34.43%	**2006** Rate 34.43%	**2005** Rate 34.43%
Accelerated amortization and statutory provisions	9.2	8.6	8.2
Total deferred tax liabilities	**9.2**	**8.6**	**8.2**
Non deductible provisions	-2.6	-3.8	-2.6
Impact of the implementation of the new regulation for assets	-0.5	-0.7	-0.9
Liabilities currency foreign translation adjustments	-0.4	-0.2	-0.2
Total deferred tax assets	**-3.5**	**-4.7**	**-3.7**
Total deferred tax expenses	**5.7**	**3.9**	**4.5**

This is a free translation into English of the statutory auditors' report issued in French and is provided solely for the convenience of English speaking users. The statutory auditors' report includes information specifically required by French law in such reports, whether modified or not. This information is presented below the opinion on the financial statements and includes an explanatory paragraph discussing the auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the financial statements taken as a whole and not to provide separate assurance on individual account captions or on information taken outside of the consolidated financial statements. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

5.6 STATUTORY AUDITORS' REPORT ON THE FINANCIAL STATEMENTS

In accordance with our appointment as statutory auditors by your Annual General Meeting we hereby report to you, for the year ended December 31st,2007, on

- the audit of the accompanying financial statements of Biomérieux SA
- the justification of our assessments,
- the specific procedures 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.

5.6.1 Opinion on the annual financial statements

We conducted our audit in accordance with professional standards applicable in France. Those standards require that we plan and perform procedures to obtain reasonable assurance that the annual financial statements are free from material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements give a true and fair view if the financial position and the assets and liabilities of the Company, as at December 31st, 2007 and of the results of its operations for the year then ended in accordance with French accounting regulations.

5.6.2 Justification of our assessments

In accordance with the requirements of Article L.823-9 of the French Commercial Code (*Code de Commerce*) relating to the justification of our assessments, we bring to your attention the following matters:

- As stated in note 2-3 to the financial statements, your company writes down investments in subsidiaries whenever their fair value is lower than their net book value. Our procedures consisted in an examination of the assumptions and data used by your company to assess the value of the investments concerned and to review the calculations made for reasonableness.
- Your company also used to record provisions, as set forth in notes 1-4, 1-5, 2-6 and 15-2 to the financial statements. Our procedures consisted in assessing the data and assumptions on which these estimates rely, reviewing the calculations performed by the company and examining management's approval procedures for these estimates.

Based on our procedures, we assessed whether the estimates used are reasonable.

These assessments were made in the context of our audit of the financial statements taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

5.6.3 Specific procedures 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 the consistency with the financial statements of the information given in the management report of the Board of Directors and in the documents addressed to the shareholders with respect to the financial position and the financial statements;

- the fair presentation of the information given in the management report in respect of remuneration and benefits granted to the relevant company officers and any other commitments made in their favour in connection with, or subsequent to, their appointment, termination or change in current function.

Pursuant to the law, we have verified that the report of the Board of Directors contains the appropriate disclosures as to the acquisition of participating and controlling interests and as to the identity of shareholders.

Lyon and Villeurbanne, April 8th, 2008

The statutory auditors

Commissariat Contrôle Audit - C.C.A. **Deloitte & Associés**

Bernard CHABANEL Alain DESCOINS

This is a free translation into English of a report issued in the French language and is provided solely for the convenience of english speaking readers. This report should be read in conjunction with, and construed in accordance with, french law and professional auditing standards applicable in France.

5.7 STATUTORY AUDITORS' SPECIAL REPORT ON REGULATED AGREEMENTS

Commissariat Contrôle
Audit - C.C.A.
43 Rue de la Bourse
69002 Lyons
==========

Deloitte & Associés
81 Blvd. Stalingrad
69100 Villeurbanne
==========

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 such other agreements and commitments, if any, but to communicate to you, based on information provided to us, the principal terms and conditions of those agreements and commitments brought to our attention, without expressing an opinion on their 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 our procedures in accordance with professional standards applicable in France. Those standards require that we agree the information provided to us with the relevant source documents.

With Mérieux Alliance and Transgène

Consortium agreement in connection with the ADNA (*Advanced Diagnostics and New therapeutic Approaches*) project

Nature and purpose: the purpose of the agreement is to set forth the governing rules and the status of intellectual property produced by the consortium and how it may be used.

The parties to the draft consortium agreement include Mérieux Alliance, bioMérieux SA and other companies, including Transgène SA. The agreement pertains to a research and development project known as ADNA (*Advanced Diagnostics and 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 diseases.

Terms and conditions: the provisions of the agreement have been approved by the parties concerned; its execution is contingent on approval by the European Commission of the project's financing by OSEO-ANVAR (formerly known as *Agence pour l'Innovation Industrielle*).

Persons concerned: Alain Mérieux, Alexandre Mérieux, Philippe Archinard and Benoît Habert.

With Mérieux Alliance

1) Service agreement in connection with the ADNA project

Nature and purpose: Mérieux Alliance, 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 Mérieux Alliance in connection with the performance of its assignments, proportional to bioMérieux's share of the budget eligible for grants and repayable advances. For 2007, bioMérieux was charged 277,200 euros.

2) Service agreement

Reminder: Your Company entered into a service agreement with Mérieux Alliance effective January 1, 2002. The consideration paid under the agreement is based on the services performed by Mérieux Alliance (expenses and personnel costs plus 8%) and is divided among the Mérieux Alliance group entities on the basis of their respective assets, revenue and workforce.

Two amendments to the agreement have been adopted:

a) Amendment 1 to Schedule 1 of the service agreement

Nature and purpose: adjustment of the basis for the division of Mérieux Alliance's annual consideration under the service agreement.

Terms and conditions: The division, which was previously based on the size of the Mérieux Alliance entities' workforce, will henceforth be determined on the basis of their total payroll.

b) Amendment 2 to the agreement

Nature and purpose: procedure for dividing the cost of granting free shares in the case of employees who are reassigned within the Mérieux Alliance Group during the vesting period.

Terms and conditions: billing by Mérieux Alliance of the net cost of free share grants based on the time spent by the employee concerned at each company during the vesting period.

For fiscal year 2007, your company recognized an expense of €3,010,310.

Persons concerned: Alain Mérieux and Alexandre Mérieux.

With bioMérieux Inc.

Nature and purpose: sale by bioMérieux Inc. to bioMérieux S.A. of its shares of bioMérieux China (50%) for the purpose of streamlining the Group's corporate structure.

Terms and conditions: the shares changed hands for a price of US$6,500,000.

Persons concerned: Stéphane Bancel and Alexandre Mérieux.

With Mérieux Alliance, Silliker Group Corp. and Transgène

Agreement concerning the division of costs related to the severance of Group employees.

Nature and purpose: division of the future cost of terminating employees who have worked for several Mérieux Alliance 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.

Persons concerned: Alain Mérieux, Alexandre Mérieux, Philippe Archinard and Benoît Habert.

With Fondation Mérieux

1) Gift of an Affymetrix station

Nature and purpose: In 2007, your company made several gifts to Fondation Mérieux, including an Affymetrix station, under a charitable contribution agreement.

Terms and conditions: The gifts had an aggregate value of € 236,473.

2) Transfer of the "Emerging Pathogens" network

Fondation Mérieux wishes to have its own research capability for designing healthcare solutions adapted to the needs of developing countries. bioMérieux has decided to support this project:

- by contributing its "Emerging Pathogens" laboratory, i.e. making available the scientific expertise and technical resources of the entity's staff. The laboratory will be managed as an independent entity by Fondation Mérieux and will become part of its international scientific network.

- by agreeing to a new three-year sponsorship commitment (€1.5 million in 2008, €1 million in 2009 and 0.5 million in 2010).

Fondation Mérieux will have access to other expertise available at bioMérieux and will hold the rights to all results of research conducted by the laboratory.

The cooperation agreements will go into effect on January 1, 2008.

Persons concerned: Alain Mérieux and Alexandre Mérieux.

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.
Director concerned: Jean-Luc Bélingard

Agreements and commitments approved in previous years with continuing effect during the year

In addition, pursuant to Article R. 225-30 of the French Commercial Code (*Code de Commerce*), we have been informed that the performance of the following agreements and commitments, approved in previous fiscal years, continued during the year.

With Mérieux Alliance

IT and telephone service agreement

Nature and purpose: Your company entered into an IT and telephone service agreement with Mérieux Alliance for a term of one year and thereafter tacitly renewable for an identical period. The re-invoicing of these IT services by your company includes a 10% margin, while an annual lump sum of €1,500 has been set for the telephone service.

Terms and conditions: With respect to fiscal year 2007, the total amount invoiced by your company amounts to €92,413.

Using the family name "Mérieux"

Nature and purpose: Mérieux Alliance 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. Mérieux Alliance 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 conserve 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, Mérieux Alliance employees were eligible to become plan beneficiaries. The purpose of the agreement therefore was to secure the membership of Mérieux Alliance.

Terms and conditions: Alain Mérieux was the plan's sole beneficiary. The agreement was terminated and no amount was paid in 2007.

With Thera McCann

Nature and purpose: Your Company has entered into a consulting, assistance and service agreement with Thera McCann in the area of promotional communications. The invoicing by Thera McCann is based on services provided with the possibility of discounts depending on annual revenue.

Terms and conditions: With respect to fiscal year 2007, your company was billed €1,057,424 by Thera McCann

With Fondation Christophe & 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 approved by the Board of Directors.

Terms and conditions: For fiscal year 2007, your company recognized an expense of €1,320,000.

With Fondation Mérieux

Financial support agreement

Nature and purpose: Your Company has entered into an agreement to provide support to Fondation Mérieux, under which it has pledged to contribute to the financing of the foundation's activities.

Terms and conditions: For fiscal year 2007, your company's contribution amounted to €305,000.

With Transgène

Cancer co-operation program with Transgène

Nature and purpose: Co-operation between bioMérieux and Transgène in a program designed to discover genomic markers for lung cancer diagnosis and prognosis. The program is conducted by Transgène as part of a clinical study (MVA-MUC1-IL2).

Terms and conditions: The contributions of the two parties to the program are as follows:

Contribution of bioMérieux: installation and three years' maintenance of an Affymetrix station, training of Transgène personnel in the use of this station, supply of chips and reagents necessary for analyses and support for Transgène if necessary.

Contribution of Transgène: purchase over 2006 of an Affymetrix station from bioMérieux via a leasing company for €260,000, 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 2007, your company invoiced Silliker Group Corp in the amount of €120,431.

Lyon and Villeurbanne, April 22, 2008
The statutory auditors

Commissariat Contrôle Audit C.C.A.	**Deloitte & Associés**
represented by	**represented by**
Bernard CHABANEL	**Alain DESCOINS**

5.8 BOARD OF DIRECTORS' REPORT TO THE ORDINARY AND EXTRAORDINARY SHAREHOLDERS' MEETING OF JUNE 12, 2008

5.8.1 General management

Pursuant to article R.225-102 of the French Commercial code, the Board of Directors has decided to combine the position of Chairman of the Board of Directors and chief executive officer, as provided by article L. 225-51-1 of the French Commercial code. Accordingly, Mr. Alain Mérieux, Chairman of the Board of Directors, is also the Company's Chief Executive Officer.

5.8.2 Position and business of the Company

The main highlights of year ended December 31, 2007 were as follows:

5.8.2.1 Business

See section 5.2.2 above.

After adding the 0.5% increase in business growth due to acquisitions and distribution agreements, the business grew by 7.9 %.

Growth in the business resulted from the combined effect of the following factors:

In millions of euros			
2006 Turnover	1,037		
Changes in operations sold [1] or to be discontinued[2]	-44		
2006 Turnover, exclusive of operations sold or to be discontinued	**993**		
Impact of foreign-exchange rates	-29		
Organic growth, on a constant consolidation and currency basis	+73	*+7.4 %*	*+7.9 %*
Impact of 2007 acquisitions and distribution agreements	+5	*+0.5 %*	
Balance of operations sold[1] or to be discontinued[2]	+21		
2007 Turnover	**1,063**		

(1) Hemostasis

(2) Microplate immunoassays in North America

5.8.2.2 New products launch

A total of 33 new products (including 24 reagents) were brought out during the fiscal year. This expanded the bioMérieux product line, in particular in the field of tests with high medical value (VIDAS® BRAHMS PCT, VIDAS®NT-proBNP and VIDAS® *C. difficult* A&B), and in microbiology (including the VITEK®2 Compact 15 station and VRE chromogeneic culture media).

The installed base continued to expand, with close to 3,800 new instruments placed during the fiscal year. Approximately 49,000 systems were installed as of December 31, 2007. As a result of strong instrument sales in the fourth quarter, the share of equipment in the total turnover rose to 12.7%, with sales of reagents accounting for 82.5%.

5.8.2.3 Main partnership agreements

See sections 4.3.6.2, 4.4.5 and 4.7 above.

In addition, in March bioMérieux and Copan signed an exclusive worldwide distribution agreement for an innovative sampling system developed by Copan.

5.8.2.4 Industrial transactions and capital expenditures

Capital expenditures amounted to 90 million euros in 2007, of which 40 million euros for traded instruments, compared with, respectively, 89 million and 47 million euros in 2006. In 2007, most industrial investments had to do with improving productive capacity and efficiency, as well as the pooling of the entire sales department in France. Expenditures included purchases of additional intangible assets (software licenses, mainly with SAP, and technologies).

bioMérieux announced that it would gradually phase out operations at Boxtel in the Netherlands and would close the facility by the end of 2009. Research and development and the production of molecular biology reagents will be transferred to Grenoble, where a new facility will be built to produce systems. In microplate immunoassays, research and development will be located at Marcy l'Etoile, while production will take place in Shanghai at the new subsidiary jointly formed with Shanghai Kehua Bio-engineering Co. Ltd. From a financial standpoint, the decision resulted in the recognition of a non-recurring expense of 28.5 million euros in the 2007 financial statements.

5.8.2.5 Legal Proceedings

See section 4.9 "Legal proceedings" above.

5.8.2.6 Corporate patronage

See section 6.2.3.3.

5.8.3 Research and Development

5.8.3.1 Strategy

See section 4.4.1 above.

5.8.3.2 Research and Development projects

See section 4.4.3 above.

5.8.3.3 Main partnerships agreements

See section 4.4.5 above.

5.8.4 Share ownership – subsidiaries and investments

5.8.4.1 Share ownership on December 31, 2007

The table below shows the capital sharing of the Company on the dates indicated.

	Position on December 31, 2007			Position on December 31, 2006		
Shareholders	**Number of shares outstanding**	**% of shares outstanding**	**% of voting rights**	**Number of shares outstanding**	**% of shares outstanding**	**% of voting rights**
Mérieux Alliance	23,240,090	58.90%	71.86%	23,240,090	58.90%	58.82%
GIMD**	2,013,470	5.10%	6.17%	2,013,470	5.10%	5.10%
Public	11,819,627	29.96%	18.48%	11,843,353	30.02%	30.33%
Other shareholders***	2,380,553	6.03%	3.49%	2,356,827	5.98%	5.75%
Total	39,453,740	100%	100%	39,453,740	100%	100%

* Mérieux Alliance SA is the Mérieux family holding entity.

** Groupe Industriel Marcel Dassault.

*** As of December 31, 2007, this heading covered shares held by employees through mutual funds, by the Company under a market-making agreement and for distribution as free shares, as well as shares held by various registered shareholders; it should be specified that no individual shareholder owned more than 5% of the company's shares outstanding or voting rights.

5.8.4.2 Other information concerning subsidiaries and investments

See section 3.1.17 above.

5.8.4.3 Acquisitions

See section 3.1.17 above.

5.8.5 Organization chart

The organization chart is included in section 3.1.16 of this Reference Document; the 2007 results of subsidiaries are summarized in the table showing subsidiaries and investments (see section 5.5.5.1 above).

5.8.6 Employee stock ownership

As required by article L. 225-102 of the French Commercial code, we hereby inform you that, at the close of the fiscal year on December 31, 2007, the Company's employees held, through mutual funds, 351,637 shares, amounting to 0.89% of the capital.

Neither the Company nor any of its affiliates granted stock options to any representatives or employees during fiscal 2007. As of December 31, 2007, there were no stock options outstanding that were likely to be exercised. The Company has not purchased any shares for distribution to its employees under a profit-sharing plan.

The Company distributed free shares in 2007, as set forth in the special report prepared in this connection.

5.8.7 Presentation of the consolidated financial statements; business and financial results

See sections 5.2 and 5.3 above.

Dividend

The Board of Directors will ask the shareholders' meeting of June 12, 2008 to approve the distribution of a dividend of 0.76 euro per share (unchanged from 2007), corresponding to 30% of net income for 2007.

Interest-rate risk

As of December 31, 2007, the Group had no significant exposure to interest-rate risks. It had a net cash surplus of 15 million euros and was not using financial instruments to hedge interest-rate risks. A change of 100 basis points in 2007 would not have had a material impact on financial income generated by investments or on financial debt.

5.8.8 Presentation of the financial statements

The annual financial statements for the year ended December 31, 2007 have been prepared in accordance with the presentation rules and valuation methods of applicable regulations.

Highlights for the period: See section 5.5.1 above.

5.8.8.1 Business

Net sales by the Company for the year ended December 31, 2007 amounted to €553 million, an increase by 4.2% from €530.5 million the previous year.

The restated revenue generated by ancillary businesses was 522.4 million euros. Excluding the impact of exchange rates, revenue increase amounted to by 10.4% and increased by 3.8%. On a constant currency basis and excluding the impact of coagulation in fiscal 2006, revenue would have improved by 5.9%.

- Domestic sales fell by 0.4%. Excluding coagulation they improved by 0.7%.
- Growth in sales to subsidiaries rose from 5.3% to 6.2%, excluding coagulation.
- Sales to distributors increased by 9,4% (10% excluding coagulation).

5.8.8.2 EBITDA

EBITDA amounted to 61.1 million euros, or 11.1% of revenue. It was 21.1% down from the previous year's level.

The decline was due to increased purchases in connection with a sharp increase in intermediation during fiscal 2007.

Revenue from external services increased by 25.5%. This reflected increased molecular biology research expenses charged by bioMérieux BV as well as an increase of 5.2 million euros in services billed by subsidiaries.

5.8.8.3 Operating income

Operating income, after depreciation and amortization allowances, was €22.8 million (€45.9 million in 2006) and represented 4.1% of revenue, compared with 8.6% a year ago.

5.8.8.4 Financial income

Financial income amounted to 9.5 million euros, compared with 31 million euros in fiscal 2006. It was adversely affected by a decline of 12.2 million euros in dividends received from subsidiaries and by the recognition of a 34.4-million euro depreciation of the bioMérieux BV.securities.

5.8.8.5 Current income

There was a current income before taxes of €32.2 million, compared with €77 million in 2006.

5.8.8.6 Extraordinary income

The Company had extraordinary gains of €2.9 million, as compared with a loss of €1.4 million in 2006. This was due in part to the reversal of a provision on litigation with DBV (a gain of 11.4 million euros) and capital gains of 3.7 million euros from the disposal of OPI shares. On the other hand, a provision of 10 million euros was recognized on Boxtel.

5.8.8.7 Net income

Net income for the year amounted to €33.2 million (€61.8 million in 2006) and represented 6% of revenue, compared with 11.7 in fiscal 2006.

5.8.8.8 Capital expenditures

A total of €31.7 million was spent to acquire tangible and intangible assets, including €5.8 million for instruments.

Among other projects, the Company invested another €25.5 million in infrastructure equipment at all of its sites, primarily at the Craponne and Marcy facilities.

Assets with a net book value of €1 million were sold or otherwise disposed of.

The value of financial assets rose by €40.3 million, as advances to subsidiaries rose by €14.2 million while investment holdings rose by €26.4 million, partly due to the acquisition of BTF and bioMérieux South Africa securities and the purchase of bioMérieux China securities previously held by bioMérieux Inc.

5.8.8.9 Debt

The Company's debt increased by €6.9 million to €73.3 million.

5.8.9 Allocation of the earnings

It is proposed that distributable earnings at the end of fiscal 2007, consisting of income of €33,150,506.55 and retained earnings from previous periods of €31,977,197.61, for a total of €65,127,704.16, be appropriated as follows:

- A sum of €65,021.38 would be allocated to the "Special Patronage Reserve", increasing it from €330,794.93 to €395,816.31:

  €65,021.38

- A sum of €29,984,842.40 would be used to pay a dividend of €0.76 on each of the 39,453,740 shares outstanding.

  €29,984,842.40 (*)

- The balance of €35,077,840.38 would be transferred to "Retained Earnings":

  €35,077,840.38 (*)

Total earnings available for distribution: €65,127,704.16

(*) Subject to dividends payable on shares held by bioMérieux SA on the dividend date that will be added to retained earnings. It should also be noted that, as provided by article 158.3 (2) of the French General Tax code, only individuals subject to income tax are entitled to the tax abatement resulting from the annual dividend.

We propose that the dividend be payable on June 19, 2008. The Company will not earn dividends on any of its own shares which it may hold in the future on the dividend date. The corresponding sum will be added back to retained earnings.

5.8.10 Recall of distributed dividends

See section 3.4.1 above.

5.8.11 Non-deductible expenses

The financial statements for the year ended include a non tax-deductible expense under articles 223 quater and 223 quinquies of the General Tax code of 155,040 euros, corresponding to the non-deductible portion of vehicle rental payments by bioMérieux SA.

5.8.12 List of the Company representatives' mandates

See section 6.1.1.2 below.

5.8.13 Compensation of Company representatives

See sections 6.2.1, 6.2.2, 6.2.3 and 6.3.2 below.

5.8.14 Stock option plan - bonus shares allocation plan

There is no stock option plan in effect at this time. Neither the Company nor any of its affiliates granted stock options to any representatives or employees during fiscal 2007. As of the date of this report, no options were outstanding and exercisable for new or existing shares of the Company.

See section 6.3.2 below for grants of free shares.

5.8.15 Polluting or hazardous operations

The Company does not operate any facility that exceeds the higher threshold of the Seveso Directive.

5.8.16 Social and environmental impact

5.8.16.1 Social impact

See section 4.10 above.

5.8.16.2 Environmental impact

See section 4.13 above.

5.8.17 Information concerning tender offers

Article L. 225-100-3 from the Act of March 31, 2006 provides that, in order to ensure the full disclosure of measures that may have an impact on the pricing or outcome of tender offers, the report must indicate and, if needs be, give explanations on the following items:

- Share ownership: See section 5.8.4.1;
- Bylaw restrictions on the exercise of voting rights and share transfers: See section 3.1.14 above;
- Control mechanisms applicable to share ownership:

Two mutual funds, **Opus and Opus Multi**, have been created in connection with the share capital increase reserved for bioMérieux employees subsequent to the initial public offering.

- Board of Directors:

  See section 3.1.9.

- Amendments to bylaws:

  See section 3.1.15.

- Indemnities:

  See section 6.2.1.

- **Authority granted to the Board of Directors to buy back or issue shares:** a table showing the grants of authority by the shareholders' meeting to the Board of Directors is appended to this report;
- 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. Below is a list of the principal agreements concerned.

Type of agreement	Other party or parties
Syndicated facility of 260 million euros, expiring in 2013	BNP Paribas, Calyon, Natexis Banques Populaires, Société Générale
Agreement on breast cancer research	ExonHit Therapeutics
License (Ribosomal RNA)	Gen-Probe
License (NT-pro-BNP)	Roche Diagnostics
License (HIV)	Chiron
License (HIV2)	BioRad
License (HIV1)	Institut Pasteur

bioMérieux is not aware of any other factors likely to have an impact in the event of a tender offer for its shares, of the kind listed in article L. 225-100-3 of the French Commercial code.

5.8.18 Auditors' report on regulated agreements

The auditors' special report on regulated agreements is included under section 5.7 above.

5.8.19 Terms of office of the directors and directors' fees

The shareholders' meeting will be asked to elect a new director (see draft resolution 6 in section 5.11 below).

We will propose that an aggregate sum of €300,000 be allocated for the payment of directors' fees to be allocated to the Board of Directors for this and future years.

5.8.20 Terms of office of the auditors

No resolution has been submitted to the shareholders' meeting to appoint or extend the term of directors.

5.8.21 Risk factors

See sections 4.11 and 5.2 above.

5.8.22 Recent events /Prospects

See sections 7.1.2 and 7.2 below.

5.8.23 Conclusion

We ask you to take formal note of the information contained in this report, to approve the annual financial statements and consolidated financial statements for the year ended, as submitted, to approve the proposals by the Board of Directors and to discharge each of the directors for their management responsibilities with respect to the year ended.

The Board of Directors

APPENDICES

Five-year Company financial summary

Titles	Fiscal year ended on 12/31/2007	Fiscal year ended on 12/31/2006	Fiscal year ended on 12/31/2005	Fiscal year ended on 12/31/2004	Fiscal year ended on 12/31/2003
I. Capital at the end of the year					
Share capital	12,029,370	12,029,370	12,029,370	12,029,370	11,879,045
Number of outstanding ordinary shares	39, 453,470	39,453,470	39,453,470	39,453,740	3,896,071
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					
Turnover (without tax)	552,966,507	530,467,073	480,775,659	405,451,004	384,024,025
Earnings before tax, employee stock ownership and depreciation and amortizations	98,517,151	116,163,375	90,392,367	94,590,784	83,484,421
Income tax	1,032,680	10,512,384	8,472,519	5,851,708	15,705,903
Employee stock ownership due for the fiscal year	1,001,436	3,237,535	2,636,451	1,230,705	3,138,822
Earnings after tax, employee stock ownership and depreciation and amortizations	33,150,507	61,834,399	51,277,249	40,532,742	42,155,670
Allocated profits (1)	29,984,842	29,984,842	18,148,720	15,781,496	17,999,848
Extraordinary allocation from the general reserve	0	0	0	29,961,770	0
III. Earnings per share (2)					
Earnings after tax, employee stock ownership, but before deprecation and amortizations	2.45	2.60	2.01	2.22	16.56
Earnings after tax, employee stock ownership and depreciation and amortizations	0.84	1.57	1.30	1.03	10.82
Dividend per share (3)	0.76	0.54	0.46	0.40	4.62
IV. Personnel					
Average workforce during the fiscal year	2,367	2,299	2,217	2,123	2,057
Total wage bill of the fiscal year	111,202,680	105,294,789	96,907,147	90,603,261	84,114,056
Total paid sums for the social benefits for the fiscal year (health coverage system, charity work)	49,539,321	49,443,252	45,015,526	40,952,473	38,921,734

(1) Subject to non paid dividend for the shares owned at the time of the payment

(2) For the 2004 fiscal year, the shares' number increased by 10 after the merger Nouvelle bioMérieux Alliance and before the initial public offering

(3) Dividend per share for extraordinary allocations is not mentioned in this table.

Table and report on authority granted to increase share capital (see 3.2.4 above)

5.9 REPORT BY THE CHAIRMAN OF THE BOARD OF DIRECTORS ON THE PREPARATION AND ORGANIZATION OF THE BOARD OF DIRECTOR'S WORK AND ON INTERNAL CONTROL PROCEDURES

5.9.1 Preparation and organization of the Board of Directors' work

5.9.1.1 Composition of the Board of Directors

Our Board of Directors is currently composed of eight members, including four outside directors.

A list of the Company's directors is included in section 6.1.1.2 of this Reference Document.

5.9.1.2 Frequency of meetings

The Company's Board of Directors met four times last year, i.e. once every quarter.

5.9.1.3 Notices of meetings and attendance by the directors

Meeting notices are sent to the directors and the Auditors by regular mail, sufficiently in advance, as provided in the bylaws. On average, notices of Board of Directors' meetings are sent about twelve days before the meeting date.

Furthermore, in accordance with article L. 225-238 of the French Commercial code, the statutory auditors were sent notices of Board of Directors' meetings at which interim and annual financial statements are examined and settled, by registered letter, with acknowledgement receipt.

The Board of Directors' attendance records show that all directors, as well as the Auditors, were present or represented at each meeting held in 2007.

5.9.1.4 Chairing of Board of Directors' meetings

All four meetings of the Board of Directors held last year were presided over by its chairman.

5.9.1.5 Minutes

Minutes of Board of Directors' meetings are prepared after each meeting and submitted to all the members of the Board of Directors' approval at the next meeting, following which they are signed and entered into the records of proceedings.

5.9.1.6 Activities of the Board of Directors in 2007

The Board of Directors met four times in 2007. It mainly conducted quarterly reviews of business and of the Company's major projects. It settled the Company and consolidated financial statements for fiscal year 2006 and prepared the shareholders' meeting, made decisions regarding the membership of board committees, proposed financial authorizations, made an assessment of the Board of Directors' functioning, examined the project to close the Boxtel plant, settled the interim financial statements, settled a draft budget for fiscal 2008, transferred the "Emerging Pathogens" network to Fondation Mérieux and approved regulated agreements.

At the Board's meeting of June 7, 2007, it conducted a self-assessment using, inter alia, a questionnaire in which each director expressed his position. An analysis of the replies, which was discussed by the Board of Directors indicated that its members consider the composition, the structure and the way the Board of Directors works to be satisfactory.

5.9.1.7 Activities of the Audit Committee in 2007

The make-up of the audit committee is described in section 6.1.2.1.1 of this Reference Document.

The Audit Committee met five times in 2007:

- On January 15, 2007, it met by telephone conference and reviewed the texts of press releases announcing revenue for the fourth quarter of 2006 and for the full 2006 fiscal year.

- On March 13, 2007, with all of its members and the Company statutory auditors attending, it examined the main aspects of the financial statements for fiscal 2006, the draft of the management report and the 2006 reference document, the principal risks to which the Company was exposed and the draft of a press release on the financial results for the year.

- On July 25, 2007, the committee reviewed the text of the press release announcing the half-year revenue and the interim financial report.

- On September 10, 2007, with all of its members and the Company statutory auditors attending, it examined the half–year financial statements for the six months to June 30, 2007, the draft interim report on business and the draft press release on the half-year financial results.

- On October 23, 2007, the committee reviewed the text of the press release announcing the revenue for the third quarter of 2007 and the quarterly financial report.

As required by its own rules, the Audit Committee reported to the Board of Directors on the performance of its assignments and presented the observations it deemed relevant.

5.9.1.8 Activities of the Compensation Committee in 2007

The make-up of the Compensation Committee is described in section 6.1.2.2.1 of this Reference Document.

The compensation committee met four times in 2007, with all of its members attending, on March 15, June 6 and September 13 and with two of its three members attending on December 13. The main issues dealt with at those meetings were the composition of the committee, policies governing the grant of free shares, compensation policy, deferred long-term incentives, the identification of employees with high potential, the senior management and executive council succession plan, the development plan for employees with a high potential and the bioMérieux University.

As required by its own rules, the Compensation Committee reported to the Board of Directors on the performance of its assignments and presented the observations it deemed relevant.

5.9.2 Determination of Representatives' Compensation

Directors' fees

Resolution six of the ordinary shareholders' meeting of June 9, 2005 set a ceiling of two hundred and fifty thousand euros per year on the aggregate of directors' fees allocated to the members of the board of directors.

Rules governing the allocation of directors' fees provide that directors shall receive a fixed sum for each Board of Directors' meeting or committee meeting they attend during the year.

Compensation of the Chairman and Chief Executive Officer

The chairman and chief executive officer receives a fixed compensation, set by Mérieux Alliance, the Company's majority shareholder, for the employment contract he entered into with this company. As of December 31, 2007, only the chairman and chief executive officer was entitled to a supplementary, defined-benefit pension plan. The plan, for senior executives of the Company, was discontinued and no premiums were paid in 2007.

Compensation of Deputy Managing Director

The fixed and variable compensation paid to the Deputy Managing Director under his appointment are set by the chairman and chief executive officer. It is reviewed annually by the Compensation Committee, which reports thereon to the Board of Directors.

The variable portion of his compensation is based entirely on the attainment of certain objectives set at the beginning of the year, including in terms of turnover, rate of return, product releases and acquisitions.

The Deputy Managing Director may be entitled to receive free shares, under plans recommended by the Compensation Committee and adopted by the Board of Directors. These plans provide that, in the case of shares granted on or after January 1, 2007, forty percent may be disposed of after the initial two-year lock-up period, seventy percent after three years and ninety percent after four years. Recipients must hold on to at least ten percent of the shares granted to them until the expiration of their appointment as company representatives.

Compensation paid to the chairman and chief executive officer, the directors and the Deputy Managing Director is disclosed, including in the Company's management report.

5.9.3 Senior management of the Company and restrictions on the authority of the chief executive officer

The Company's Board of Directors has opted to combine the positions of chairman of the Board of Directors and chief executive officer.

The Board of Directors did not impose any special restrictions on the authority of the chief executive officer, other than certain clauses of its internal rules and regulations that require the chief executive officer to submit the following for approval: (i) the strategic plans of the Company and its subsidiaries, (ii) the annual budget and its quarterly implementation, and (iii) the authority to engage in any strategic transactions (acquisitions, exchange, compromise, creation of security interests, financing of any kind, etc.) not previously included in the strategic plan or the budget and involving more than €30 million.

The chairman and chief executive officer has extensive authority to act on behalf of the Company in all circumstances. He may exercise such authority within the scope of the Company's corporate purpose and subject to the powers expressly granted by law to the shareholders' meetings and the Board of Directors. He represents the Company in its relations with third parties.

5.9.4 Internal control procedures

5.9.4.1 Objectives of the Company's internal control procedures

The main purposes of the internal control procedures introduced by the Company and its Group are:

- to ensure that the management and performance of operations and the conduct of employees are consistent within the framework of guidelines set forth regarding corporate business by the governing bodies, applicable laws and regulations and the Company's internal rules and regulations;

– to ascertain that accounting, financial and management information provided to the Company's governing bodies fairly reflects the business and position of the Company and the Group.

Internal control cannot however absolutely guarantee that the above-mentioned objectives will be reached.

The description of the Company'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 Company and an examination of available documents relating to issues at hand.

5.9.4.2 Internal control of operations

5.9.4.2.1 Persons and departments in charge of internal control of operations

In order to deal with its expansion and operations in many countries, bioMérieux has structured its organization in such a way as to enable facilities in all countries to have the skills that they require, given the nature of their business and the size of their operations.

The managers of bioMérieux are assisted in their work by several committees:

– the **Strategy Committee** currently has four members (Alain Mérieux, Stéphane Bancel, Alexandre Mérieux and Jean Le Dain). The committee proposes to the Board of Directors medium to long-term strategic objectives for the Group, focusing on (i) business activities development goals, (ii) scientific and technological options, (iii) geographical expansion objectives, (iv) strategic alliances and partnerships, and (v) corporate communication strategy and image;

– the **Management Committee** is chaired by Stéphane Bancel, Deputy Managing Director. Its membership consists of the Chief Operating Officer, the heads of Sales, Industrial Applications, Research and Development, Strategy and Business Development, Production and Quality, Information Systems, the Chief Executive Officer of bioMérieux Inc. and the Chief Financial Officer. The Management Committee is in charge of putting into practice the general corporate 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 management. The Committee's task is to oversee strategic projects, set priorities and ensure that the Company's various divisions have access to the resources they require;

– the **Investment Committee** meets monthly and is made up of the Deputy Managing Director, the heads of Industrial Applications, Infrastructures, Property, Safety and Security, along with the financial management team. It makes decisions regarding all industrial investments (in tangible or intangible assets) made for an amount set annually and monitors the progress of capital projects. Commitments made are reported to the Management Committee;

– the **Project Approval Committee** is chaired by the Deputy Managing Director and includes the heads of Sales, Industrial Applications, Research and Development, Strategy and Business Development, Production and Quality. The committee makes decisions regarding the start of new projects under the development program. It selects project teams and allocates resources. It monitors the various project stages up to the moment a product is brought out. Projects are reviewed at least once a year and may be subject to special reviews in the event of important changes.

Certain departments also play a key role in the internal control of operations:

The **Corporate Quality Assurance and Regulatory Compliance Division** is responsible for overseeing:

- the conformity of processes used to design, produce, distribute, install and maintain bioMérieux products in accordance with the needs of its clients and legal and regulatory requirements;

- the effectiveness of the quality management system at all bioMérieux entities;

- the consistency of bioMérieux products with the needs of its clients and legal and regulatory requirements;

- the tracking of customer complaints and the implementation of monitoring measures.

The Division carries out steps to comply with rules necessary to achieve quality objectives, or to ensure that all of the Company's personnel comply with such rules. It also plays a key role in authorizing the marketing of products, deciding on information to be released to customers and, if necessary, corrective steps to be implemented, including the product recalls. A procedure known as "post market surveillance" was also set forth. It is used to regularly ascertain that products are consistent with current scientific information. The division is in charge of documents relating to products, and tracks client complaints and how they are handled. It ascertains that regulatory requirements are complied with in all of the countries where bioMérieux products are sold.

For the purpose of these various objectives, the division is divided into departments:

- a monitoring department, in charge of contacts with supervisory authorities;

- a Group quality systems management department;

- a research and development quality systems management department;

- a manufacturing operations quality systems management department; and

- regulatory affairs departments in Europe and the United States.

Internal auditors also ascertain periodically that the quality systems of facilities and subsidiaries are in compliance.

The **Legal Affairs and Intellectual Property Division** oversees the Company's relations with third parties (suppliers, clients, 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 oversees the protection and appreciation of scientific innovations generated by bioMérieux. In order to achieve these objectives, the division has two main offices in France and the United States and employs consultants in other parts of the world. It is structured along operating and geographic lines.

The **Infrastructures, Property, Safety and Security Division** creates, promotes and controls the implementation of health, safety and environmental policies. It is also in charge of the design and production of all research and development and manufacturing infrastructures.

The Company has a clearly stated health, safety and environmental policy that forms part of its general quality approach. It encompasses a wide range of measures, including (i) the prevention of occupational accidents and diseases, using specific indicators, (ii) the improvement of energy efficiency, the protection of natural resources and the environment, and (iii) restrictions on access to facilities and sensitive locations and information. Each entity's management implements this policy and is responsible for ensuring the protection of persons and assets at the operations under its authority and for limiting the environmental impact of bioMérieux's activities.

The **Information Systems Division** is in charge of:

- supporting the bioMérieux business strategy and systems by providing services and products meeting 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;

- providing technical and functional support to customers within the Group.

In order to fulfill its 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.

5.9.4.2.2 General procedures for the internal control of operations

Quality Policy

The Company's quality policy has three objectives:

- to satisfy customer demand while complying with regulatory restrictions;

- to ensure that everyone is responsible for or involved in attaining this compliance objective;

- to anticipate differences in clients' needs and to contribute actively to progress and innovation.

Quality assurance manuals describe the quality management system at each bioMérieux subsidiary, production facility, research and development center, for all of the Company's activities, from the design of products to their distribution, installation and maintenance. Those manuals are used as permanent references for the implementation, management and improvement of the Quality Management System, as well as for relations between bioMérieux and its clients, as they describe all measures carried out to guarantee the quality of products and services sold.

”Corporate” 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 distributed in accordance with the quality standards applicable to *in vitro* diagnostics.

The quality control system for the development and manufacture of products has obtained ISO 9001 and ISO 13485 certifications, voluntarily or when required by regulation.

All the manufacturing facilities are ISO 9001 certified. The main manufacturing facilities are also ISO 13485 certified; in 2006, this certification was awarded to the Jacarepagua facility in Brazil.

Audits

The Company's facilities are subject to audits and inspections by regulatory authorities (FDA, AFSSAPS), agencies acting on behalf of regulatory authorities and certifying organizations commissioned by the Company in connection with the voluntary measures referred to above, to ensure conformity with the ISO 9001 and ISO 13485 standards. Other audits and inspections are performed by customers wishing to ascertain that the Group's products and processes comply with applicable standards and their own requirements, or for the purpose of obtaining quality assurances.

Audits are also performed on-site by the Company's own quality inspectors, on the basis of an annual program.

Control over manufacturing processes is guaranteed by the validation of production methods and monitoring 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.

With the exception of the inspections of the Durham plant in the United States, audits conducted by supervisory agencies in various countries (France, United States, etc.) since 2000 have not disclosed any material breach of applicable regulations or else the appropriate measures have been taken and the matters have been closed (Saint Louis, United States and Boxtel, in the Netherlands, in 2004).

A new inspection of the Durham site in the United States by the Food and Drug Administration (FDA) in May 2007 found that corrective measures had been implemented and that almost all defects notified in warning letters of 2004 and 2005 had been eliminated.

5.9.4.2.3 Control procedures applicable to subsidiaries

The operational control of subsidiaries is provided by:

- regional management structures (in Europe, North America, Latin America, Asia) that, together with support structures, verify that the appropriate human, financial and business resources are available locally;

- the presence of certain line 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 management committee reviews a synthesis of these indicators per region and for the group. Following those reviews, the management of each subsidiary is notified of the management committee's observations and decisions. Regional directors ascertain that any measure to be taken is duly implemented.

5.9.4.3 Internal accounting and financial control

5.9.4.3.1 Persons and departments in charge of operational internal control

The administrative and financial management structure of bioMérieux includes:

- the administrative and financial management structures of each Group entity, under the authority of the general manager 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 cost of the Group's principal structures;
    - international controllers, who are responsible for the financial and accounting control of subsidiaries outside France; in the case of bioMérieux Inc., international control is provided by specialized local staff.
- a finance and treasurer's structure;
- a financial reporting and consolidation structure;
- a taxation structure.

This arrangement enables corporate management to set budgetary objectives for each structure and subsidiary, which can then be monitored on a monthly basis so that detailed accounting and financial information on the various corporate levels can be analyzed.

The Group's chief administrative and financial officer is a member of the Management Committee and is responsible for reporting on all indicators monitored by it.

The accounting and financial structure employs two main software tools: Movex, an system used at large facilities, and Solomon, a system for smaller entities.

In addition to the organizational measures and internal control outlined above, significant internal control systems have been put in place for accounting and finance, management audits, consolidation and cash management.

5.9.4.3.2 Accounting and 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 what is to be included under each, as well as the methods to be used; the manual was updated in 2005 to reflect the adoption of accounting rules consistent with IFRS.

For bioMérieux SA and its principal subsidiaries, the procedures necessitated by the application of those principles and local regulations when accounting for ordinary and recurrent transactions are incorporated in the accounting software, in order to make 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 individual clients, and to anticipate risks of insolvency, including by subscribing to credit-rating companies.

5.9.4.3.3 Management control

The annual budget is prepared on the basis of the three-year corporate strategic plan and is validated by the Board of Directors. The budget serves as a basis to evaluate 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 accounting's office, which draws up their annual budget, coordinates it with those of other Group entities and provides budgetary control.

5.9.4.3.4 Consolidation

The consolidation process is carried out at the bioMérieux corporate level. It provides an opportunity for the consolidating staff to ascertain that the financial statements of the Company's 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;

- the staff in charge of consolidation compares the consolidated financial statements with the available financial indicators for the Group (including sales statistics) and the budgetary forecast and results of previous periods. Corporate debt is compared with cash records. The internal audit is summarized in a report attached to the consolidated financial statements and submitted to the Group's top management.

5.9.4.3.5 Cash management

Because of the large number of countries in which bioMérieux operates, cash management plays an important role in the internal accounting and financial 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 seventeen subsidiaries; the system is backed up by fund transfer procedures established with one of the Group's principal banks;
    - very wise investment practices for temporary cash surpluses, which are invested exclusively in money-market instruments;
- managing currency risks so as to minimize the impact of exchange-rate fluctuations on budgeted 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 exposed cash flow at the start of the year;
    - monthly adjustments in hedges depending on actual transactions.

Nevertheless, some 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 net worth. The Company does not hedge the risk to which its assets are exposed in this respect.

5.9.4.4 External audit

As required by law, the financial statements of bioMérieux are audited by independent financial auditors. The terms of their assignment cover all consolidated entities; the financial statements of each entity are either fully audited or subject to a limited audit, as the case may be.

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 auditing system. These recommendations are examined with the management of the subsidiaries concerned and their implementation is monitored.

Chairman of the Board of Directors
Alain Mérieux

This is a free translation into English of a report issued in the French language and is provided solely for the convenience of english speaking readers. This report should be read in conjunction with, and construed in accordance with, french law and professional auditing standards applicable in France.

5.10 STATUTORY AUDITORS' REPORT PREPARED IN ACCORDANCE WITH ARTICLE L.225-235 OF THE FRENCH COMMERCIAL CODE, ON THE REPORT PREPARED BY THE CHAIRMAN OF THE BOARD OF DIRECTORS CONCERNING INTERNAL CONTROL PROCEDURES RELATING TO THE PREPARATION AND PROCESSING OF FINANCIAL AND ACCOUNTING INFORMATION

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, 2007.

It is for the Chairman of the Board of Directors to give an account, in his report, notably of the conditions in which the tasks of the Board of Directors are prepared and organized and the internal control procedures in place within the company.

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 related to the preparation and processing of financial and accounting information.

We performed our procedures in accordance with French professional standards. These require us to perform procedures to assess the fairness of the information provided in the President’s report on the internal control procedures relating to the preparation and processing of financial and accounting information. These procedures consisted principally of:

- obtaining an understanding of the objectives and general organization of internal control, as well as the internal control procedures relating to the preparation and processing of financial and accounting information as set out in the Chairman’s report;

- obtaining an understanding of the work performed to support the information given in the report;

- 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 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*).

Lyon and Villeurbanne, April 8, 2008

The statutory auditors

Commissariat Contrôle Audit - C.C.A.	**Deloitte & Associés**
Bernard CHABANEL	Alain DESCOINS

5.11 DRAFT RESOLUTIONS SUBMITTED BY THE BOARD OF DIRECTORS

I. WITHIN THE COMPETENCE OF THE ORDINARY GENERAL SHAREHOLDERS' MEETING

RESOLUTION 1
(The purpose of this resolution is to approve the financial statements for the year ended December 31, 2007)

The Shareholders, having examined the Company's financial statements for the year ended December 31, 2007 and having heard the Board of Directors' management report and the Auditors' general report, approve the annual financial statements for the year ended December 31, 2007 as submitted to them, showing income of €33,150,506.55. They further 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 Auditor's reports concerning the said report and (iii) non-deductible expenses of 155,040 euros falling within the scope of articles 223 quater and 223 quinquies of the French General Tax code (Code général *des impôts*).

RESOLUTION 2
(The purpose of this resolution is to approve the consolidated financial statements for the year ended December 31, 2007)

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 Auditors' general report on the consolidated financial statements, approve the consolidated financial statements for the year ended December 31, 2007 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 3
(The purpose of this resolution is to decide the appropriation of income for fiscal 2007)

The Shareholders note that the financial statements for the year ended December 31, 2007 show an income of €33,150,506.55 that, combined with retained earnings of €31,977,197.61, adds up to distributable profits of €65,127,704.16.

They therefore resolve, on a motion by the Board of Directors, to appropriate distributable profits as follows:

- A sum of €65,021.38 will be allocated to the "Special Patronage Reserve", increasing it from €330,794.93 to €395,816.31;

- a sum of €29,984,842.40 shall be distributed as dividends, amounting to €0.76 per share on each of the 39,453,740 shares outstanding (*); dividends shall be paid as of June 19, 2008. The Company will not earn dividends on any of its own shares which it may hold on the dividend date. The corresponding sum will be added back to retained earnings.

- The balance of €35,077,840.38 will be transferred to "Retained Earnings".

The Shareholders take note of the fact that the sums distributed as dividends as well as the corresponding tax credits, over the past three fiscal years, have been as follows:

Year ended	Distributed dividends (in euros)	Tax credit and tax withheld (in euros)	Real Income (in euros)
12/31/2007*	29,984,842.40**	None	29,984,842.40
12/31/2006	29,984,842.40**	None	29,984,842.40
12/31/2005	18,148,720.40**	None	18,148,720.40

* Subject to approval by the shareholders' meeting of June 12, 2008

** 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. It should also be noted that annual dividends have qualified and will continue to qualify 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 General Tax code.

RESOLUTION 4

(The purpose of this resolution is to approve the regulated agreements entered into by the Company and described in the Auditors' special report)

The Shareholders, having heard the Auditors' special report on agreements governed by articles L. 225-38 et seq. 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 5

(The purpose of this resolution is to set the amount of directors' fees to be distributed among the directors)

Unless otherwise resolved, the Shareholders set the amount of directors' fees to be distributed among the directors for the current fiscal year at three hundred thousand euros.

RESOLUTION 6

(The purpose of this resolution is to appoint Mr. Christian Brechot as a new director)

The Shareholders, having heard the Board of Directors' report, resolve to appoint:

Mr. Christian Brechot,
born July 23, 1952 in Paris (75),
a French citizen,
residing at 35 Boulevard Pasteur, 75015 Paris,

to the position of Company director, in addition to the Board's current members, for a six-year term expiring at the close of the shareholders' meeting held in 2015 to approve the financial statements for the year ending December 31, 2014.

Mr. Christian Brechot has made it known that he would accept this appointment if offered to him by this shareholders' meeting and that he meets all statutory and regulatory conditions on which the appointment to such office are contingent.

RESOLUTION 7

(The purpose of this resolution is to grant authority to the Board of Directors to enable repurchases by the Company of its own shares)

The Shareholders, subject to the quorum and majority voting requirements applicable to ordinary general shareholders' meetings, having reviewed the Board of Directors' report, the special report on past share repurchases authorized by the shareholders' meeting and the description of the program filed with the Autorité des Marchés Financiers (AMF), grant authority to the Board of Directors, which authority may be delegated in accordance with the laws and regulations applicable at the time of such delegation, and sub-delegated 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 at the time it deems appropriate, a number of the Company's own shares not in excess of 10% of those outstanding, provided that purchases of shares for future use as means of payment or exchange in connection with a merger, demerger or contribution shall not exceed 5% of the shares outstanding, as provided by law.

The authority hereby granted is intended to enable the Company to:

- provide liquidity in the market for its shares, 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 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 to 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 8 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 of shares 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.

Full authority is accordingly granted to the Board of Directors, in particular for the purpose of determining the advisability of initiating a share buyback program and of setting the terms and conditions thereof, to use the authority hereby granted or to delegate same to the Chief Executive Officer or, subject to the CEO'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 government agencies, in particular the *Autorité des Marchés Financiers*, including amending the bylaws and, as a general matter, doing whatever is necessary.

The authority hereby granted replaces and supersedes all authorizations previously granted for the same purpose and is for a period of no more than eighteen months from this ordinary general shareholders' meeting, expiring at the close of the annual ordinary general shareholders' meeting called to approve the financial statements for the year ending December 31, 2008. It may be used at any time, included during a period when a tender offer for cash and/or stock 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 8
(The purpose of this resolution is to grant authority to the Board of Directors to reduce capital by cancelling shares).

The Shareholders, having reviewed the Board of Directors' report and the Auditors' special report, subject to the adoption of resolution 7 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 resolution 7 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 charge any excess of the purchase price of cancelled shares over their nominal value to 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 the period from this Meeting until the Company's next shareholders' meeting called to approve the financial statements for fiscal 2008. It replaces, from this day forth, the previous authority granted by the shareholders' meeting of June 7, 2007.

RESOLUTION 9
(The purpose of this resolution is to grant authority to the Board of Directors to issue shares for offering to "qualified investors" or to those belonging to a "limited circle of investors")

The Shareholders, having reviewed the Board of Directors' report and the Auditors' special report, pursuant to article L. 225-138 of the French Commercial code:

- resolve to grant the Board of Directors authority to increase capital stock, in one or more transactions, by issuing shares without preferential subscription rights for offering to the following categories of investors:

    - investment funds;

- investment holding companies;

- industrial corporations.

active in particular in the field of medical and healthcare technology, bio-medical and pharmaceutical research, with the understanding that the Board of Directors shall draw up a list of investors in the above categories at the time it uses the authority hereby granted (the "Investors");

- delegate authority to the Board of Directors, which may further delegate such authority as provided by law, to draw up a final list of Investors and of the number of shares to be offered to each of them within the limits below, in accordance with article L. 225-138 of the French Commercial code;

- resolve that this delegation of authority to issue shares shall expire on the date of the annual ordinary general shareholders' meeting following this shareholders' meeting;

- resolve that the nominal value of shares issued immediately or in the future under this delegation of authority shall not exceed 35% of those outstanding as of the date of this Meeting, with the further specification that the shares issued immediately or in the future under the authority hereby delegated shall count against the ceiling set by resolution 10 of the shareholders' meeting of June 7, 2007;

- resolve to waive, in favor of the Investors, the preferential rights of shareholders to subscribe for shares issued pursuant to this authorization;

- resolve that the issue price of the new shares offered pursuant to this delegation of authority shall not be less than the weighted average trading price of existing shares on the Euronext Paris market over the three trading days preceding the start of the offering period;

- resolve that the Board of Directors shall be granted full authority, including the right to delegate that authority as permitted by law, to be used, one or more times, to:

    - decide the maximum number of shares to be issued, within the limits set by this resolution;

    - record the final amount of each capital increase and amend the bylaws accordingly,

    - set the dates and all other terms and conditions of such capital increase, including the date, which may be retroactive, from which new shares shall bear enjoyment;

    - if applicable, charge the cost of shares issued to the resulting proceeds from related premiums and deduct from such related premiums the sums necessary to bring the legal reserve to one-tenth of the new capital stock resulting from the share issue;

    - as a general matter, execute all agreements, including to finalize all contemplated issues, take all steps and decisions and complete all formalities required by the issuance, listing and servicing of the shares issued under the authority hereby delegated, as well as the exercise of rights attached thereto or resulting from completed share issues.

- take note that this authorization cancels and supersedes any previous authority granted for the same purpose, particularly the authority granted by the shareholders' meeting of June 7, 2007 (in resolution 12).

RESOLUTION 10

(The purpose of this resolution is to grant authority to the Board of Directors to grant free Company shares).

The Shareholders, having reviewed the Board of Directors' report and the Auditors' special report, resolve to authorize the Board of Directors, as provided for in articles L. 225-129-1, L. 225-197-1 *et seq*. of the French Commercial code, to grant free shares, in accordance with the law, either previously bought back by the Company as permitted by law, or to be issued by the Company by way of share capital increase, to members of the personnel selected by it from among the representatives and employees of the Company, or of companies or economic interest groupings in which the Company holds an interest of 10% or more, either directly or indirectly, or of companies or economic interest groupings directly or indirectly holding 10% or more of the Company's shares or of companies or economic interest groupings of which 50% or more of the shares or voting rights are directly or indirectly held by a company that in turn holds 50% or more of the Company's capital, either directly or indirectly, in one or more transactions, over a period of thirty-eight (38) months from this meeting, up to a limit of 200,000 Company shares.

Ownership of free shares granted by the Board of Directors pursuant to this resolution shall be acquired by their recipients only after a period of at least two (2) years, said period to be set by the Board of Directors. However, recipients shall acquire their shares before the expiration of the aforementionned period in the event that they suffer from a category two or three disability, within the meaning of article L. 341-4 of the French Social Security code.

Upon the expiration of the aforementionned period, the recipients shall hold title to the shares granted to them by the Board of Directors but shall be barred from selling them for a period of at least two (2) years, said period to be set by the Board of Directors. However, in the case of recipients who are not tax residents of France, the Board of Directors shall be authorized to waive the above lock-up requirement, provided that the aformentionned vesting period is at least four years long.

Shares acquired pursuant to the authority hereby granted shall be held in registered form.

The Shareholders formally note that, in the case of free shares to be issued, upon the expiration of the aforementionned acquisition period set by the Board of Directors, this resolution shall entail a share capital increase by capitalization of reserves, earnings or other premiums to the benefit of the recipients of such shares, and shall require the waiver by existing shareholders of their rights to the portion of reserves, earnings and premiums thus capitalized, in favor of the recipients.

Pursuant to the foregoing, the Shareholders resolve to grant full authority to the Board of Directors to, at once or over time, (i) designate the recipients of free shares, (ii) set the terms and conditions related to the grant of free shares, including the vesting aforementionned and lock-up periods, (iii) determine the amount of the special frozen reserves set aside on the grant date if the free shares are to be issued, (iv) adjust the number of free shares to be granted in the event of financing transactions during the vesting aforementionned period, as provided by article L. 228–99 of the French Commercial code, (v) release shares during the lock-up period set by the Board of Directors in the event of the recipient's disability or death, (vi) perform all necessary transactions and implement all new legal measures that may become effective during the term of this authorization provided such implementation does not require an express decision by the shareholders' meeting and (vii) further delegate, in accordance with the law, full authority to complete measures or formalities, including authority to make permanent all equity issued under this authorization and to amend the bylaws accordingly.

As required by article L. 225-197-4 of the French Commercial code, the Board of Directors shall notify the ordinary shareholders' meeting annually in a special report of transactions performed pursuant to the authority hereby granted.

The Shareholders take note that this resolution cancels and supersedes any previous authority granted for the same purpose, particularly the authority granted by the shareholders' meeting of June 9, 2005 (in resolution 23).

RESOLUTION 11
(Issue of shares for offering to employees enrolled in a company savings plan)

The Shareholders, subject to the quorum and majority voting requirements applicable to special shareholders' meetings, having reviewed the Board of Directors' report and the Auditors' special report, pursuant to articles L. 443-1 *et seq.* of the French Labor code and articles L. 225-129-6 and L. 225-138-1 of the French Commercial code, and in accordance with the provisions of the French Commercial code:

- authorize the Board of Directors to issue shares and other equity securities with rights for common shares of the Company, over a period of twenty-six months from the date of this resolution, in one or more transactions and at its discretion, for offering to members of company savings plans of the Company's French and foreign affiliates, within the meaning of article L. 225-180 of the French Commercial code and L. 444-3 of the French Labor code, with an maximum nominal value of up to 5% of the Company's capital on the date this authorization is used;

- resolve that the details of other equity securities with right for Company's shares shall be decided by the Board of Directors in accordance with applicable regulations;

- resolve to waive, in favor of employees enrolled in a company savings plan, the preferential subscription right to shares to which the shares or other equity securities issued pursuant to this resolution entitle them, now or in the future, and to waive any right to shares or other securities that shall be allocated pursuant to this resolution;

- resolve to grant full powers to the Board of Directors, with the right to further delegate such powers as permitted by law, for the purpose of implementing this resolution, within the limits and subject to the conditions set forth above, including by:

    - deciding the characteristics of the securities to be issued and the amounts offered and setting, inter alia, the offering price, if applicable with a discount as permitted by article L. 443-5 of the French Labor code, dates, waiting periods and subscription, payment and delivery terms and conditions, as well as the effective date of the securities, subject to applicable laws and regulations;

    - recording the increase in capital by the value of effectively subscribed shares or other securities issued pursuant to this authorization;

    - if applicable, charging the cost of capital increases to the value of effectively subscribed shares or other securities issued pursuant to this authorization;

    - executing all agreements, performing or arranging to have performed all of the transactions and procedures, including completing the formalities required by capital increases and the corresponding amendments to the bylaws and, as a general matter, doing all that is necessary;

    - as a general matter, entering into all agreements, including those aimed at finalizing the contemplated equity issues, taking all steps and completing all formalities required by the issuance, listing and servicing of securities issued under this authorization and the exercise of rights attached thereto;

- resolve that this authorization cancels and supersedes, effective on this date, all previous authorizations - or the unused portion thereof - granted to the Board of Directors to increase the Company's capital by issuing shares to be offered to members of employee savings plans, with waivers of preferential subscription rights in favor of said members.

RESOLUTION 12
(The purpose of this resolution is to amend article 19 of the Company's bylaws)

The Shareholders, subject to the quorum and majority voting requirements applicable to extraordinary general shareholders' meetings, having reviewed the Board of Directors' report, resolve to amend article 19 of its bylaws "Notice of Meetings – Access to Shareholders' Meeting – Proxies" as follows:

- The following provision:

  "The Company shall publish an announcement in the Bulletin des Annonces Légales Obligatoires *at least thirty (30) days prior to the date of its shareholders' meeting, which shall include the text of draft resolutions to be submitted to the meeting."*

  shall be deleted and replaced with the following provision:

  "*The Company shall publish an announcement in the* Bulletin des Annonces Légales Obligatoires*, which shall notably include the text of draft resolutions to be submitted to the meeting, as required by law."*

- The following provisions:

  "All shareholders shall be entitled to participate in ordinary and extraordinary general shareholders' meetings and to vote, either in person or by proxy, as provided by article L. 225-106 of the Commercial Code.

  The right of shareholders to participate in ordinary and extraordinary general shareholders' meetings shall be contingent on their shares being registered in their name or in that of the financial intermediary acting on their behalf, no later than 0:00 a.m., Paris time, three business days prior to the meeting, either in the registers of shares kept by the Company or in bearer share accounts kept by the authorized intermediary."

  shall be deleted and replaced with the following provision:

  "All shareholders shall be entitled to participate in shareholders' meetings and to vote, either in person or by proxy, as provided by law."

- The following provision:

  "The Shareholders may also grant authority to the Board of Directors, in accordance with the law, to issue bonds or other securities representative of the Company's debt."

  shall be deleted.

RESOLUTION 13
(The purpose of this resolution is to grant full powers to the bearer of the minutes for the purpose of completing formalities)

The Shareholders 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.

5.12 DESCRIPTION OF THE COMPANY'S SHARE BUYBACK PROGRAM

Subject to adoption of resolution 7 and resolution 8 by the ordinary and extraordinary general shareholders' meeting of June 12, 2008, the Company intends to carry out a share buyback program on the following terms and conditions:

- shares concerned: common stock

- maximum percentage of shares to be repurchased: 10%

- maximum percentage of shares to be repurchased by the Company for holding and subsequent use as a means of payment or exchange in connection with mergers, demergers or contributions: 5%

- maximum cost of the plan: the funds required to carry out the share buyback program shall not exceed 473,444,880 euros. However, the Board of Directors shall be authorized to adjust the abovementioned amount 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, redemptions 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 shares.

- maximum purchase price per unit: Shares may not be purchased for a price in excess of 120 euros each (not including acquisition fees and commissions).

- objectives of the buyback program, ranked in decreasing order of importance:

    - provide liquidity in the market for its shares, under a market-making agreement with a financial service provider acting with full discretion, in accordance with the AFEI code of conduct approved by the *Autorité des Marchés Financiers*;

    - reallocate shares upon the exercise of rights attached to 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 offering of shares to employees under profit-sharing plans, share-ownership plans or employee savings plans;

    - hold on to shares for subsequent use as means of exchange or payment in connection with acquisitions;

    - cancel shares, subject to the adoption of resolution 8 authorizing such reductions of capital.

Term of the plan: up to eighteen months, terminating at the end of the annual shareholders' meeting called to approve the financial statements for the year ending December 31, 2008.

The Company's shares are traded on the Euronext Paris market, Compartment A, under ISIN code FR0010096479.

A market-making agreement, compliant with the AFEI code of conduct approved by the *Autorité des Marchés Financiers,* was entered into by the Company and Crédit Agricole Cheuvreux on December 23, 2004 and was later revised to conform to the new AFEI code of conduct included as an attachment to the *Autorité des Marchés Financiers* decision of March 22, 2005.

Under the market-making agreement, Crédit Agricole Cheuvreux made various trades in the Company's shares during the year ended December 31, 2007.

5.12.1 Transactions by means of purchases, sales or transfers under the previous buyback program

The Company did not cancel any shares during the past 24 months and did not purchase any of its own shares prior to October 13, 2004, when new regulations went into effect governing share buyback programs, as a result of the implementation of the European "Market Abuse" Regulation.

Summary of transactions by the Company in its own shares from January 1, 2007 to December 31, 2007, under the market-making agreement with Crédit Agricole Cheuvreux.

Shares purchased	73,680
Average purchase price	€ 64.84
Shares sold	74,934
Average selling price	€ 63.63
Negotiation fees and commissions	0
Own shares held on December 31, 2007	2,446
Average purchase price of shares held at the end of the year	€ 188,735.14
Book value on December 31, 2007	€ 193,429.68
Nominal value of shares	/
Purpose of transactions	Maintaining an orderly market
Percentage of own shares held at the end of the year	0.006%

The table below shows the transactions performed in the period from January 1 to December 31, 2007 by Crédit Agricole Cheuvreux under an agency agreement, for the sole purpose of distributing bonus shares to employees and representatives of the Company or its affiliates exercising their rights to such bonus shares, as authorized by the ordinary and extraordinary general shareholders' meeting of June 9, 2005 and under the share buyback program set forth in section 5.12 of the 2005 Reference Document and section 5.10 of the 2006 Reference Document:

Shares purchased	80,900
Average purchase price	€ 63.99
Shares sold	0
Average selling price	N/a
Own shares held on December 31, 2007	120,900
Average purchase price of shares held at the end of the year	€ 57.95
Book value on December 31, 2007	€ 9,560,772.00
Nominal value of shares	/
Purpose of transactions	Distribution of bonus shares to employees and officers with rights to same
Percentage of own shares held at the end of the year	0.306%

Allocation of treasury shares for various purposes: all of the Company’s own shares held by it are used for the purpose of the market-making agreement or for distribution as free shares.

The table below summarizes the trading by the Company in its own shares from January 1, 2007 to December 31, 2007:

	Cumulative gross transactions		Open positions on the date the information note was submitted/buyback program description			
	Purchases	Sales /Transfers	Open buy positions		Open sell positions	
Number of shares	194,580	112,934	Call options bought	Forward acquisitions	Call options sold	Forward sales
Average maximum expiration	N/a	N/a	None	None	None	None
Average trading price* (€)	60.56	58.63	None	None	None	None
Average exercise price (€)	None	None	None	None	None	None
Amount (€)	11,783,444.59	6,620,985.76	None	None	None	None

(*) Including stock-exchange taxes

The purchases, sales and transfers in shares described above were carried out for two of the objectives of the program authorized by the ordinary and extraordinary general shareholders' meetings of June 9, 2005, June 8, 2006 and June 7, 2007, to provide liquidity in the market for the shares, under a market-making agreement with a financial service provider acting with full discretion, in accordance with a code of conduct approved by the *Autorité des Marchés Financiers* and to distribute shares upon exercise of rights related to bonus shares allocationto employees and representatives of the Company or of companies its group.

The Company has not made use of derivatives in connection with this share buyback program and had no open buy or sell position on derivatives as of the filing date of this Reference Document.

5.12.2 Limits on the percentage of shares, maximum number, characteristics and maximum purchase price of securities which may be bought back

bioMérieux may not purchase more than 10% of its own shares, subject to a limit of 5% as indicated below; for information, this number would have been to 3,945,374 shares on April 30, 2008. Given the fact that bioMérieux held 263,418 of its own shares on April 30, 2008, the maximum number that could be purchased under this program would be 3,681,956 shares, or approximately 9.33% of the capital, subject to subsequent changes in the number of treasury shares held by the Company.

The Company may repurchase no more than 5% of its shares for the purpose of holding and subsequent use as means of payment or exchange in connection with mergers, demergers or contributions.

The maximum purchase price is 120 euros per share. Accordingly, the maximum sum that bioMérieux could pay would be 441,834,720 euros in the event that it should buy 3,681,956 shares at the highest price authorized by the shareholders' meeting.

Pursuant to the authority granted by the ordinary and extraordinary general shareholders' meeting of June 7, 2007 and in accordance with the Company's share buyback program described in subsection 5.10 of the 2007 Reference Document, Crédit Agricole Cheuvreux performed the following transactions in the period from January 1 to April 30, 2008:

Percentage of shares held by the Company directly or indirectly on April 30, 2008	0.66%
Number of shares cancelled over the previous 24 months	0
Number of shares held in treasury on April 30, 2008	263,418
Book value of treasury shares on April 30, 2008	€ 17,053,870
Market value of treasury shares on April 30, 2008	€ 18,439,260

PART 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 Board of Directors

6.1.1.1 Legal 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 Régulations Economiques*). It also follows the recommendations set forth in the AFEP/MEDEF report on current corporate governance practices.

6.1.1.2 Composition of the Board of Directors

The Board of Directors currently has eight members, four of whom are outside directors.

Directors	Principal positions held in other companies – Other offices held	Other business and professional activities over the past five years
Alain Mérieux 69 years Born 7/10/1938 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:*** 90	***Principal positions held in other companies:*** None ***Other offices and positions held:*** Chairman of the Board of Directors of Mérieux Alliance 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 Member of the Supervisory Board of Eurazeo Director of Transgene SA* Member of the Supervisory Board of Akzo Nobel (the Netherlands) Chairman of the Board of Directors of bioMérieux Hellas (Greece)*	***Management experience and expertise:*** Harvard Business School graduate (1968) Company Chairman of the Board and Chief Executive Officer since 1965 30 years as senior business executive Chairman of Mérieux Alliance, the family holding and majority owner of the Company **Positions held over the past five years*:*** Chairman of the Board of ACCRA SA Trustee and honorary chairman of Fondation Christophe et Rodolphe Mérieux

* Company controlled by Mérieux Alliance (formerly ACCRA SA) within the meaning of article L. 233-16 of the French Commercial code - See sections §3.3.1 and 3.1.16

Principal Company position: Chairman and Chief Executive Officer	Chairman of the Board of Directors of bioMérieux Italia SpA (Italy)* Chairman of Silliker Group Corp. (United States)*	Chairman of the Board of Directors of Fondation Mérieux (formerly Fondation Marcel Mérieux) Director of Compagnie Plastic Omnium SA Member of the Supervisory Board of Eurazeo Chairman of the Board of Directors and director of Nouvelle bioMérieux Alliance SA* Chairman of the Board of Directors of SGH SA* Manager of SCI ACCRA* Director of Transgene SA* Director of Rue Impériale de Lyon SA Director of WENDEL Investissement SA Member of the Supervisory Board of Akzo Nobel (the Netherlands) Chairman of the Board of Directors of bioMérieux Hellas (Greece)* Chairman of the Board of Directors of bioMérieux Italia SpA (Italy)* Chairman of Silliker Group Corp. (United States)* Director of Lazard LLC (United States)
Alexandre Mérieux 34 years Born 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:*** Head of, industrial applications	***Principal positions held in other companies:*** None ***Other offices and positions held:*** Director of Mérieux Alliance Trustee of Fondation Christophe et Rodolphe Mérieux Chairman of SGH SAS* Manager of SCI ACCRA* Director of Silliker Group Corp. (United States)* Permanent representative of Silliker Group Corp, President of Silliker France SAS Permanent representative of Silliker Group Corp, President of Adriant SAS Director of Ecosilk (United States)	***Management experience and expertise:*** HEC Montreal Head of marketing of Silliker* in 2003 and 2004 ***Positions held over the past five years:*** Director of Mérieux Alliance Trustee of Fondation Christophe et Rodolphe Mérieux Chairman of SGH SAS* Manager of SCI ACCRA* Director of Silliker Group Corp. (United States)* Permanent representative of Silliker Group Corp, President of Silliker France SAS Permanent representative of Silliker Group Corp, President of Adriant SAS Director of Ecosilk (United States)

* Company controlled by Mérieux Alliance (formerly ACCRA SA) within the meaning of article L.233-16 of the Commercial Code - See sections §3.3.1 and 3.1.16

Michele Palladino

67 years
Born 6/13/1940

First elected on 7/6/2004
Current term expires in 2010

Number of Company's shares held: 1,000

Principal Company position: None

Outside director[**]

Principal positions held in other companies:

None

Other offices and positions held:

Senior Executive of Michele Palladino & C SAS

Management experience and expertise:

CEO of bioMérieux S.A. until 1993

Chairman of the Board and CEO of Max Meyer

Positions held over the past five years:

None

Michel Angé

68 years
Born 11/27/1939

First elected on 9/30/2004
Current term expires in 2010

Number of Company's shares held: 160

Principal Company position: None

Outside director**

Principal positions held in other companies:

None

Other offices and positions held:

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
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

Management experience and expertise:

Graduate of Institut Technique de Banque

CEO of Lyonnaise de Banque for 13 years

Positions held over the past five years:

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
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
Vice 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

** Outside director under the definition contained in the rules of the Company's Board of Directors (see section 6.1.1.4 below)

Jean-Luc Bélingard 59 years Born 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**[**]	***Principal positions held in other companies:*** Chairman and Chief Executive Officer of IPSEN ***Other offices and positions held:*** Director of Applera Corp. (United States) Director of LabCorp Of America (United States) Director of ExonHit Therapeutics (France) Director of NicOx (France) Director of Inserm (France)	***Management experience and expertise:*** H.E.C. Paris M.B.A. Cornell University (United States) Member of the Management Board and CEO of bioMérieux Pierre-Fabre from 1999 until 2001 Chairman and Chief Executive Officer of IPSEN since 2001 ***Positions held over the past five years:*** Director of Applera Corp. (United States) Director of LabCorp Of America (United States) Director of ExonHit Therapeutics (France) Director of NicOx (France) Director of Inserm (France)
Georges Hibon 70 years Born 11/3/1937 First elected on 7/6/2004 Current term expires in 2010 ***Number of Company's shares held:*** 10 ***Principal Company position:*** None	***Principal positions held in other companies:*** None ***Other offices and positions held:*** Director of Cerep SA Director of Care France (non-governmental organization) Director of BioAlliance Pharma Chairman of the Board of Shantha Biotechnics Limited (India)* Chairman of ABL	***Management experience and expertise:*** H.E.C. Paris Chairman of MSD Chibret France Vice chairman of Merck International Chairman and CEO of Pasteur Mérieux Connaught ***Positions held over the past five years:*** Director of Cerep SA Director of Care France (non-governmental organization) Director of BioAlliance Pharma Chairman of the Board of Shantha Biotechnics Limited (India)* Chairman of ABL

** Outside director under the definition contained in the rules of the Company's Board of Directors (see section 6.1.1.4 below)

Groupe Industriel Marcel Dassault Represented by Benoît Habert 42 years Born 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*****	***Principal positions held in other companies:*** Manager of Groupe Industriel Marcel Dassault Chairman and CEO of Dassault Développement ***Other offices and positions held:*** Director of Chapitre.com Chairman of the Board 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) Director of LSF Network (United States) Director of TM4 (Canada) Member of the Supervisory Board of AdenClassifieds*** Permanent representative of Dassault Développement Director of Unimédecine	***Management experience and expertise:*** Manager of Groupe Industriel Marcel Dassault Chairman and CEO of Dassault Développement ***Positions held over the past five years:*** Manager of Groupe Industriel Marcel Dassault Director of Chapitre.com Chairman of the Board and CEO and director of Dassault Développement Director of Groupe Industriel Marcel Dassault Director of Transgene SA* Permanent representative of Dassault Développement, director of Unimédecine Permanent representative of Groupe Industriel Marcel Dassault Director of bioMérieux* Director of Nouvelle bioMérieux Alliance *
T.S.G.H. * Represented by Philippe Archinard 48 years Born 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	***Principal positions held in other companies:*** CEO of Transgene SA President of Association Lyon BioPôle ***Other positions and offices held:*** CEO and director of Transgene SA* Other office held by TSGH*: Director of Transgene SA*	***Management experience and expertise:*** Harvard Business School graduate CEO of Innogenetics (Belgium) from 2000 to 2003 CEO of Transgene SA ***Positions held over the past five years:*** CEO and director of Transgene SA* Director of Innogenetics - Belgium Other office held by TSGH*: Director of Transgene SA*

Notices addressed to the members of the Board of Directors should be sent to the Company's head office at Marcy L'Etoile (Rhône).

As of the filing date of this Reference Document, the Board of Directors also had an honorary chairman, Gérard Trouyez, elected to that position on May 18, 1990 and a Censor, Philippe Villet, appointed June 7, 2007.

*** Company controlled by Groupe Industriel Marcel Dassault within the meaning of article L. 233-16 of the French Commercial code

* Company controlled by Mérieux Alliance (formerly ACCRA SA) within the meaning of article L. 233-16 of the French Commercial code - See sections §3.3.1 and 3.1.16

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 CEO;

- 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 a public company's board or from participating in the management of a public company'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 6.1.1.4 and 6.1.2 below).

Information on transactions under regulated agreements is provided in sections 5.7 and 6.2.3 of this Reference Document.

The Company's bylaws, as amended by the ordinary and extraordinary general shareholders' meeting of April 16, 2004, 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. Non-voting directors are bound by the same confidentiality obligations as directors and may be revoked at any time by the ordinary general shareholders' meeting.

6.1.1.3 Interests held by the Company representatives in the Company and its affiliates

Alain Mérieux and Alexandre Mérieux are the main shareholders and together own an absolute majority of the shares and voting rights of Mérieux Alliance, the holder of the majority of the Company's shares (see 3.3.4).

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 6.2.3.

6.1.1.4 Internal rules of the Board of Directors

The Company's Board of Directors adopted a set of rules on March 15, 2004, setting forth its way of functioning and complementing the provisions contained in the law, regulations and the Company's bylaws.

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 become acquainted with, inter alia, laws and regulations, the bylaws, the Board of Directors' rules and any additional information that the Board of Directors may give them, and must comply with same. The rules also provide that directors (i) while they are themselves shareholders and must own at least ten shares, represent all of the shareholders and must in all circumstances act in conformity with the interest of the Company, (ii) are required to report to the Board of Directors any conflict of interest situation, even potential, and must abstain from voting on any related issue, (iii) must give 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 an obligation of confidentiality that goes beyond the simple requirement contained in laws and regulations to refrain from disclosing non-public information acquired as a result of their position, (vi) are bound by an obligation of loyalty and (vii) must refrain from trading in the Company's shares other than in accordance with the Company's code of conduct (see below).

The rules of the Board of Directors provide that the Chairman or Chief Executive Officer of the Company must provide all directors, in a timely manner, with all documents and information required to perform their duties. Accordingly, all directors may request from the Chairman or Chief Executive Officer that they receive, sufficiently in advance and subject to the confidential nature thereof, all information they may need to effectively discuss the agenda of Board of Directors' meetings, or any other information that may help them perform their duties.

The 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 management, which could compromise their independent judgment. The Board of Directors will determine each year, prior to the publication of the annual report, which of its members are outside directors.

On the basis of the foregoing definition, there are four outside directors on the Board of Directors out of a total of 8 members. They are:

- Groupe Industriel Marcel Dassault, represented by Mr. Benoît Habert;
- Mr. Michele Palladino;
- Mr. Michel Angé;
- Mr. Jean-Luc Bélingard.

The rules require the Board of Directors to include in its orders of business, once a year, a discussion on its functioning, inter alia, to (i) form an opinion on the quality and effectiveness of debates by the Board of Directors, (ii) assess the actual role of the Board of Directors regarding its assignments and (iii) examine the reasons underlying any malfunctions identified by the Chairman, the directors or the shareholders. The Chairman of the Board of Directors must prepare a report, which is included with the Board of Directors' annual management report, on the conditions in which the work of the Board of Directors is prepared and organized, as well as on internal control procedures implemented by the Company.

The Board of Directors adopted a code of conduct in 2004, which was revised in 2005, 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.

Lastly, the Board of Directors decided, at its meeting of June 7, 2007, to amend its internal rules by adding provisions related to meetings by telephone or video conference, as permitted by article L. 225-37 of the French Commercial 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 strategic plans of the Company and its subsidiaries, (ii) the annual budget and its quarterly implementation, and (iii) all key transactions (acquisitions, exchanges, transactions, creation of security interests, 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 important event affecting the operation of the Company and more specifically its financial position, cash position and liabilities.

6.1.1.6 Activities of the Board of Directors

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. The Company's annual report includes a review of the activity of each committee for the year ended.

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.

6.1.2.1 The audit committee

6.1.2.1.1 Composition of the audit committee

Pursuant to the Board of Directors' rules, adopted by the Board of Directors on March 15, 2004:

- the audit committee is made up of three persons appointed by the Board of Directors among its members;

- the majority of the committee's members must be outside directors.

The members of the audit committee, which was established on December 20, 2002, were as of December 31, 2007, Michel Angé, Benoît Habert and Alexandre Mérieux. Michel Angé and Benoît Habert are outside directors within the meaning of the Board of Directors' rules. Two-thirds of the committee's members are outside directors. Michel Angé serves as chairman of this committee.

6.1.2.1.2 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 interim financial statements. The committee appoints a chairman from among its members, who may not hold any elected office (other than as director) or management position within the Company or the Group.

The Company's chief financial officer and the head of its legal department may be invited to attend meetings of the audit committee, at the committee's initiative. The committee may also, after consulting with the Chairman of the Board of Directors, obtain any resources it needs to carry out its assignment. In particular, it may audit accounting department executives and the statutory auditors and, if necessary, the audit firm. The audit committee reports on the fulfillment of its assignment to the Board of Directors.

The rules of the Board of Directors provide that the audit committee is responsible for assisting the Board of Directors in the areas of accounting policy, reporting, internal auditing, external auditing and financial communication, as well as in the area of risk management.

In the areas of accounting policy and internal auditing, the audit committee's tasks include: (i) reviewing the Company and consolidated annual and interim financial statements, including the appendices attached thereto, at least two days before their examination by the Board of Directors, along with, if applicable, the management report, and reporting to the Board of Directors any observations it deems relevant; (ii) ascertaining that the accounting methods used for the preparation of the Company and consolidated financial statements are appropriate and that those methods are duly applied; (iii) verifying the accounting treatment of all significant transactions carried out by the Company; (iv) examining the Company's significant off-balance-sheet commitments; (v) ascertaining that the internal procedures for collecting and analyzing data adequately guarantee the quality and reliability of the Company's financial statements; (vi) reviewing the entities included in consolidation and, if necessary, the reasons why certain entities may not be consolidated; (vii) examining any question that the Board of Directors may have regarding the foregoing points; and (viii) reporting its observations on accounting and financial matters to the Board of Directors, including in connection with the preparation of the Company and consolidated annual and interim financial statements.

In the area of risk management, the audit committee's tasks are to: (i) review all litigation, including tax disputes, liable to have a material adverse effect on the Company's financial statements or financial position; (ii) examine the Company's exposure to significant financial risks, including financial market exposure (interest rates, exchange rates, stock markets), and to the risk that its debt may be accelerated (pursuant to so-called "event of default" clauses) in the event of adverse developments; and (iii) review the conclusions of the internal audit reports, if needs be.

In the area of external auditing, the audit committee's tasks are to (i) make recommendations to the Board of Directors concerning the choice of statutory auditors (audit firms and networks) for the purpose of their appointment or reappointment by the shareholders' meeting, and examine and issue an opinion on the definition of their assignment, their fees, the scope and schedule of audits, and (ii) examine and issue an opinion regarding the audit-related services and the work other than the statutory audits performed by the statutory auditors, taking into consideration the possible impact that such work may have on the independence of the statutory auditors and on their recommendations, and on measures taken based on those recommendations.

In the area of financial communication, the audit committee's task is to review the Company's financial communication plans concerning the interim and annual financial statements and quarterly turnover.

The audit committee reports to the Board of Directors on its assignment and submits to it the observations it deems relevant.

6.1.2.2 Compensation committee

6.1.2.2.1 Composition of the compensation committee

Under the Board of Directors' rules:

- the compensation committee is made up of three persons appointed by the Board of Directors from among its members;

- the majority of the committee's members must be outside directors.

The compensation committee was established by the Board of Directors at its meeting of March 15, 2004.

As of December 31, 2007, the members of the compensation committee were Georges Hibon, Michele Palladino and Jean-Luc Bélingard. Michele Palladino and Jean–Luc Bélingard are outside directors within the meaning of the Board of Directors rules. Georges Hibon chairs the meeting of the committee.

6.1.2.2.2 Functioning of the compensation committee

The compensation committee meets at least once a year, or as often as necessary, whenever convened by the Chairman of the Board of Directors.

With regard to the compensation of the Company's representatives, the 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, the Deputy 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 committees' meetings; and (iii) propose rules 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 Company's principal senior executives other than its representatives.

In the area of stock options or bonus shares, the compensation committee reports 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 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.

6.1.3 Executive officers

The Company's Chief Executive Officer is the Chairman of the Board of Directors (as decided by the Board of Directors on October 20, 2002 and reaffirmed on April 16, 2004).

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 with third parties.

At the suggestion of 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 15, 2006, the Board of Directors appointed Stéphane Bancel to the position of Deputy Managing Director (*Directeur général délégué*). The appointment took effect on January 1, 2007 and is for an indefinite period.

During the year ended December 31, 2007, Stéphane Bancel also served as a director of the following companies, all of which are controlled by the Company within the meaning of article L. 233-16 of the French Commercial code (see section 3.1.16): bioMérieux Canada Inc., bioMérieux China Ltd., bioMérieux India (Pvt) Ltd., bioMérieux Japan Ltd. and bioMérieux Inc.

The executives officers are assisted in their duties by a Strategy Committee and a Management Committee, described in the section on the Chairman of the Board of Directors' report on internal control procedures (5.9.4.2.1).

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, 2007, prepared in accordance with the provisions of article L. 225-37 paragraph 6 of the French Commercial code, and the Auditors' report with their observations thereon, will be submitted to the shareholders' meeting of June 12, 2008. They are included in Chapters 5.9 and 5.10 above.

6.2 MANAGERS' INTERESTS

6.2.1 Directors' compensation

Fees are paid to the directors based on their attendance at Board of Director 's meetings and at meetings of committees to which they belong. The amount of the directors' fees received in 2007 by the members of the Board of Directors is summarized in the table below:

In euros	2007	2006
Alain Mérieux	16,000	16,000
Alexandre Mérieux	16,000	16,000
Philippe Villet	12,000	24,000
TSGH/Philippe Archinard	12,000	16,000
GIMD/Benoît Habert	20,000	20,000
Michel Angé	24,000	24,000
Georges Hibon	32,000	24,000
Michele Palladino	24,000	24,000
Jean-Luc Belingard	32,000	4,000
TOTAL	**188,000**	**180,000**

The above directors did not receive directors' fees from other Group subsidiaries.

With the exception of Alain Mérieux and Alexandre Mérieux, the directors did not receive any compensation from the Company, companies controlled by the Company within the meaning of article L. 233-16 of the French Commercial code, or the company controlling bioMérieux S.A. within the meaning of the same article, other than in the form of directors' fees paid by the Company.

In 2007, Alain Mérieux and Alexandre Mérieux were paid the following compensation by Mérieux Alliance (which controls bioMérieux S.A. within the meaning of article L. 233-16 of the French Commercial code):

- Alain Mérieux: €315,000 in gross fixed compensation; he did not receive any variable compensation or benefits in kind;

- Alexandre Mérieux: €149,020 in gross fixed compensation, including €4,020 in the form of benefits in kind (for a company car), and €50,000 in gross variable compensation. The gross variable compensation of Alexandre Mérieux payable for a given year is based on his individual performance, measured in terms of objectives set at the beginning of the year, and on the Company's financial results.

As of December 31, 2007, only Alain Mérieux was covered by a special, defined benefit, supplementary pension plan. The plan, for senior executives of the Company, was discontinued and no contributions were made in 2007. Alexandre Mérieux is covered by a group pension plan (with defined contributions) for senior executives of the Group.

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.

6.2.2 Compensation of the Deputy Managing Director

On December 15, 2006, the Board of Directors appointed Stéphane Bancel to the position of Deputy Managing Director (*Directeur général délégué*) effective January 1, 2007.

Stéphane Bancel was paid gross fixed compensation of 544,016 euros for 2007, including a benefit in kind in the form of a company car. The Company also paid him 38,295 euros in 2007 under profit-sharing and incentive plans.

In addition, the Company paid 274,035 euros in retirement pension and health and welfare plan for Stéphane Bancel in 2007.

Lastly, Stéphane Bancel was granted 60,000 free Company shares in 2007, as indicated in section 6.3.2.

6.2.3 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.

6.2.3.1 With Mérieux Alliance

The three main companies of the Group have each entered into service agreements with Mérieux Alliance (bioMérieux S.A. on June 1, 2002, bioMérieux Inc. on June 1, 2002 and bioMérieux B.V. on June 1, 2002). Under the terms of these agreements, Mérieux Alliance 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 Mérieux Alliance by various bioMérieux entities amounted to close to €5.2 million before taxes in 2007.

The sums paid to Mérieux Alliance included amounts that Mérieux Alliance re-billed to the Company under the terms of the above-referenced agreements for services rendered by certain Mérieux Alliance employees who are also managers of the Company. The amounts billed for those employees are determined in relation to the entities on whose behalf services are performed. Some of these Mérieux Alliance employees work exclusively for bioMérieux, whereas others also (or exclusively) work for one or two other lines of business that are under Mérieux Alliance'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 divided on the basis of three factors: the segment's turnover, the assets and the total payroll (on this basis, in 2007, approximately 85% of the Mérieux Alliance services were performed for bioMérieux). In other instances, expenses are charged in their entirety to the line of business concerned. In all instances, a margin is added to shared expenses, so as to cover reasonable overhead expenses incurred by Mérieux Alliance's various lines of business. These service agreements will remain in effect as will the principles governing cost sharing among the under market practice conditions controlled by Mérieux Alliance.

An agreement was executed on March 16, 2004 between the Company and Mérieux Alliance 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.

6.2.3.2 With Transgene

Various research and development agreements exist between the Company and Transgene (in which Mérieux Alliance holds a 50% equity interest through TSGH) under which the Company did not collected any fees for fiscal 2007.

6.2.3.3 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 specific share of its turnover to charitable or humanitarian projects. Most of the contributions are allocated to projects supported by Fondation Mérieux and Fondation Rodolphe et Christophe Mérieux, with the balance going to sponsorships and projects carried out by bioMérieux directly. In 2007, the Company contributed 2.369 million euros to such projects, or 0.43% of the turnover of bioMérieux SA, including 1.861 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 thousands of euros	2007	2006	2005
Charitable contributions[19]	2,369	1,944	1,628
of which to Fondation Mérieux	*305*	*345*	*353*
of which to Fondation Rodolphe Mérieux	*(a)1,556*	*900*	*1,053*
Sponsorships, other donations and fund of works by living artists	247	351	253
	2,616	2,296	1,880

(a) including grants of 1,320 and contributions in kind of 236

bioMérieux also contributed 0.5 million euros to the acquisition by the government of a national treasure and received a tax credit for 90% of that contribution.

Representatives of the Mérieux family also sit on the Board of Directors of the Fondation Mérieux, recognized for its public utility since 1976 along with representatives from INSERM, the Rhône Prefect, CNRS and the Ministry of Research. The Fondation Mérieux aims at promoting scientific research and international scientific cooperation in the area of infectious diseases and assisting public health policies. In 2007, it received 541,000 euros in 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, as well as four other representatives from the Institute, 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[(18)] under which it has donated €1,320,000 for the year 2007. The amount donated each year will be adjusted, if needs be, by the bioMérieux Board of Directors.

Some of the projects supported by the Foundations have been undertaken with bioMérieux, in Haiti, Mali and Phnom Penh (Cambodia).

The amounts contributed in the form of corporate donation give rise to a tax credit of 60% of the sums donated to the benefit of the Company, limited to 0.5% of the annual turnover of the Group's French companies[(19)].

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 Auditors' special report in section 5.7[(20)].

6.2.4 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 the period from 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 a reserve is set aside calculated on the basis of the legal formula.

6.3.2 Stock options - bonus shares

Making use of the authority granted by the ordinary and extraordinary general shareholders' meeting of June 9, 2005 and pursuant to the bonus shares plan the Board of Directors set and after consulting with the compensation committee, 12,500 free shares were granted in 2007 to employees other than representatives. Rights to those shares will be acquired at the end of a two-year period, provided that the grant conditions are fulfilled. The shares will be subject to a lock-up period as indicated below.

(18) On June 6, 2004.

(19) A net expense of approximately 651,000 euros was recognized in 2005, 778,000 euros in 2006 and 948,000 in 2007.

(20) This special report also covers agreements entered into in the ordinary course of business.

The table below shows the number of shares distributed to the ten largest recipients other than Company representatives:

Date of allocation	Number of shares allocated	Share price
6/6/2007	10,000	€62.01
10/15/2007	2,500	€73.10

Waiting period

The recipients will acquire title to the shares at the end of a two-year period from the date of the grant.

Delivery of the shares

At the end of the waiting period set by the Board of Directors and provided that recipients satisfy performance criteria and comply with the grant conditions 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

The recipients will undertake to keep their shares for a period of two years from the expiration of the waiting period, as referred to above.

Rights of recipients

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.

In addition, 60,000 Company shares were freely granted to Stéphane Bancel, Deputy Managing Director, on June 6, 2007, when their trading price was 62.01 euros.

Rights to those shares will vest in June 2009, provided that the performance criteria that have been set are satisfied and grant conditions are complied with. In the case of grants made to Company's representatives on or after January 1, 2007, no more than 40% of the shares may be disposed of after a two-year lock-up period, 70% after three years and 90% after four years. Under all circumstances, recipients must keep at least 10% of the shares granted until the end of their appointment.

In 2007, grants of shares made in 2005 to Company's representatives and employees became final following the expiration of their vesting period. The corresponding shares were transferred on September 27, 2007 to the following recipients: Thierry Bernard (7,000 shares), Jocelyne Latour (5,000 shares), Jean-Francois de Lavison (7,000 shares), Marc Mackoviack (5,000 shares) and Henri Thomasson (7,000 shares). The shares granted had a value of €68.89 each. They may not be sold by their holders before the expiration of the lock-up period on September 27, 2009.

PART 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 of Directors

The Board of Directors met on March 14, 2008. The principal items on the agenda were the settlement of the company and consolidated financial statements for the year ended December 31, 2007, the allocation of income for fiscal 2007, the approval of regulated agreements entered into by the Company, and the grant of authority to the Board of Directors in connection with the buyback by the Company of its own shares.

During this meeting, it was decided to submit certain draft resolutions to an ordinary and extraordinary general shareholders' meeting, including notably the usual financial grants of authority to the Board of Directors.

The audit committee met on March 10 and April 25, 2008. The principal items discussed were the settlement of the financial statements for fiscal 2007; the financial aspects of the management report; a report on the work done on the Chairman's report on internal control procedures; a report on the work done in preparation for the Company's Reference Document; and the draft of press releases on the financial results for the year and quarterly financial announcements.

The compensation committee met on March 13, 2008. The principal items discussed were its membership, the distribution of bonus shares policy, the compensation of representatives and review of the proposals to revise the compensation and bonuses of Management Committee members.

The Board of Directors also met on April 22, 2008 to propose that the shareholders’ meeting of June 12, 2008 appoint Christian Bréchot to the Company’s Board of Directors.

7.1.2 Principal developments since 1 January 2008

7.1.2.1 Quarterly financial reports

Financial position

- **Turnover**

On March 31, 2008, the Group's turnover amounted to €257.4 million, an increase of 6.2% from March 31, 2007, on a constant currency and perimeter (like-for-like) basis. Reagent sales improved by 8.5 %, driven in part by strong growth in tests with high medical value.

TURNOVER BY REGION In million euros	**Q1 2008**	Q1 2007	Change	Change on a constant currency and perimeter basis
Europe [1]	**158.5**	151.2	+4.8 %	**+5.3 %**
North America	**55.7**	63.9	-12.8 %	**+3.6 %**
Asia and the Pacific	**27.1**	25.6	+5.9 %	**+12.4 %**
Latin America	**16.1**	14.6	+10.6 %	**+14.9 %**
TOTAL	**257.4**	255.3	+0.9 %	**+6.2 %**

(1) Including the Middle East and Africa

Turnover in euros remained almost unchanged (up 0.9%).

In million euros			
Turnover – First quarter of 2007	255		
Sold[1] or discontinued[2] operations	-7		
2007 turnover, exclusive of sold or discontinued operations	**248**		
Foreign-exchange impact	-10		
Organic growth, on a like-for-like basis	+15	*+6,2 %*	*+7.4 %*
Acquisition and distribution agreements in 2007 and 2008	+3	*+1.2 %*	
Balance of sold [1] or discontinued[2] operations	+1		
Turnover – First quarter of 2008	**257**		

[1] Hemostasis
[2] Microplate immunoassays in North America

Turnover on a constant currency and perimeter (like–for–like) basis was as follows:

- turnover in the Europe - Middle East - Africa region rose by 5.3%. Sales in France improved by 4.1%. Elsewhere in the region, growth was rapid in Germany and the United–Kingdom but slower in Southern Europe. All reagent sales were sustained while there was a slight decline in those of instruments, compared with their particularly high level in the first quarter of 2007;

- sales increased by 3.6% in North America. Reagent sales grew fast, improving by 9.9%. Sales of instruments fell by 30 % from the first quarter of 2007, when they had risen by close to 50 %. This was due in part to an increase in the North American sales force, intended to provide better coverage of the region, as the time required to hire and train new sales representatives caused the frequency of their visits with customers to decline during the first quarter. Nevertheless the growth of instrument sales gradually increased during the period;

– turnover in Asia and the Pacific grew by 12.4 % with continued rapid improvements in China, Australia and South Korea. Sales remained stable in Japan, due to the current restructuring of the Japanese subsidiary following the formation of a joint venture with Sysmex that will start operating in April 2008. All sales of reagents were sustained;

– turnover in Latin America increased by close to 15%, reflecting improved sales throughout the region. Sales in Brazil grew again after having declined in 2007. Great performance was recorded in the microbiology and 'immunoassays' product lines.

On a constant currency and perimeter (like-for-like) basis, clinical applications rose by 5.9% during the quarter, while industrial applications improved by 7.4%.

TURNOVER BY APPLICATION In million euros	**Q1 2008**	Q1 2007	Change	Change on a constant currency and perimeter basis
Clinical applications	**219.6**	218.8	+0.4 %	**+5.9 %**
Industrial applications	**37.8**	36.5	+3.8 %	**+7.4 %**
Total	**257.4**	255.3	+0.9 %	**+6.2 %**

Turnover generated by reagent sales for both applications were sustained. Instrument sales declined in relation to the first quarter of 2007, when they had significantly increased.

- **Other financial items**

An extraordinary operating expense of 1.8 million euros was recognized in the quarterly financial statements, in connection with the restructuring of the Japanese subsidiary's activity.

The Company had a net cash surplus of 13 million euros on March 31, 2008 (compared with 15 million euros on December 31, 2007). In addition to the usual large tax and variable compensation payments made during the first quarter, the cash position was also affected by the purchase of the ongoing business of bioMérieux's former distributor in South Africa.

Highlights of the quarter

- **New products launch**

– Seven new reagents and one new software program were released during the quarter, including the AdvanDx Inc PNA FISH™ tests, distributed in the United States under an exclusivity agreement signed in May 2007. By cutting down the time required to make antibiotic therapy decisions, these tests reduce mortality and the costs associated with septicemias.

– In March 2008, bioMérieux was authorized by the US Food and Drug Administration to distribute its VIDAS® NT-proBNP, a test for the diagnosis of heart failure.

- **Partnership agreements and subsidiaries: see sections 7.1.2.2 and 7.1.2.4 below.**

7.1.2.2 Investments – Acquisitions – New subsidiaries

The Company has entered into a joint-venture agreement with Shanghai Kehua Bio-engineering to set up a joint–venture in Shanghai. bioMérieux will transfer to the new Shanghai-based entity the manufacture of microplate immunoassays currently produced at Boxtel, in the Netherlands. bioMérieux will own 60 % of the joint–venture. The alliance pools the technical skills of Kehua in development and production with the Company's own expertise in immunoassays and the diagnosis of infectious diseases. The microplate line manufactured by the joint venture will be distributed by bioMérieux in Europe, the Middle East, Africa, Asia and the Pacific – including China – and Latin America.

A new subsidiary has also been set up in Singapore jointly with bioMérieux Singapore PTE Ltd.

7.1.2.3 Inspections

The FDA inspected the Marcy facility in January 2008. This resulted in two minor observations, concerning which corrective measures were immediately implemented.

7.1.2.4 Recent partnership agreements

- bioMérieux and Quidel, which is established in San Francisco, California, have entered into a long-term partnership agreement concerning rapid diagnostic tests at the point of care. Under this agreement, bioMérieux will become the principal distributor of Quidel's QuickVue® rapid diagnostic tests outside the United States. Besides, Quidel and bioMérieux have plans to jointly develop new fast tests by combining Quidel's exclusive know-how in development with bioMérieux's expertise and the resources of antibodies and antigens in its library.

- bioMérieux and Sysmex Corporation, which is established in Kobe, Japan, have entered into an agreement that gives Sysmex the right to acquire 34% of the shares of bioMérieux Japan, Ltd. Starting April 1, 2008, the new entity formed as a result of this acquisition, named Sysmex bioMérieux Co., Ltd., will market and promote all bioMérieux products in Japan. The jointly-owned subsidiary will also be responsible for the registration and marketing of bioMérieux products in Japan. Symex will be in charge of sales and customer services.

- bioMérieux has signed an agreement with Wescor, a member of the Elitech group of companies established in the United States, under which bioMérieux will become the exclusive worldwide partner, under the bioMérieux trademark, for marketing two customized slide colouring instruments for Gram and tuberculosis bacillus. The OEM agreement represents a new step in the automation of microbiological analytic process.

- bioMérieux has entered into a long-term strategic partnership with the Hitachi High-Technologies Corporation of Japan to develop new microbiology and molecular biology systems. The new alliance will enable bioMérieux and Hitachi High-Technologies to work together on the research and development of new systems. New instruments developed under this partnership will be manufactured by Hitachi High-Technologies and distributed through the bioMérieux worldwide network. bioMérieux and Hitachi High-Technologies teams are currently working together to draw up the development's plan of a new system.

- A team of researchers from the University of Sunderland and bioMérieux, a leader in the field of *in vitro* diagnostics, have made a decisive advance in the fight against *Pseudomonas aeruginosa*, a bacterium responsible for nosocomial infections and death of ten of thousands of people worldwide every year. Researchers at the University of Sunderland's Pharmacy School, Professor Paul Groundwater and Dr. Roz Anderson, in collaboration with Professor. John Perry of Freeman Hospital in Newcastle, Professor. Arthur James of Northumbria University and Sylvain Orenga of bioMérieux have discovered a new technique for the specific detection of *Pseudomonas aeruginosa*, which primarily infects the lungs of patients with cystic fibrosis.

7.1.2.5 Litigation

In April 2007, two favorable rulings were handed down in the actions for infringement brought by International Microbio and D.B.V. against bioMérieux subsidiaries in Germany (where D.B.V.'s German patent was revoked) and in Spain (where the Madrid court ruled that there had been no infringement and invalidated D.B.V.'s Spanish patent).

At the filing date of this Reference Document, there was no need to adjust the provision level.

7.1.2.6 Miscellaneous

Industrial restructuring

The Company is going to gradually transfer to France the research and development activities of its Boxtel facility in the Netherlands, as well as some of the manufacturing currently done there. The transfer is expected to be completed by the end of 2009, when the site will close.

All of Boxtel's molecular biology production will be moved to the Christophe Mérieux center in Grenoble, where a new unit will be built for the production of molecular biology systems.

At the same time, microplate immunoassays research and development and the production of raw materials will be transferred to Marcy l'Etoile, the leading bioMérieux facility for immunoassays.

Crossing of ownership thresholds

bioMérieux was notified by AXA Investment Managers that it had exceeded the limit of 5% of the Company's shares on January 24, 2008, when it held 1,992,453 shares, or 5.05% of those outstanding, entitling it to 3.07% of voting rights at bioMérieux shareholders' meetings.

7.2 FINANCIAL OUTLOOK

Given the good dynamics of the business, the Company has set a turnover growth target, on a constant currency and perimeter basis, of between that recorded in 2007 (7.4%) and 8.5%, including the effect of business development agreements. This target will apply to 2007 turnover, net of the residual impact of sold or discontinued operations, i.e. 1,042 million euros.

For 2008, the Company anticipates an operating margin close to that achieved in 2007 (15.7%), at 2007 exchange rates, in spite of the projected decline by close to 50% of royalties paid by Becton Dickinson, residual fixed costs related to sold or discontinued operations and the impact of increased energy and raw material prices. In addition, the Company has decided to increase capital spending that is essential to its long-term growth, including by boosting its sales in the United States, continuing to expand its international network and setting up a worldwide ERP (SAP).

The Company has raised its operating margin objective, which could go up to between 16 and 17 percent by 2012, at 2007 exchange rates.

The above forecasts and objectives are based, entirely or partially, on assessments or judgments that may change or be modified notably due to uncertainties concerning the economic, financial, regulatory or competitive environment. Besides, should certain risks mentioned in section 4 of this Reference Document materialize, this would impact the activity of the Company and its capacity to meet its objectives. The achievement of the objectives also relies on the success of the commercial strategy described in section 4.3 and the absence of unforeseen break off in the *in vitro* diagnostics market.

Accordingly, the Company cannot give any assurance or make any representation as to whether these objectives will be met. The Company does not undertake to issue or communicate any correcting or update of forecasts or objectives presented herein, except in compliance with the disclosure obligations applicable to companies whose shares are listed on a stock exchange.

CROSS REFERENCE

Items from appendix 1 to European regulation 809/2004	Sections of the 2007 Reference Document filed with the AMF on May XX, 2007
1. Persons responsible	
1.1. Persons responsible	1.1
1.2. Declaration by the persons responsible	1.2
2. Statutory auditors	
2.1. Identity of the statutory auditors	1.3
2.2. Information on the statutory auditors	N/A
3. Selected financial information	
3.1. Historical financial information	5.1
3.2. Interim financial information	N/A
4. Risk factors	4.11
5. Information about the Issuer	
5.1. History and development of the Issuer	
5.1.1. Name	3.1.1
5.1.2. Registration	3.1.5
5.1.3. Incorporation	3.1.3
5.1.4. Domicile and legal form	3.1.1; 3.1.2
5.1.5. Important events	4.3.1
5.2. Investments	
5.2.1. Description of principal investments	4.5.3.1; 5.8.2.4
5.2.2. Principal investments in progress	4.5.3.2
5.2.3. Principal future investments	4.5.3.3
6. Business overview	
6.1. Principal activities	
6.1.1. Principal activities	4.3
6.1.2. New products and/or services	5.8.2.2; 7.1.2.1
6.2. Principal markets	4.2; 4.3; 5.2.2; 5.2.3
6.3. Exceptional factors	5.3.2
6.4. Dependence	4.7; 4.11
6.5. Competitive position	4.2.4; 4.3.9
Organizational structure	
7.1. Group to which the Issuer belongs	3.3.1
7.2. Subsidiaries of the Issuer	3.1.16; 5.5.5.1
8. Property, plants and equipment	
8.1. Material tangible fixed assets	4.5.1; 4.5.2; 5.3.1.7; 5.3.5; 5.5.4
8.2. Environmental issues	4.13
9. Operating and financial review	
9.1. Financial condition	5.2; 5.3; 5.5; 5.8.8
9.2. Operating results	
9.2.1. Significant factors affecting operating income	5.2.1; 5.2.2; 5.2.3; 5.8.8
9.2.2. Changes in net sales or revenues	5.2.1; 5.2.2; 5.2.3; 5.8.8
9.2.3. Factors affecting the Issuer's operations	4.11; 5.2.1; 5.3.27; 5.8.8

10. Capital resources	
10.1. Issuer's capital resources	5.3; 5.5
10.2. Cash flows	5.2.2 page 97; 5.2.3 page 101; 5.2.4; 5.3 page 108; 5.5 page 165
10.3. Funding structure	4.11 page 84; 5.3.16; 5.5.16; 5.8.8.9
10.4. Restriction on the use of capital resources	4.11; 5.2.4; 5.3.16; 5.5.16
10.5. Anticipated sources of funds	5.2.4; 5.3.11; 5.5.10
11. Research and development, patents and licenses	4.4.2; 4.4.3; 4.4.4; 4.7
12. Trend information	
12.1. Significant trends in production, etc	7.1.2; 7.2
12.2. Trends or uncertainties with an impact on prospects	7.2
13. Profit forecasts or estimates	N/A
14. Administrative, management and supervisory bodies and senior management	
14.1. Presentation of administrative, management and supervisory bodies and senior management	6.1.1.2
14.2. Administrative, management and supervisory bodies and senior management conflicts of interests	6.1.1.2; 6.3.2
15. Remuneration and benefits	
15.1. Remuneration and benefits in kind	6.2.1; 6.2.2; 6.3.2
15.2. Amounts set aside or accrued	N/A
16. Board practices	
16.1. Terms of office	6.1.1.2
16.2. Service contracts	6.1.1.3
16.3. Audit and remuneration committees	5.9.1.7; 5.9.1.8; 6.1.2
16.4. Compliance with corporate governance regime(s)	6.1.1.1
17. Employees	
17.1. Number of employees	4.10
17.2. Shareholdings and stock options	6.1.1.2; 6.3.2
17.3. Employee profit sharing	6.3.1
18. Major shareholders	
18.1. Shareholder not member of the administrative, management or supervisory bodies	3.3.2; 3.3.4; 7.1.2.6
18.2. Voting rights	3.1.10.3; 3.3.2; 3.3.4; 4.11
18.3. Control of the Issuer	3.3.2; 3.3.4
18.4. Change of control	N/A
19. Related party transactions	5.3.29; 5.5.5.1; 5.5.26; 5.7;
20. Financial information concerning the Issuer's assets and liabilities, financial position and profits and losses	
20.1. Historical financial information	5.3; 5.5
20.2. Pro forma financial information	N/A
20.3. Financial statements	5.3; 5.5
20.4. Auditing of historical annual financial information	
20.4.1. Audit statement	5.4; 5.6
20.4.2. Other audited information	1.2; 5.7; 5.10
20.4.3. Financial information from sources other than the financial statements	4.3.7; 7.2
20.5. Age of latest financial information	5.3; 5.5

20.6. Interim and other financial information	
20.6.1. Quarterly financial information	7.1.2
20.6.2. Other interim financial information	N/A
20.7. Dividend policy	3.4.2
20.7.1. Past dividends per share	3.4.1
20.8. Legal and arbitration proceedings	4.9; 5.3.14.2.1; 5.5.15.2
20.9. Significant change in the Issuer's financial or trading position	None
21. Additional information	
21.1. Share capital	
21.1.1. Issued capital	3.2.2; 3.2.4
21.1.2. Shares not representing capital	N/A
21.1.3. Treasury shares	3.2.3
21.1.4. Convertible securities	N/A
21.1.5. Acquisition rights	3.1.12; 3.2.1; 3.2.4; 6.3.2
21.1.6. Option on the capital of any Group member	5.3.28
21.1.7. History of share capital	3.2.5
21.2. Memorandum and Articles of Association	
21.2.1. Objects and purposes	3.1.4
21.2.2. Provisions pertaining to the administrative, management and supervisory bodies	3.1.9; 6.1.1.4
21.2.3. Rights, preferences and restrictions attached to shares	3.1.10.2; 3.1.10.3; 3.1.11
21.2.4. Modification of shareholders' rights	3.1.11
21.2.5. Shareholders' Meetings	3.1.10.1
21.2.6. Change in control	3.1.10.3
21.2.7. Ownership threshold	3.1.14
21.2.8. Changes in the capital	3.2.1
22. Material contracts	4.4.5; 4.7; 4.8.1; 4.8.2
23. Third party information and statement by experts and declarations of any interest	
23.1. Expert statement or report	None
23.2. Information from a third party	None
24. Documents on display	1.4; 3.1.6
25. Information on holdings	5.5.5.1

GLOSSARY OF SCIENTIFIC TERMS

- **Acute coronary syndrome**: Decreased blood flow in the coronary arteries resulting in inadequate oxygenation of the myocardial muscle.

- **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**: Protein synthesized by B lymphocytes and plasma cells, capable of recognizing a particular antigen and binding to it.

- **Antigen**: Any substance capable of triggering a specific immune reaction in an individual.

- **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.

- **Biochemistry**: Science which studies the correlation between the structure of natural molecules and the consequences for their activity.

- **Blood culture**: Laboratory technique for determining the presence or absence of bacteria and other microorganisms in the blood.

- **Broad-spectrum beta-lactamase:** Beta-lactamases are a family of enzymes responsible for bacterial resistance to certain antibiotics such as penicillin.

- **Campylobacter**: Genus of Gram-negative bacteria capable of causing food poisoning.

- **C*andida 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 item, 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.

- **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.

- **Cytomegalovirus**: Virus responsible for infections, usually undetected. It becomes pathogenic above all in patients with weakened immune defenses. Member of the herpes virus family, which includes herpes simplex virus (HSV) or herpes virus hominis (HVH), cytomegalovirus (CMV), varicella-zoster virus (VSV) and Epstein-Barr virus (EBV).

- **Cytometry:** Counting of cells.

- **DNA**: Deoxyribonucleic acid. 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).

- **Endogenous**: That which originates inside a system, especially inside an organism.

- **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.

- **Enterovirus**: Virus entering the organism through the gastro-intestinal system, developing there, and from there most often attacking the nervous system. Polio viruses are enteroviruses.

- **Enzyme**: Protein macromolecule which speeds up a biochemical reaction.

- **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.

- **Flow cytometry**: Technique of passing a stream of cells at high speed through a laser beam. The light re-emitted (by diffusion or fluorescence) enables the cell population to be classified and sorted according to several criteria.

- **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.

- **Fungal**: That which relates to fungi.

- **Genome**: The whole of the genetic information (DNA, RNA) of a living being contained in each of its cells.

- **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.

- **Immunoassay**: Detection of pathology markers using an antigen/antibody reaction.

- **In vitro diagnostics**: Tests performed outside the human body on biological samples: urine, blood, etc.

- **In vivo diagnostics**: Tests performed inside the human body using diagnostic tools such as antibodies.

- **Legionella**: Genus of Gram-negative bacillus-type bacteria present in the environment, in particular in water. Contamination of tank water or air-conditioning condensates in some buildings has caused epidemics.

- **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.

- **Microbiology**: Study of microorganisms, including viruses, bacteria and fungi.

- **Microorganism**: Living organism of microscopic size.

- **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.

- **MRSA**: Methicillin-resistant *Staphylococcus aureus* bacterium.

- **Multi-resistant bacteria**: Bacteria are said to be multi-resistant to antibiotics when they are sensitive to only a small number of the antibiotics customarily used in therapy, as a consequence of the accumulation of natural and acquired resistances.

- **Mycobacteria**: Rod-shaped bacillus-type bacteria. Some species of mycobacterium are pathogenic: *M. leprae* responsible for leprosy; *M. tuberculosis,* responsible for tuberculosis.

- **Neisseria**: Genus of bacteria which includes the meningococci (causative agents of meningitis) and the gonococci (causative agent of gonorrhoea).

- **Nosocomial**: Disease contracted in a hospital or other healthcare establishment by a patient who did not have the disease on admission.

- **Nucleic acid**: Organic chemical present in each cell, capable of carrying and transmitting encoded hereditary instructions, thus enabling the development of the organism. There are two types of nucleic acid, DNA and RNA.

- **Oncology**: Field of medicine concerning the study of tumors.

- **Parasite**: An organism that lives at the expense of another living organism.

- **Pathogen**: An agent which causes or may cause diseases.

- **Pharmacogenomics**: Area of pharmacology studying the interaction between all the genes of an individual and a drug once it has been absorbed.

- **Protein**: A basic constituent of all living cells. A protein is an assembly of amino acids linked by peptide bonds.

- **Proteomics**: Science which studies proteomes, i.e. the complete complement of proteins of a cell, organelle, tissue, organ or organism at a given time and under given conditions.

- **Pulmonary embolism**: Sudden obstruction of one of the branches of the pulmonary artery or of the pulmonary artery itself by a blood clot (small mass of coagulated blood) which forms on the wall of a vein and becomes detached.

- **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.

- **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).

- **RNA**: Ribonucleic acid. Polymer similar to DNA; like DNA, has a role as a vector of genetic information. The sugar in RNA is a ribose.

- **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.

- **Serology**: Study of the alterations in the serum under the influence of diseases, for example by the assay of antibodies.

- **Staphylococcus**: Genus of Gram-positive bacteria, usually observed in clusters resembling bunches of grapes.

- **Substrate**: A molecule which binds to the active site of an enzyme and is converted into one or more products.

- **Theranostics**: The association of a diagnostic test with a therapy, forming the basis for personalized medicine.

- **Total viable count**: Gives a quantitative idea of the presence of microorganisms such as bacteria, yeasts and moulds in a sample. In practice the value is the number of colony-forming units per gram of sample.

- **Typing**: Method which can help in assessment of the compatibility between two individuals, their organs, tissues or blood. Technique use to characterize bacteria.

- **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.

- **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.

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