REGISTRATION DOCUMENT AND ANNUAL FINANCIAL REPORT 2011

BIOMÉRIEUX

French joint stock company (*société anonyme*) with share capital of €12,029,370
Registered office: Marcy l'Étoile (69280)
Registered in Lyon, France under number 673 620 399

The French version of this Registration Document (*document de référence*) was filed with the French financial markets authority (*Autorité des marchés financiers* – AMF) on April 26, 2012 in accordance with article 212-13 of the AMF's General Regulations. This document may be used in support of a financial transaction if it is accompanied by an offering circular (*note d'opération*) approved by the AMF. In accordance with the abovementioned article 212-13, this Registration Document includes the Annual Financial Report required by article L.451-1-2 of the French Monetary and Financial Code (C*ode monétaire et financier*). This document was drawn up by the issuer and its signatories assume responsibility for its content.

This is a free translation of the French original *document de référence*. In the event of any discrepancy between the French version and the English translation the French version shall prevail in all cases.

Contents

Note: Cross-references to sections or appendices are references within this Registration Document.

1 PERSONS RESPONSIBLE

1.1 PERSONS RESPONSIBLE FOR THE REGISTRATION DOCUMENT

Jean-Luc Belingard, Chairman and Chief Executive Officer of bioMérieux and Alexandre Mérieux, Chief Operating Officer of bioMérieux.

1.2 STATEMENT BY THE PERSONS RESPONSIBLE

"We hereby certify that having taken all reasonable care to ensure that such is the case, the information contained in this Registration Document is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import.

We further declare that, to the best of our knowledge, the financial statements have been prepared in accordance with applicable accounting standards and give a true and fair view of the assets, liabilities, financial position and results of the Company and the consolidated Group as a whole, and that the Management Report in Appendix 4 to this Registration Document provides a fair view of the business, results and financial position of the Company and the consolidated Group as a whole, as well as a description of the principal risks and uncertainties to which they are exposed.

We obtained a statement from the Statutory Auditors at the end of their engagement in which they state that they have examined the information concerning the financial position and the financial statements presented in this Registration Document and that they have read this Registration Document in its entirety.

The Statutory Auditors' reports on the consolidated and parent company financial statements are presented in sections 20.4.1 and 20.4.2 of this Registration Document.

Historical financial information contained in this Registration Document has been verified by the Statutory Auditors, whose reports are referenced herein as indicated in section 20.4. The report on the 2010 consolidated financial statements contains an observation."

Marcy l'Étoile, April 25, 2012

Chairman and Chief Executive Officer
Jean-Luc Belingard

Chief Operating Officer
Alexandre Mérieux

2 STATUTORY AUDITORS

2.1 IDENTITY OF THE STATUTORY AUDITORS

Statutory Auditors	Deputy Statutory Auditors
Deloitte & Associés	**BEAS**
81 boulevard Stalingrad, 69100 Villeurbanne	7-9 villa Houssay, 92200 Neuilly-sur-Seine
Deloitte & Associés was appointed Statutory Auditor by the Annual General Meeting of March 2, 1988 and was reappointed by the Annual General Meetings of March 17, 1994, March 23, 2000 and June 8, 2006 for a term expiring at the end of the Annual General Meeting called to approve the financial statements for the year ended December 31, 2011.	BEAS was appointed deputy Statutory Auditor by the Annual General Meeting of December 19, 2000 and was reappointed by the Annual General Meetings of June 9, 2005 and June 8, 2006 for a term expiring at the end of the Annual General Meeting called to approve the financial statements for the year ended December 31, 2011.
Deloitte & Associés is a registered audit firm, member of *Compagnie régionale des Commissaires aux comptes de Versailles*.	BEAS is a registered audit firm, member of *Compagnie régionale des Commissaires aux comptes de Versailles*.
Diagnostic Révision Conseil (DRC)	**Commissariat Contrôle Audit (CCA)**
112 rue Garibaldi, 69006 Lyon	112 rue Garibaldi, 69006 Lyon
Diagnostic Révision Conseil (DRC) was appointed Statutory Auditor by the Annual General Meeting of June 15, 2011 for a term expiring at the end of the Annual General Meeting called to approve the financial statements for the year ending December 31, 2016.	Commissariat Contrôle Audit (CCA) was appointed deputy Statutory Auditor by the Annual General Meeting of June 15, 2011 for a term expiring at the end of the Annual General Meeting called to approve the financial statements for the year ended December 31, 2016.
Diagnostic Révision Conseil (DRC) is a registered audit firm, member of *Compagnie régionale des Commissaires aux comptes de Lyon*.	Commissariat Contrôle Audit (CCA) is a registered audit firm, member of *Compagnie régionale des Commissaires aux comptes de Lyon*.

2.2 INFORMATION ON THE STATUTORY AUDITORS

The terms of Deloitte & Associés and BEAS expire at the end of the Annual General Meeting of May 30, 2012. In replacement, shareholders are asked to appoint the following Statutory Auditors for terms of six years, i.e., until the close of the Annual General Meeting to be held in 2018 to approve the financial statements for the year ending December 31, 2017:

- as principal joint Statutory Auditor, Ernst & Young et Autres, a simplified joint stock corporation (*société par actions simplifiée*) with variable share capital, whose registered office is located at 1-2 place des Saisons, Paris-La Défense 1, 92400 Courbevoie, which is registered in Nanterre under number 438 476 913 and is a member of *Compagnie régionale des Commissaires aux comptes de Versailles;*

- as deputy joint Statutory Auditor, Auditex, a simplified joint stock corporation with variable share capital, whose registered office is located at 1-2 place des Saisons, Paris-La Défense 1, 92400 Courbevoie, which is registered in Nanterre under number 377 652 938 and is a member of *Compagnie régionale des Commissaires aux comptes de Versailles*.

2.3 AUDITORS' FEES

In thousands of euros	2011							2010						
	Deloitte & Associés		DRC		Other		**Total**	Deloitte & Associés		CCA		Other		**Total**
Audit	**807**	***99%***	**120**	***100%***	**428**	***99%***	**1,355**	**803**	***99%***	**130**	***100%***	**445**	***96%***	**1,378**
- bioMérieux SA	147	*18%*	120	*100%*		*0%*	267	160	*20%*	130	*100%*		*0%*	290
- fully consolidated subsidiaries	660	*81%*			428	*99%*	1,088	643	*79%*			445	*96%*	1,088
Related assignments	6	*1%*			3	*1%*	**9**					17	*4%*	**17**
AUDIT	**813**	***100%***	**120**	***100%***	**431**	***100%***	**1,364**	**803**	***99%***	**130**	***100%***	**462**	***100%***	**1,395**
Legal, tax, labor-related services	9	*1%*					9	6	*1%*					6
Other							0							0
OTHER SERVICES	**9**	***1%***	**0**	***0%***	**0**	***0%***	**9**	**6**	***1%***	**0**	***0%***	**0**	***0%***	**6**
TOTAL	**822**	***100%***	**120**	***100%***	**431**	***100%***	**1,373**	**809**	***100%***	**130**	***100%***	**462**	***100%***	**1,401**

3 SELECTED FINANCIAL INFORMATION

3.1 SELECTED HISTORICAL FINANCIAL INFORMATION

Consolidated income statement

Consolidated income statement *In millions of euros*	**2011**	2010	% change As reported
Net sales	**1,427**	1,357	+5.2%
Gross profit	**761**	722	+5.4%
Operating profit before non-recurring items	**258**	254	+1.6%
Operating profit	**245**	244	+0.6%
Profit for the year	**161**	160	+0.3%

Consolidated balance sheet

Assets *In millions of euros*	**Net** **Dec. 31, 2011**	**Net** **Dec. 31, 2010**
Non-current assets	**972**	**731**
Current assets	**790**	**718**
Total assets	**1,762**	**1,449**
Equity and liabilities	**Dec. 31, 2011**	**Dec. 31, 2010**
Equity	**1,103**	**976**
Non-current liabilities	**87**	**64**
Current liabilities	**572**	**409**
Total equity and liabilities	**1,762**	**1,449**

Consolidated statement of cash flows

Consolidated statement of cash flows *In millions of euros*	2011	2010
Cash flow from operating activities before cost of net debt and income tax	**333**	**329**
Net cash from operating activities	**217**	**199**
Net cash used in investing activities	**(325)**	**(140)**
Net cash from (used in) financing activities	**56**	**(47)**
Net change in cash and cash equivalents	**(52)**	**12**
Net cash and cash equivalents at beginning of year	**34**	**14**
Impact of currency changes on net cash and cash equivalents	(1)	8
Net change in cash and cash equivalents	**(52)**	**12**
Net cash and cash equivalents at year-end[(a)]	**(19)**	**34**

[(a)] excluding confirmed debt (capital leases and profit-sharing reserve)

3.2 INTERIM FINANCIAL INFORMATION

None.

4 RISK FACTORS

The Company has conducted a review of risks that could have a material adverse impact on its business, financial position, earnings or ability to meet its objectives. It is not aware of any material risks other than those presented below.

However, the Company operates in a rapidly changing environment that exposes it to 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, which it considers not material, or which concern more generally all economic players, could also adversely affect its business, financial position or ability to meet its objectives.

4.1 PRESENTATION

A number of important factors could cause actual results to differ materially from those indicated in forward-looking statements, in particular as regards strategic aims and growth and profitability targets.

4.1.1 RISKS RELATED TO BIOMÉRIEUX'S BUSINESS AND OPERATIONS

4.1.1.1 Risks related to the failure of R&D projects

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

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

- the upstream selection of new products, especially biomarkers, may prove irrelevant and not lead to the launch of new reagents;
- research teams may fail to develop the new products needed to meet the Company's strategic objectives, of either capturing new markets or preserving existing markets. In particular, as new diagnostic systems are extremely complex to develop and also require the development of platforms, reagents and software, the Company may fail to develop the solution needed and have to abandon or postpone certain projects;
- the joint development with other technical partners of products considered key growth drivers for the Company could prove more difficult than expected, either for the reasons set out above, or owing to possible disagreement with partners (see section 4.1.1.8), and the corresponding product launches could be delayed or abandoned;
- the launch of new products may require more spending than anticipated by the Company on research and development, marketing, manufacturing, sales force and commercial support, instrument placement and maintenance, and customer training;
- 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;
- certain products may not be able to be marketed or may be more costly than expected to market, due to the existence of intellectual property rights belonging to third parties;
- technical, manufacturing or regulatory difficulties or difficulties concerning intellectual property could delay the launch of a range of reagents and affect the commercial success of the associated systems;
- the new products may not correspond to market demand;
- new products may be accepted by laboratories and the medical community after a longer period than expected, delaying the positive impact on sales growth and program profitability;

- the products and systems marketed by the Company could be faulty and this could delay their marketing, affect their commercial success or give rise to additional expenses for the Company in order to remedy the faults and/or compensate customers;

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

- personalized medicine, which is considered a driver of long-term growth for *in vitro* diagnostics and is at the core of to bioTheranostics' operations, may develop more slowly or with more difficulty than expected. In particular, the medical validity of biomarkers and tests may prove more difficult to demonstrate, changes in medical practices may not be adopted by healthcare professionals as quickly as desired, and regulators or reimbursement organizations may not sufficiently value the corresponding innovation. The needs of sales teams and sales support or administrative staff may also prove more extensive than expected;

- the automation of microbiology laboratories (FMLA® project) may be irrelevant for certain customers or on certain markets. Customers may find the necessary investments to be too high, the savings generated insufficient and/or the social issues too significant. Instrument complexity may entail higher maintenance costs.

Risk management: The Company places particular emphasis on selecting and developing its R&D projects. It set up a Strategy Committee and Project Approval Committee as described in the internal control report in Appendix 1. The Company is organized in technology units in order to reinforce the integration between R&D and marketing. In 2011, it set up the Innovation & Systems Department to develop the Company's portfolio of technologies and establish its medical added value.

4.1.1.2 Risks related to the emergence of rival technologies

The Company may have to face the emergence of new diagnostic techniques that may render some of its products obsolete.

In vitro diagnostics is a highly innovative sector in which the emergence of new technologies is a source of risks and opportunities. Certain technologies currently used by the Company may be threatened by other more effective technologies. Scientific breakthroughs may occur in both mature fields (such as immunology and clinical and industrial microbiology) and developing fields (such as molecular biology). Specifically, developments in mass spectrometry might accelerate and extend to new applications. Fresh innovations might emerge, in spectroscopic techniques (fluorescence, Raman, etc.) and mass spectrometry (LC-ESI-MS/MS, etc.) for identifying bacteria, assessing their virulence and resistance, and determining doses of specific molecules. Sequencing techniques might extend to cover a broad spectrum of medical applications, such as oncology and theranostics. They might also find uses in microbiology, virology and molecule dose determination.

Some of these technical innovations will give rise to the sale of instruments that cost more than traditional techniques but no longer need reagents. Increased use of mass spectrometry, for example, might lead to less recurrent sales, since sales of consumables and associated services would only be able to partially replace sales of reagents.

Risk management: The Company has developed a mass spectrometry solution integrated in its VITEK® platform (see section 6.1.3.2.1), which obtained CE marking in the first quarter of 2011. Further upstream, the Company enhances business consistency by making acquisitions and developing its services offering. It has also set up a technology unit focusing on innovation and systems.

4.1.1.3 Risks related to competition

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

According to its estimates, the Company ranks ninth in terms of net sales on the global *in vitro* diagnostics market. This market is rapidly evolving and competition is intensifying among the different players, particularly in certain markets where the Company does not have a large market share, such as molecular biology and POCT.

The Company's competitors include major international companies, such as Roche, Siemens, Abbott, Johnson & Johnson and Danaher, which are bigger and more experienced, and have larger financial resources and market shares. For a number of years now, more specialized competitors have also been emerging on the Company's strategic markets (see section 6.2.2). Finally, new competitors from emerging markets (especially China and India) may appear and offer products that are much cheaper than those of the Group. As a result, the Company cannot be certain that its products will be able to:

- compete over the long term with products sold by competitors, many of which have greater financial resources than the Company to invest in research and development or marketing and can price their products more competitively due to greater economies of scale;
- allow it to gain or maintain significant market shares and benefit from the same product reputation as its better-positioned competitors;
- adapt quickly enough to new technologies and scientific advances on which the Company is dependent (see section 4.1.1.2);
- be chosen by laboratories, hospitals, physicians or industrial customers over its competitors for comparable products.

Part of the Company's operations is conducted on markets where it is awarded tenders, some of which are significant and which might not be maintained or renewed. This would affect its business and development.

The Company is planning to launch an extended service offering, proposing services to help customers train staff, prepare for accreditation and optimize laboratory performance. This new business means that the Company has to recruit new skills. The Company cannot guarantee that the new business will be a commercial success.

Risk management: The Company has set up a Strategy Committee as described in the internal control report in Appendix 1. It also has a global sales structure and a Competitive Watch Department.

4.1.1.4 Risks related to international business

The Company is exposed to certain risks related to the international nature of its business.

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

- unforeseen changes or a lack of harmonization in regulations, in particular commercial or tax regulations (notably with respect to transfer pricing);
- failure of public- and private-sector customers to meet their debt obligations (see section 4.1.1), and restrictions on the cross-border repatriation of profits or assets held abroad;
- exchange rate variations (see Note 27.1 to the consolidated financial statements included in section 20.1.1);
- differences in the protection of intellectual property rights in different countries;
- changing economic and political conditions in a given region or country, particularly the Middle East and Africa;

- economic development situations in emerging countries, which could see a slowdown in demand – especially in the event of a political or economic crisis. Inflation could also increase without the Company being able to pass on the impact to its customers.

- increased difficulties in recruiting personnel outside France and managing commercial or manufacturing entities abroad, and in selecting distributors;

- emergence of centrally operated shared service centers in Europe and Latin America;

- non-compliance with regulations in the countries in which the Group operates, since regulations are generally country-specific, constantly evolving and complex (notably in the United States);

- management of a network of external distributors;

- certain business practices that run contrary to the Company's principles and are specified as prohibited in the "Code of Conduct" circulated among Company employees;

- product distribution throughout the world and availability of transportation;

- natural disasters.

These risks could affect the development of the Company's business, as well as its profitability and working capital, by increasing customer payment periods and increasing inventories. They could also lead to the recognition of significant costs in the accounts (impairment, tax reassessments, fines and penalties, etc.).

Risk management: The Company has a wide geographical base and a global sales organization that enables it to share best practices in all countries in which it operates. Its Regulatory Affairs Department allows it to verify compliance with current obligations and applicable regulations (see section 6.3). The Company has also appointed a global compliance officer, whose tasks include overseeing compliance with applicable legislation and observance of the ethical standards set out in the "Code of Conduct", as described in Appendix 1.

4.1.1.5 Risks related to prices and reimbursements

Uncertainty over reimbursements of *in vitro* diagnostic analyses and over health insurance reforms could affect the Company's customers, and indirectly, the Company itself.

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

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

Health insurance bodies may not sufficiently value the benefits associated with certain diagnostics that use the Company's products, including products with high medical value, and define inadequate reimbursement thresholds.

As a result of the healthcare reform in the United States, there should be a further increase in the number of people with access to adequate medical coverage. However, this demand for medical care might not rise at the pace expected even though the tax on diagnostic products introduced by the reform will affect the financial statements as from 2013.

Risk management: The Company has a Regulatory Affairs Department responsible for filing and defending requests for new product approval and for determining the medical value of these products. In some cases, the department also conducts studies to demonstrate the economic savings resulting from the use of the products. The Company endeavors to raise its sales prices at the start of each year.

4.1.1.6 Risks related to changes in the economic environment

Economic environment

The Company's business may be affected by a deterioration in the economic environment. For example, persistently high levels of unemployment in the United States could hold back the recourse to medical services and thereby reduce the number of tests performed. Likewise, the implementation of austerity measures in the healthcare sector in Southern Europe (Greece, Italy, Spain and Portugal) restricts healthcare spending, thus slowing down sales, increasing pressure on prices and lengthening payment times. At December 31, 2011, outstanding trade receivables with public organizations in Southern Europe approached €100 million.

Customer concentration

There is a growing concentration of customers for *in vitro* diagnostic products, which allows them to create technical platforms that process large test volumes daily. In certain fields (in particular immunoassays), the Company's products and services could fail to meet the requirements of these technical platforms. This tendency is especially pronounced in France, owing to the requirements arising from the "Bachelot Act".

Increasing pressure on prices

This consolidation trend also allows customers to exert greater influence on product prices. Pressure on prices is increased by the entry of new market participants seeking to rapidly acquire market share as well as by public health policies, which generally tend to restrict reimbursements for healthcare products and services. (See section 4.1.1.5.)

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

***In vitro* diagnostics market growing less than anticipated**

Aside from short-term uncertainties liable to slow down growth, the diagnostics market is generally considered to have positive short- and medium-term growth prospects. However, certain factors can affect this. As an example, the health campaigns conducted by hospitals to fight against the proliferation of multidrug-resistant bacteria could significantly reduce the volume of microbiological testing performed.

Risk management: The Company is highly diversified by products, technologies and customer profiles. It also enjoys a balanced geographical footprint. Its innovation efforts should enable it to regularly launch new products on the market in order to meet changing market needs. The launch of a new range of services could also prove to be an effective driver of growth in the medium term. In addition, in Southern Europe, the Company has tightened up its procedures with public-sector customers, requiring advance payment for certain orders, proceeding with repossession of instruments, and taking legal action. It also intends to improve business conditions with private laboratories.

4.1.1.7 Risks related to the business development strategy

The Company may be unable to pursue its strategy on the acquisition or use under license of technologies developed by third parties, or be unable to renew the rights required for some of its operations at the expiration date.

The Company's development is partly based on access to technologies developed by third parties, particularly in the field of biomarkers. Access is secured through selective acquisitions of fairly small companies, or through partnership and licensing agreements with the owners of these technologies. Nevertheless, the Company may not be able to find or retain partners willing to provide it with the technologies or rights it may need.

The high value of certain targets or unreasonable conditions imposed for certain licenses may represent a barrier to the entry into or renewal of agreements required for the implementation of this strategy.

If the Company is unable to obtain and/or renew such technologies under acceptable conditions, this could delay its growth and/or have a significant impact on its net sales performance or financial position. The main licenses held by the Company are listed in section 6.4.

Risk management: The Company has set up a Technological Watch and Competitive Watch Department, as well as a Business Development Department operating in France, the United States, China and Japan. It benefits from its relatively small scale, which gives it flexibility and makes decision-making more efficient.

The Company may have difficulties in efficiently integrating the companies it acquires.

bioMérieux's strategy includes targeted acquisitions. The Company has acquired ten companies since 2007, including two in 2011. These acquisitions seek to strengthen the Company's commercial positions, and/or extend its innovation portfolio and/or production sites. If difficulties are experienced in integrating the acquired companies, the Company might not benefit within the expected timeframes from the synergies calculated at the time of acquisition.

Risk management: Over the years, the Company has developed extensive experience in consolidating the companies it acquires. For all recent acquisitions, it has set up dedicated project groups covering all the necessary skills.

The Company takes minority stakes in companies with which it signs development, research or technology agreements, or which invest in biotechnology companies. These stakes can entail financial risk.

Biotech companies tend to have higher risk profiles than the Company's. If such companies experience difficulties, bioMérieux might have to write down the value of the stocks it holds.

Risk management: The Company carries out financial and commercial analyses of companies before investing in them. After investing in them, it monitors their financial situations. In some cases, it can sit on the board of a company it invests in.

4.1.1.8 Risks related to dependence on partners

The Company is dependent on partners to develop, manufacture and market certain products, and may be adversely affected by a disagreement regarding operational matters.

The Company works with partners to:

- develop certain products (for example, the molecular diagnostics system developed in partnership with Biocartis and the patient analysis system developed with Philips);
- manufacture certain products (particularly microplate immunoassays in China with Shanghai Kehua Bio-engineering Ltd as part of a 60%-owned joint venture);
- market its products in certain countries (notably Japan through a 67%-owned joint venture with Sysmex, or in China where the Company markets its products through several distributors).

These partnerships may prove more complex than anticipated in the event of a disagreement between the parties, and this may delay the associated product launches, put a stop to projects, affect the production or marketing of the Group's products and consequently affect its net sales and operating profit.

Risk management: The Company endeavors to work closely with its partners. Projects are managed by strategic committees. The Company's teams work with its partners' teams on joint steering committees.

4.1.1.9 Risks related to dependence on certain senior executives

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

Risk management: The Company places strong emphasis on recruitment and on career development. It has set up a number of internal mobility and training programs (see section 17.1.2). The Company endeavors to offer fairly competitive compensation packages and operates a share grant policy for members of the Management Committee and key managers. Each year, the Human Resources, Appointment and Compensation Committee and the Management Committee review succession plans for key positions.

4.1.1.10 Risks related to dependence on certain suppliers

The Company is dependent on certain suppliers, some of whom are exclusive and its profitability and production capacity may be affected in the event of a disagreement with those suppliers, or if the suppliers fail to meet their obligations.

The Company could lose the exclusive rights it holds with certain key suppliers to rivals. This could jeopardize its competitive position and impair its net sales and growth prospects.

The Company uses an extensive network of suppliers. The process of classifying different types of materials, components and supplies used by the Company is often quite long. A disagreement with certain suppliers or a failure of suppliers to meet their obligations could create difficulties for the Company's manufacturing operations, including for some of its main products, thereby leading to material additional costs and delays resulting from the need to validate and put in place alternative procurement solutions. In addition, the Company could lose the exclusive rights it holds with certain suppliers, which could intensify competitive conditions.

Risk management: The Company has set up a global purchase department. This department looks to secure supplies by using a wide variety of suppliers, entering into long-term agreements and holding safety inventories. It also looks to involve its suppliers in a sustainable growth strategy.

4.1.1.11 Risks related to the location of industrial facilities

The occurrence of an event causing a temporary or permanent interruption in production at one of the Company's plants could have a negative impact on its financial position.

4.1.1.11.1. "Single-site" process

The Company operates 21 manufacturing sites, each primarily dedicated to a single product line and technology, based on the principle of "one site-one product line". As a result, with the exception of ready-to-use media, key product lines, such as VITEK®, VIDAS® and BacT/ALERT®, are each manufactured at a single dedicated site. Any economic, political, labor, regulatory or environmental incident or accident causing a temporary or permanent interruption in production at one of these manufacturing sites could have a material adverse impact on the manufacture of these product lines and on the Company's net sales.

If it were impossible to quickly resume operations at the manufacturing center concerned, the Company could be forced to relocate production of the relevant product range. Due to the complexity of the products manufactured by the Company, relocation could be long and expensive for the Company, increasing the negative financial impact of the production stoppage.

The Group has three main logistics centers, one in France and the other two in the United States. As above, any economic, political, labor, regulatory or environmental event causing a temporary or permanent interruption of operations at one of these three logistics centers could have a negative impact on the distribution of products and on the Group's financial position.

4.1.1.11.2. Production optimization

In order to optimize production, the Company may have to shut down certain facilities and transfer production to other Group sites. The transfer could be lengthier and more costly than originally expected, and even cause a production stoppage. One difficulty concerns the need to obtain the regulatory clearance required to manufacture IVD systems.

Risk management: A contingency plan is already in place at certain key sites, and the Company is working to extend these plans to all of its facilities. Transfers of operations are managed by special project teams boasting the requisite skills.

4.1.1.12 Risks related to the regulatory environment

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

The Company's products and their manufacturing process are subject to strict, fast-changing regulations which vary widely from one county to the next. Securing the regulatory clearance or certification needed to market a new product may take several months or, in some countries, one to two years, and requires significant financial resources. Manufacturing sites are subject to regulatory approval processes and periodic inspections. As a result, applicable regulations may:

- delay or preclude the marketing of new products by the Company;
- force the Company to halt production or sales of existing products;
- change manufacturing processes; or
- impose costly constraints on the Company or suppliers.

For example, implementation of the 510(k) process by the U.S. Food and Drug Administration (FDA) could lead to additional delays in registering certain products in the United States. Similarly, the Company could be required to redevelop certain products in response to changing standards in the food industry.

Changes in product performance, or the release of rival products of greater sensitivity or specificity, may lead regulatory authorities to prevent the product from being marketed.

Products are inspected by regulatory authorities during the entire marketing process. The inspections – required by the regulatory authorities or initiated by the Company – may result in (i) a product modification, (ii) a product withdrawal, (iii) the suspension of current product applications for products developed, (iv) a remedial action plan in the event of non-compliance, (v) in exceptional cases, the closure of a manufacturing site, if significant risks are caused by non-compliant results obtained when using the Company's products, and/or (vi) the Company being ordered to pay potentially significant fines.

Risk management: The Company strives to reduce this risk by rigorously inspecting production output (see section 6.3.5) and by monitoring regulatory compliance through the Quality Management System Department in all countries in which the Group operates (see the internal control report in Appendix 1 and section 6.3.1). In addition, a number of standards or benchmarks (including ISO) are in force within the Group. These are described in section 6.3.5.

4.1.1.13 Risks related to information system failure

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

Any failure or malfunction of applications or the communication network could adversely affect the Company's business and cause it financial losses.

The Company has undertaken a worldwide project with a view to replacing its current resource management IT systems ("Global ERP"); roll-out of the new system falls under the responsibility of a dedicated and multi-skilled internal team based in France and in the United States. The project has given rise to numerous assistance agreements with specialist service providers (programmers, integrators, trainers, etc.). This type of project involves significant risks for the Company's business if the safeguards put in place in rolling out the system prove inappropriate or insufficient.

Risk management: An IT contingency plan and a back-up environment have been put in place to counter the eventuality of a major incident affecting the "Global ERP" system servers. This arrangement was tested in an exercise in which users worked on the back-up environment under real conditions. In addition, the Company has set up a "Value Realization" program to adapt its organizational processes to Global ERP and optimize use of this system.

4.1.2 LEGAL RISKS

4.1.2.1 Risks related to product liability

The production and marketing of diagnostic products generally expose the Company to product liability risks.

The Company could be held liable if a diagnostic error resulting from the defective performance of one of its products leads to unsuitable treatment of a patient or the marketing of contaminated products. Even if the design, manufacture and delivery of diagnostic products are made in compliance with the quality standards (described in the internal control report in Appendix 1) and it is common 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.

The Group uses biological products that are manufactured or created from components developed from materials that are of human, animal or plant origin and which cannot yet be manufactured inexpensively using synthetic materials. This process generates risks in the use of these products or components due to their nature.

There are no guarantees that the Company will always be able to obtain and maintain adequate insurance on acceptable terms to cover its liability. Should the Company fail to obtain insurance at a reasonable cost or otherwise protect itself against potential product liability claims, it could incur significant liabilities that could undermine the marketing of its products and considerably harm its business.

4.1.2.2 Risks related to intellectual property

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

The Company currently owns more than 500 patent families and over 240 brand families. It has also obtained licenses for a number of patents or trademarks for the products it uses or develops.

The Company's success depends among other things on its ability to obtain, maintain and protect patents and other intellectual property rights effectively. Intellectual property law in the health sector is a constant source of change and uncertainty. Accordingly, the Company may not be able to:

– develop patentable inventions;

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

– obtain or renew the licenses it needs for its business;

– ensure that the validity of the patents or trademarks it holds, or for which it has been granted a license either now or in the future, will not be challenged by third parties;

– be sufficiently protected by its patents to exclude competitors; or

– ensure that 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 challenged by third parties.

Within the scope of joint development projects, the Group cannot be certain that the confidential nature of its unpatented technologies or its industrial secrets will be effectively safeguarded by the mechanisms in place, or in the event that confidentiality is breached, that the necessary measures can be taken.

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

Competitors may infringe the Company's patents or other intellectual property rights or successfully circumvent them through design innovations. Action may be taken by the Company against infringement, which is expensive and labor-intensive. Policing unauthorized use of intellectual property is difficult, and the Company may not be able to prevent misappropriation of its intellectual property rights.

As the *in vitro* diagnostics industry develops, more and more patent applications are filed and patents granted, leading to an increased risk of unintentional infringement of third-party patents. In general, patent applications are not published until 18 months after the filing date or priority date where applicable, and in some cases patent applications are only published upon issuance of the patent. Therefore, it cannot be ascertained that third parties were the first to invent certain products or processes, and/or to file patent applications for inventions that are identical to those of the Company or for products or processes used by the Company.

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

4.1.2.3 Risks related to claims and litigation

The Company is a party to a certain number of claims and litigation.

Claims and litigation involving the Company (or the Group) are described in Notes 13.3.1 and 13.4 to the consolidated financial statements included in section 20.1.1.

4.1.2.4 Fraud risk

The development of new technologies and communication channels raises new risks of fraud by third parties. The Company might suffer financial loss if it were to become the victim of such practices.

4.1.2.5 Legal risk management

The Legal Affairs and Intellectual Property Department ensures compliance with applicable legal and regulatory requirements in its dealings with all of its partners (see the internal control report in Appendix 1). The department has put in place insurance protecting it against legal risks. This includes a civil liability policy in respect of products, people and business losses (see section 4.2).

To limit intellectual property risks, the Company pursues an active policy of patenting and monitoring third-party products to identify potential infringers of its patents (see section 11.5.1). Similarly, the Company checks for all products under development for freedom to operate in relation to third party patents. The Company has set up a monitoring system for its key brands to be able to prevent registration of third-party brands and trademarks that are likely to create confusion with its own brands. Before launching a new brand, bioMérieux verifies as far as possible that the brand will not infringe the rights of third parties.

To minimize the risk of fraud, the Company develops internal control and checks on proper application of procedures through measures such as regular internal and external audits (described in the internal control report in Appendix 1).

4.1.3 INDUSTRIAL AND ENVIRONMENTAL RISKS

Liabilities with respect to the environment, changing environmental regulations (especially in Europe, with the REACH, CLP and GHS directives), and the ensuing cost of achieving compliance, could have an adverse effect on the Company's operating profit.

The nature of the Company's business requires it to use biological agents. Though these are used in compliance with international recommendations, and emergency response plans are in place, accidental dissemination of biological agents could entail a risk of exposure for people and the environment.

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 the sites were found to be contaminated. These obligations may relate to sites currently owned or operated, or to sites that were owned by the Company or operated in the past, or even sites where waste that it produced was dumped. Similar obligations may also apply to the recycling of instruments installed at user sites or sold to users.

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

If manufacturing sites were to be closed for reasons relating to the enforcement of environmental laws, the Company could suffer a temporary interruption in the manufacture of certain products and the regulatory clearance needed to resume production could take a long time to obtain.

Risk management: In 2009, the Company set up a Health, Safety and Environment Department operating at Group level, in order to develop a harmonized and pro-active approach aimed at preventing harm to individuals, property and the environment (see the internal control report in Appendix 1 and section 8.2). The Company ensures that its employees are aware of and comply with applicable regulations.

4.1.4 MARKET RISKS

4.1.4.1 Borrowing risks

The Company's main source of financing requires it to comply with certain financial ratios (covenants) at consolidated level.

bioMérieux SA has a seven-year syndicated loan of €260 million repayable in full at maturity (January 2013). The availability of this facility is subject to compliance with the ratio "net debt/EBITDA before acquisition expenses".

Failure to comply with this covenant may prevent the Company from being able to use this syndicated credit facility.

Credit risks

Certain public or private customers may fail to meet their debt obligations as they fall due. The Company holds significant outstanding trade receivables with public bodies in Southern European countries currently experiencing financial difficulties.

A provision has been booked for all credit risks identified (see Note 27.2 to the consolidated financial statements included in section 20.1.1.).

Liquidity risks

The Group is not currently exposed to any material liquidity risks (see Note 27.3 to the consolidated financial statements included in section 20.1.1).

4.1.4.2 Exchange rate risks

Changes in exchange rates could materially affect the Company's net sales, earnings and net assets (see Note 27.1 to the consolidated financial statements included in section 20.1.1).

4.1.4.3 Raw material risks

For manufacturing and logistics purposes, the Company uses energy and processed raw materials such as plastic and electronic components. A sharp rise in prices of raw materials could adversely affect the Company's earnings.

4.1.4.4 Pension risks

Obligations to finance defined benefit pension plans chiefly concern the Group's U.S. employees. The amount of these obligations depends on:

- the return on plan assets;
- the interest rates used to calculate the present value of its obligations;
- actuarial data (life expectancy, employee turnover, etc.);
- inflation rates;
- the level of insurance offered to employees; and
- changes in the regulatory environment (retirement age, taxation, etc.).

An adverse change in any of the above factors may lead to an increase in the Company's unfunded pension obligations and have a negative impact on its financing capacity or on the Company's earnings (see Note 13.2. to the consolidated financial statements included in section 20.1.1).

4.1.4.5 Share price volatility and liquidity risks

Due to the fairly small number of shares making up the free float, the existence of major shareholders within the free float could restrict the liquidity of the share and have an adverse impact on the share price.

For financial risk management, see Note 27 to the consolidated financial statements included in section 20.1.1.

4.2 INSURANCE

4.2.1 INSURANCE POLICY

The Company's policy regarding insurance coverage is designed to ensure that all subsidiaries have access to similar coverage, 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 overall coverage policies. Insurance policies are purchased from insurance companies selected on the basis of their creditworthiness as well as 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 types of insurance cover the risks to which the Company is exposed as a result of its business and organization:

- general and specific civil liability;
- property and casualty;
- transport;
- car;
- construction;
- individual accident.

Property and casualty insurance includes coverage of accidents (fire, machine failure, computer damage, etc.) which may occur at Company facilities, as well as consequential business losses over an 18-month period.

The nature of the Company's business has also been taken into consideration for the purpose of liability coverage (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 applicable laws.

4.2.2 PRINCIPAL INSURANCE POLICIES

Civil liability

The Company and all of its subsidiaries are covered by an umbrella policy with a limit of €100 million per claim and per year as regards:

- operating liability;
- liability after delivery and/or product liability and/or liability for experimentation;
- professional liability;
- environmental damage caused by its products.

In addition to this umbrella 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").

In order to comply with laws and regulations in effect in certain countries, specific local policies such as employer liability policies have been purchased by certain Group subsidiaries.

The Company also has an insurance program covering the liability of its corporate officers, senior executives and representatives.

Property and casualty

The Company and its subsidiaries are covered by an umbrella policy with a limit of €300 million per claim and per year, which notably covers fire, machine failure, theft, natural disasters and consequential business interruptions.

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 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 where no coverage has been taken out locally to comply with regulations.

Transport

Exposure to "ordinary" risks entailed by the transport of freight by land, sea or air is covered by an umbrella policy with a limit of €2.3 million per mode of transport and per location during transport. Freight transportation insurance offered by all insurers and reinsurers excludes coverage for chemical, biochemical, electromagnetic and cyber risks.

Deductibles and premiums

The Group 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.

In general, the Company's principal insurance policies include:

- various specific deductibles ranging from €30,000 and €1 million per claim in the case of civil liability insurance;
- various specific deductibles ranging from €10,000 to €75,000 in the case of property and casualty insurance.

In 2011, no loss incurred exceeded the deductible amounts set in property and casualty or civil liability policies.

5 INFORMATION ABOUT BIOMÉRIEUX

5.1 HISTORY AND DEVELOPMENT OF THE COMPANY

5.1.1 COMPANY NAME

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

In this Registration Document, bioMérieux is referred to as the "Company", "bioMérieux", or the "Group".

5.1.2 REGISTRATION DETAILS

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

The Company's APE industry code is 2059 Z.

5.1.3 DATE OF INCORPORATION (ARTICLE 5 OF THE BYLAWS)

The Company was incorporated on December 13, 1967 for a period of 50 years from its registration with the Trade and Companies Registry, unless said period is extended or the Company is dissolved before the end of said period.

The Ordinary and Extraordinary Shareholders' Meeting of April 16, 2004 resolved to extend the Company's duration to 99 years, expiring April 15, 2103.

5.1.4 REGISTERED OFFICE AND LEGAL FORM

The Company's registered office is located in Marcy l'Étoile (Rhône department), France.
The Company has been established in France since its incorporation.
The telephone number of the registered office is +33 4 78 87 20 00.

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

5.1.5 HISTORY AND DEVELOPMENT OF THE GROUP'S ACTIVITIES

The Company's expertise is built upon the Mérieux family's experience in biology dating back to 1897 when Marcel Mérieux established Institut Mérieux, which was later headed by Dr. Charles Mérieux in 1937, then by Alain Mérieux, who served as Chairman from 1968 to 1994.

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

bioMérieux then rapidly expanded on an international scale through the creation of its own network of subsidiaries, in particular in Belgium (1975), Germany (1976), Spain (1980), Italy (1985), Japan (1988), and the United Kingdom (1991). The Company also decided early on to expand into emerging markets: in Brazil (1973), China (1992), Russia (1996) and India (1998). At the same time, the Company 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, within the framework of this policy, the Company acquired the API group, a worldwide benchmark company in microbiology solutions for bacterial identification and manual antibiotic susceptibility tests[(1)].

(1) On March 21, 1987, bioMérieux merged with API SA, a company incorporated in 1967. bioMérieux, which had been established in 1963, was absorbed by API SA. Following this transaction, API SA took on the name bioMérieux.

In response to the trend towards automation in the *in vitro* diagnostics market, the Company acquired a controlling interest in Vitek Systems, an American corporation specializing in automated microbiology, from McDonnel Douglas in 1988. This acquisition enabled the Company to extend its microbiology product lines, establish operations in the United States, and strengthen its global position.

In 1991, the Company's product lines were extended to include industrial applications, while initial efforts were focused on the food industry.

The same year, the Company launched the VIDAS® system for use in the field of immunoassays.

In 1996, the Company entered the molecular biology field in partnership with Gen-Probe, which entrusted the Company with the exclusive distribution of manual reagents in certain regions, and with Affymetrix (DNA chips).

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

- new products that were highly complementary to its strategy, particularly in microbiology with the BacT/ALERT® blood culture product line;
- new technologies, particularly in the molecular biology field with the BOOM® detection technology which the Company uses in its NucliSENS® EasyMAG® system and the NASBA® amplification technology, which the Group has integrated into its NucliSENS EasyQ® system;
- a reinforced presence in the American market and, in particular, the Durham site in the heart of the North Carolina Research Triangle where the North American headquarters were relocated;
- a stronger presence in the global market with an increase in sales volume as Organon Teknika's diagnostic division's net sales in 2001 were equivalent to approximately 40% of the Group's net sales before the acquisition; and
- synergies and economies of scale, from which the Group quickly benefited.

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

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

Since 2004, the Group has pursued a strategy for the development and acquisition of biological markers in order to offer high medical value tests with, in particular, the launch of VIDAS® B.R.A.H.M.S PCT and NT-proBNP in 2007 as well as VIDAS® EBV in 2009. The Company signed two new agreements in this field in 2010:

- an agreement with BG Medicine to use galectin-3, a new risk marker for heart failure development and progression, for bioMérieux systems;
- an agreement with Siemens Healthcare Diagnostics to develop a high medical value VIDAS® test for high sensitivity measurements of C-reactive protein (hs-CRP). The identification of hs-CRP allows physicians to identify, stratify and reduce the risk of cardiovascular disease.

In 2006, the Group also implemented a strategic refocusing of its activities through the sale of its Hemostasis product line and the termination of the production and marketing of its microplate immunoassay product line in North America in 2007.

In 2007, the Group decided to gradually close its Boxtel site in the Netherlands and to transfer the site's molecular biology and immunoassay research division to France and its microplate production to a joint venture established in China with Shanghai Kehua Bio-engineering Ltd.

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

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

– In 2007, the Group acquired the Spanish company Biomedics, which specializes in the production of culture media, as well as the Australian company BTF, whose patented BioBall® calibrated strain technology is used in quantitative microbiological quality control in industrial applications.

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

  - AB BIODISK, a company specialized in microbiology, whose flagship product, Etest®, allows for the measurement of the minimum inhibiting concentration of an antibiotic treatment and constitutes a benchmark method for microbiology laboratories worldwide;

  - AviaraDx (California, United States), a molecular diagnostic company specialized in oncology and theranostics. AviaraDx, renamed bioTheranostics, develops tests to identify cancers and to assist oncologists in selecting the best therapeutic strategy. It also possesses a CLIA (Clinical Laboratory Improvement Amendments) certified laboratory to carry out complex diagnostic testing;

  - PML Microbiologicals (North America) was acquired for its activity in the field of culture media and microbiological control products intended for industrial applications on the North American market.

– In 2010, the Group carried out two acquisitions in China:

  - Meikang Biotech – renamed bioMérieux Shanghai Biotech – produces rapid tests in Shanghai. This acquisition bolsters the Company's position in the point-of-care diagnosis and rapid test markets in emerging and developed countries. Thanks to this acquisition, bioMérieux has gained integrated production and R&D capabilities in China. This site in Shanghai is bioMérieux's new China headquarters. bioMérieux also acquired Dima GmbH, a distributor of Meikang Biotech products primarily in Germany (this company, which focuses on the marketing of rapid tests for drugs of abuse, a non-strategic area for bioMérieux, was sold to Biosynex in January 2012);

  - Shanghai Zenka Biotechnology, a company that possesses the authorizations necessary to market the main microbiological culture media in China.

– In 2011, the Group carried out two acquisitions:

  - AES Laboratoire, a leading French group specialized in industrial microbiological control. The acquisition has made bioMérieux the world leader in food applications. Significant commercial synergies will be obtained, leveraging bioMérieux and AES Laboratoire's highly complementary product lines to bring customers a very comprehensive offering. Moreover, thanks to bioMérieux's global sales network, AES Laboratoire's technologies will be much more widely available. In addition, bioMérieux plans to develop and invest in AES Laboratoire's cytometry solutions and other high-potential platforms in order to strengthen its solid competitive position;

  - Argene, a molecular diagnostic company. Its comprehensive range of diagnostics for immunocompromised patients will reinforce, in this fast-growing medical field, bioMérieux's infectious disease product portfolio. This acquisition will also accelerate time-to-market of a broad test menu on the new molecular platform currently being developed with Biocartis.

5.2 CORPORATE SOCIAL RESPONSIBILITY

bioMérieux's focus is on forging a reputation as an ethical partner to customers, investors and employees alike. An Ethics and Compliance Program was set up in 2011 to ensure that the Company's policies and practices comply with its commitments to advocating ethical conduct in business negotiations and training its employees in ethical standards and related legislation.

bioMérieux assumes its social responsibility through the following priorities:

- improving access to diagnostics through its Public Health Department while focusing on HIV (AIDS) and tuberculosis;

- applying the principles of the Global Compact, an international initiative launched by the United Nations. Since 2003, bioMérieux has been a signatory of this initiative to encourage businesses worldwide to adopt socially responsible behavior by committing to integrating and advocating principles relating to human and labor rights, sustainable development and anti-corruption;

- being active in the local communities surrounding its sites and subsidiaries through its participation in social, sports and cultural initiatives;

- supporting public health programs in developing countries through the Mérieux Foundation, the Christophe and Rodolphe Mérieux Foundation and its constant collaboration with major international organizations.

  Pursuant to Act no. 2003-09 of August 1, 2003, the Company's Board of Directors decided to contribute a portion of net sales to sponsorship activities. The majority of the contribution is allocated to projects supported by the Mérieux Foundation and the Christophe and Rodolphe Mérieux Foundation, and the remaining amount to sponsorship projects undertaken directly by bioMérieux. In 2011, the Company contributed €1.9 million to sponsorship activities, i.e., 2.6% of its net sales, including €1.4 million to the two aforementioned foundations.

  The table below shows the funds contributed to corporate sponsorships and other donations:

  Contributions, donations and sponsorships

In thousands of euros	2011	2010	2009
Contributions	1,859	2,464	2,784
of which to the Mérieux Foundation	*69*	660 [(a)]	*1,000*
of which to the Christophe and Rodolphe Mérieux Foundation	*1,325*	*1,325*	*1,325*
Sponsorships, other donations and amortization of living artists' works	186	198	190
	2,045	2,662	2,974

(a) of which €50,000 in donations in kind for 2010.

  The Mérieux Foundation's purpose is to promote research and international scientific cooperation in the area of infectious diseases and assist in the development of public health infrastructures. As part of its corporate sponsorship policy, the Company contributed €69,000 to the Foundation in 2011.

  The purpose of the Christophe and Rodolphe Mérieux Foundation 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. As part of its sponsorship contract with the Christophe and Rodolphe Mérieux Foundation, the Company contributed €1,325,000 to the Foundation in 2011.

5.3 INVESTMENTS

5.3.1 PRINCIPAL INVESTMENTS IN 2011

Capital expenditure totaled €108 million for the year, of which €74 million was industrial capital expenditure, compared with, respectively, €122 million and €86 million in 2010 (excluding the impact of the change in fixed assets accounts payable). Industrial capital expenditure primarily concerned capacity renewal and extensions, building development work and the global ERP project. In all, capital expenditure amounted to 7.5% of net sales for the year.

The main investment projects completed in 2010 and 2009 are presented in section 5.3.1. of the Registration Document filed on April 26, 2011, and in section 4.5.3. of the Registration Document filed on April 26, 2010.

5.3.2 PRINCIPAL INVESTMENTS IN PROGRESS

- In all Group companies: the ongoing implementation of the Global ERP system. This project, which began in 2008, is being implemented by Company teams with the assistance of external service providers. Total costs will amount to approximately €89 million, of which €57 million will be capitalized: Completion expected in 2014.

- La Balme site in France: expansion of the production facilities for the manufacture of LyfoCults (€2 million): Completion expected in the third quarter of 2012.

- Pudong site in Shanghai, China: creation of a Petri dish manufacturing site (€2.2 million) and a store, and expansion of the facilities (€2 million): Completion expected in the fourth quarter of 2012.

- Jacarepagua site in Brazil: expansion of the Petri dish manufacturing facilities (€2.3 million): Completion expected in the second quarter of 2012.

5.3.3 PRINCIPAL FUTURE INVESTMENTS

- In France:
  - La Balme site: construction of R&D facilities (€10 million): Completion expected by end-2013;
  - Craponne site: purchase and development of land adjacent to the site (€2.2 million): Completion expected in 2013.

- Saint Louis site in the United States: renovation of the raw material manufacturing laboratory for the VITEK® product line (€6 million): Completion expected in 2014.

6 BUSINESS OVERVIEW

6.1 MAIN ACTIVITIES

In the clinical field, bioMérieux's business focuses on the diagnosis of infectious diseases, cardiovascular diseases and targeted cancers. In the industrial field, it mainly concerns the detection of microorganisms in food products and biopharmaceuticals.

6.1.1 BUSINESS SUMMARY

Incorporated in 1963, bioMérieux is a worldwide group specializing in the field of *in vitro* diagnostics for clinical and industrial applications. In 2011, bioMérieux reported €1,427 million in net sales and had 7,014 full-time equivalent employees.

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

- the clinical field: the diagnosis of infectious diseases such as HIV, tuberculosis and respiratory diseases, as well as cardiovascular diseases and targeted cancers, based on the analysis of biological samples such as blood, saliva or urine. Clinical applications account for 82% of the Company's net sales. bioMérieux ranks ninth worldwide; and

- the industrial field: microbiological analyses of manufacturing and of its environment, chiefly in the food and biopharmaceutical industries. Industrial applications account for 18% of the Company's net sales. bioMérieux is the world leader in this field.

The Group’s diagnostic systems consist of the following three components and related services:

- reagents and consumables used to carry out biological tests, in order to perform screening, diagnostic assistance, prognosis and treatment monitoring;

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

- software to process analyses and expert systems to interpret test results; and

- related services such as the installation and maintenance of instruments, user training or the audit of laboratory workflows.

The vast majority of the Group's instruments are closed systems, which are systems that only work with reagents specifically developed by bioMérieux (see section 6.1.3 Group products).

Most of the Company's net sales come from reagent sales which accounted for 82% of its net sales in 2011. Instruments are either sold (approximately 13% of net sales in 2011) or provided to customers for use on their premises as part of a reagent supply agreement. At the end of December 2011, the installed base amounted to nearly 65,000 instruments.

In the clinical market, bioMérieux customers are primarily private-sector analysis laboratories, hospital laboratories, blood banks and, in some countries, physician office laboratories (POLs). In the industrial market, customers include large international food and biopharmaceutical groups.

bioMérieux is a diversified company:

- geographically: the Group operates in over 160 countries, through 40 international subsidiaries (see section 6.2.4) and a wide network of distributors; and

- technologically: bioMérieux’s product offering is based on three technologies: (i) microbiology, bioMérieux's core business in which the Company holds the leading position; (ii) immunoassays; and (iii) molecular biology (see section 6.1.2.1). In addition, the Company's product portfolio is very extensive, with 2,400 bioMérieux reagent references, 3,200 AES Laboratoire references and 350 Argene references.

OVERVIEW OF THE *IN VITRO* DIAGNOSTICS MARKET

There are currently no official statistics on the *in vitro* diagnostics market. The Company has therefore conducted its own internal analyses on the basis of reports prepared by financial analysts, studies carried out by independent specialist consultants and information published by other companies in the sector, as well as its own knowledge of the market, through its internal experts.

General description

In vitro diagnostic tests play an essential role in the clinical field, in terms of treatment management, allowing physicians to detect predispositions to pathologies, perform screening on a target population, establish a diagnosis based on clinical indicators, make a treatment decision and monitor the treatment.

An *in vitro* diagnostic test is carried out by analyzing samples taken from a patient. Analysis is performed outside the patient's body. *In vitro* diagnostic tests are used to detect or identify bacteria or viruses (exogenous agents) and to detect or quantify biological constants or markers, which are substances produced by the human body in the presence of, for example, an infectious disease, cancer or cardiovascular disease.

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

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

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 to be identified and tested for sensitivity to antibiotics;

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

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

In addition to these three technologies, the *in vitro* diagnostics market includes biochemistry (the most widely demanded technology, particularly tests related to diabetes), hematology and hemostasis.

The table below shows an estimated breakdown by technology of the world market for clinical *in vitro* diagnostics.

	2011 *(in billions of euros)*
Clinical biochemistry	11.2
of which blood glucose monitoring: €7 billion	
Immunoassays	9.6
Molecular biology	3.2
Hematology and flow cytometry	3.0
Microbiology	1.8
Histology and cytology	1.4
Hemostasis	1.2
Other technologies[(a)]	3.0
TOTAL	**34.4**

[(a)] This item includes analysis of blood gases and electrolytes, capillary electrophoresis, etc.

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

In vitro diagnostic techniques were traditionally performed manually but have progressively been automated, making it possible for laboratories to standardize the process, which gives more reliable results in a shorter time period, ensures the traceability of analyses and increases the number of examinations that can be carried out simultaneously.

Molecular biology has added a new dimension to *in vitro* diagnostic techniques. It most often complements diagnostics by identifying pathologies that traditional techniques are not sufficiently sensitive or rapid to detect. Molecular biology has also paved the way to a new medical approach to cancer, genetic predisposition, genetic pathologies and the individual adaptation of patient treatment. Furthermore, it is only through molecular biology that viral load (the amount of viral copies in one milliliter of blood) can be measured. Viral load has become indispensable, particularly in monitoring HIV-positive patients. However, molecular testing is more expensive than traditional methods and still often requires the use of highly-skilled technicians.

IVD tests have evolved. In addition to traditional tests, high medical value tests are now of major clinical importance. These tests can be integrated at every level of care for patients, to improve or confirm a diagnosis, enhance treatment strategy, monitor the effects of prescribed treatments and, often, avoid costly complications.

Point-of-care analyses have also developed as instruments are miniaturized. For example, diagnostics tests are now available at some physicians' or nurses' offices and emergency services.

Over the medium- to long-term, the "theranostics" market, combining a diagnostic test and treatment, is likely to grow:

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

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

Driven by new technologies, IVD tests now play a decisive role with 60% to 70% of medical decisions based on *in vitro* diagnostic test results[(2)]. By providing earlier diagnosis and better monitoring of therapeutic response, these tests improve the quality of care and reduce healthcare costs.

[(2)] The Value of Diagnostic: innovation, adoption, and diffusion into health care. The Lewin Group.

6.1.2 DESCRIPTION OF THE COMPANY'S BUSINESS

6.1.2.1 Core areas of expertise

The following table sets out the key technological areas of expertise in the four sectors targeted by the Company:

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

Given the current market, the Company believes that it is important to master these complementary techniques and have a solid commercial base in order to successfully compete in the targeted areas.

In the clinical market (82% of bioMérieux's sales), the Group's historical business is focused on the diagnosis of infectious diseases, including bacterial (such as staphylococcus), parasitic (such as toxoplasmosis) and viral infections (such as HIV). In 2011, the infectious diseases field generated nearly 85% of the clinical net sales.

For several years, the Group has been using its technological expertise to extend its range of products to the detection and therapeutic monitoring of certain cardiovascular diseases and certain cancers. In 2011, these applications accounted for 7% of the clinical net sales, particularly:

– in the diagnosis of cardiovascular diseases (including thrombosis), the Company markets high medical value tests (see section 6.1.3);

– in cancer detection, for which the new molecular biology technologies are best suited, the Company is developing high medical value tests in order to diagnose cancers and improve patient care. In 2008, the Group acquired the American company AviaraDx (renamed bioTheranostics), which specializes in molecular diagnosis of tumor tissue collected through biopsies (see section 5.1.5).

The Group has also broadened the application of its expertise by taking up a pioneering position in industrial applications, a developing field which accounted for 18% of net sales in 2011. Industrial applications mainly concern the food and biopharmaceutical industries.

6.1.2.2 Key strengths

The Group’s principal strengths are:

– a high level of expertise in the diagnosis of infectious diseases, based on over 45 years of experience in biology, which is now being applied to new areas, including industrial applications, cardiac diseases and cancers;

– 70% of its sales generated in two sectors where it holds the leading position: clinical microbiology and industrial applications;

– a leading position in clinical microbiology, with a new concept of Full Microbiology Laboratory Automation (FMLA®) focused on introducing new automation and developing innovative IT solutions for microbiology laboratories and unique expertise in bacterial resistance mechanisms;

– a pioneering and leading position in industrial applications, where the Company has the widest product range, further strengthened by the acquisition of AES Laboratoire, and strong market positions promising substantial growth potential;

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

- expertise in molecular biology, particularly in automated nucleic acid extraction and an extensive range of virological tests for transplant patients, through the acquisition of Argene;

- a balanced geographic breakdown of its business into four quarters – Southern Europe and France, North America, emerging countries and the rest of the world – a global distribution network and a longstanding presence in emerging countries, enabling the Group to seize market growth opportunities;

- an installed base of nearly 65,000 instruments, primarily composed of closed systems;

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

- major investment in research and development, allowing it to launch innovative products on a regular basis;

- a genuine capacity to make targeted acquisitions and establish strategic partnerships; and

- a family majority shareholder, whose scientific, industrial and commercial vision has translated into continuous sales growth and improved profitability, while successfully positioning the Company in the technologies of the future.

6.1.2.3 Strategy

The deterioration in the economic environment since the publication of the 2010-2015 strategic plan in March 2010 has called into question the plan's underlying assumptions.

However, the Company believes that clinical and industrial *in vitro* diagnostics will continue to benefit from the previously identified dynamic drivers of medium- and long-term growth. It therefore intends to keep deploying its strategy through 2015, by continuing to pursue the same avenues to growth. In particular, it is assertively positioning its strategy in infectious diseases, cardiovascular emergencies and targeted cancers.

Backed by the mastery of its complementary technologies, its balanced global footprint, extensive installed base and robust financial health, bioMérieux aims to:

- extend its leadership in clinical and industrial microbiology: it will continue to innovate in these two areas, by delivering new Full Microbiology Laboratory Automation (FMLA®) and fast microbiology solutions that address the new financial and technological issues often facing today's laboratories;

- optimize its position in immunoassays, where it is a focused player. The Company intends to capitalize on its VIDAS® franchise, with a focus on its expertise in high medical value tests. The new generation VIDAS® will be particularly adapted to emerging countries. The Company is also developing its manual and automated point-of-care solutions;

- grow its molecular biology business: primarily targeting nucleic acid extraction, where the Company has a leading position, and the diagnosis of infectious diseases, leveraging the fully automated platform under development with Biocartis. It will also continue to pursue its efforts in personalized medicine.

bioMérieux will pursue its ambitious international development and will continue to expand its presence in new fast-growing markets, with a focus on China, as well as in North America, the world's largest market.

The Company is committed to undertaking the following priority actions:

- driving growth in its key markets: bioMérieux wants to enhance its leadership positions in clinical and industrial microbiology and strengthen its franchises in high medical value tests (VIDAS®) and in molecular biology extraction. It also intends to capitalize on the integration of AES Laboratoire and Argene. Lastly, it aims to make China its third largest subsidiary and will expand its global footprint by creating at least two new commercial subsidiaries;

- anchoring its growth even more solidly in the launch of innovative solutions: bioMérieux intends to bring five new platforms to market, each one contributing to improve the medical value of diagnostics, testing processes or laboratory workflow. The Company will select, among emerging technologies, those which seem the most promising for its business, will choose high value added biomarkers, and introduce new tests. In particular, it will launch a new generation VIDAS® system in 2012;

- seizing every opportunity for targeted acquisitions and partnerships, while maintaining the Company's solid financial structure. Opportunities will be selected for their strong strategic fit and potential for creating value;

- strictly controlling operating costs, despite the launch of new systems, while undertaking the operating and organizational initiatives needed to meet its strategic objectives.

6.1.2.4 Business development

The Company's global Business Development Department, set up in September 2006, has teams based in Cambridge (Massachusetts, United States), Marcy l'Étoile (France), Shanghai (China) and Tokyo (Japan) that work closely with the technology units. Its activities have resulted in ten acquisitions, five theranostics agreements as well as numerous strategic agreements concerning system development, access to innovative biomarkers and distribution of products that complement existing ranges.

6.1.3 GROUP PRODUCTS

The Group offers its clinical customers a large number of products for the detection, diagnosis, and treatment monitoring of pathologies that have been targeted as primary areas of focus of its business. Some product and service ranges are designed to ensure manufacturing quality control in the food, cosmetics and pharmaceutical industries.

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

The Company's ten leading products accounted for about 20% of net sales in 2011, of which 4% was generated by the Company's top selling product.

6.1.3.1 Breakdown of the Group's product range

The Group's product range consists of diagnostic systems presented in section 6.1.1.

The majority of the Group's net sales concerns reagents, which accounted for approximately 82% of net sales in 2011. Instruments are either sold (13% of net sales in 2011), or provided to customers for use on their premises 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 repossess the instrument. In some markets, in particular the United States, instruments can also be leased to customers. Any required systems management software is provided with the instruments and is updated on a regular basis.

The vast majority of instruments developed and installed by the Company are closed systems, meaning that they can only be used with reagents developed specifically for these instruments. At December 31, 2011, the installed base amounted to nearly 65,000 instruments. Approximately 70% of reagent sales in 2011 were related to closed systems, the rest related to manual products and open systems.

Instruments that are sold or provided to customers are accompanied by services which include, in particular, the installation and servicing of the instrument, as well as user training. Some of the services provided by the Company are billed to customers. Billable services accounted for approximately 5% of the Company's net sales in 2011. Starting in 2011, the Company began developing this business by focusing on the training of technicians, laboratory accreditation processes and workflow optimization.

6.1.3.2 Main products

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

6.1.3.2.1. Microbiology

This technology involves culturing biological samples in a medium allowing any bacteria present to multiply in order to identify the bacteria and test their sensitivity to antibiotics.

Culture media

The Group offers an extensive range of culture media, with more than 100 bioMérieux references available in various forms such as Petri dishes, tubes and bottles. With over 45 years' experience in the area of industrial manufacture of culture media, the Company is the European leader in the production of conventional and chromogenic pre-poured media (PPM).

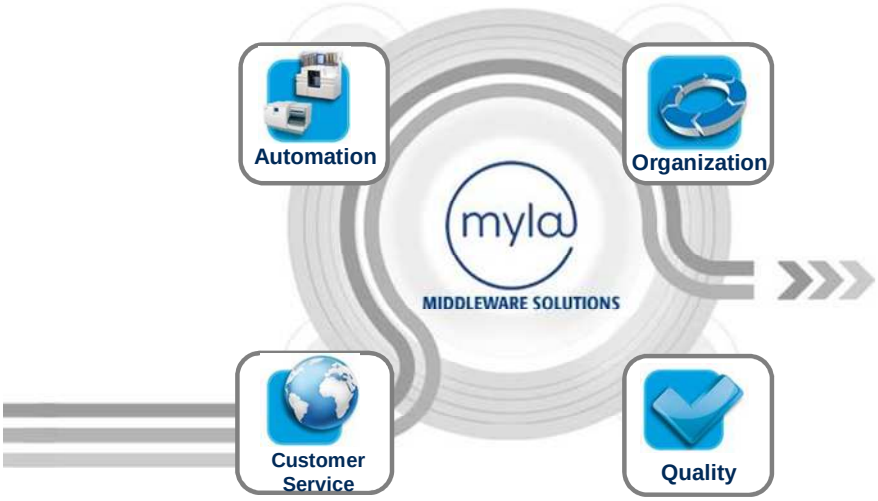
In this market, the Company is focusing its efforts on developing the chromID™ line of chromogenic media, products which require specialized know-how. By introducing chromogenic substrates, these media simultaneously combine the isolation and identification of targeted microorganisms which cut down the time required to obtain results. The Company focuses in particular on the development of a line of culture media aimed at screening patients carrying multi-resistant bacteria, so as to reduce healthcare-associated infections by applying appropriate containment and hygiene measures. Furthermore, the Company successively marketed the chromID™ MRSA medium for the screening of methicillin-resistant Staphylococcus aureus bacteria (2005), the chromID™ ESBL medium for the detection of extended-spectrum beta-lactamase-producing enterobacteria (2007), and the chromID™ VRE medium for the detection of vancomycin-resistant enterococci (2007). The marketing of these three culture media is part of the Company's strategy against healthcare-associated infections. The Company obtained FDA approval of chromID™ MRSA and chromID™ VRE and can now market these products in the United States. In 2011, the Company launched chromID™ C. *difficile*, the first chromogenic culture medium for the isolation and identification of Clostridium difficile in just 24 hours. C. *difficile* is a bacterium responsible for epidemics of healthcare-associated infections, some of which are very serious and associated with high mortality rates.

In industrial applications, the Company develops and markets various specific media – such as the chromID™ line – for the culture, detection, identification and quantification of microorganisms in food and biopharmaceutical products and in the manufacturing environment (air, surfaces, water, etc.). In both of these areas, bioMérieux develops innovative analytical solutions to rapidly identify any bacterial infection during the manufacturing process. In food manufacturing, chromID™ Lmono, the only culture medium for the detection and quantification of Listeria monocytogenes bacteria in food, was launched in 2011.

In 2011, bioMérieux was honored with the prestigious Black Pearl Award by the IAFP (International Association for Food Protection) for its excellence and commitment to food quality and safety.

Automated *in vitro* diagnostics solutions

Microbiology



Full Microbiology Laboratory Automation (FMLA®)

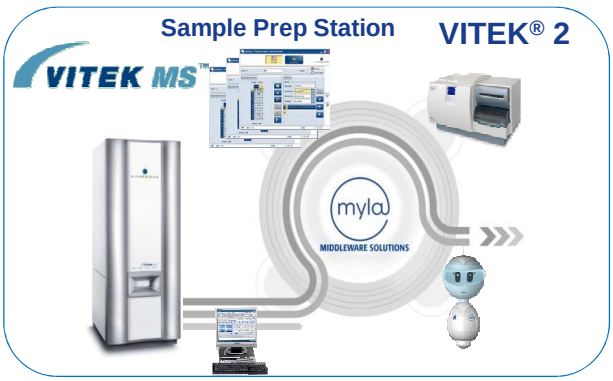
PREVI™ Isola

BacT/ALERT®

Blood culture bottles

VITEK® 2

VITEK® 2 Cards



VITEK®MS

Immunoassays

VIDAS® and mini VIDAS®

VIDAS® strip and SPR

Molecular Biology

NucliSENS® easyMAG®

Extraction reagents

Disposables
(aspirator and sample vessel)

Industrial Applications

TEMPO®

TEMPO® Card

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

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

The Company also markets the ATB™ line with ten strips for manual antibiotic susceptibility testing that comply with EUCAST (European Committee on Antimicrobial Susceptibility Testing) and CLSI standards.

Based on its API® and ATB™ product lines, the Company has adapted the semi-automated ATB New, an instrument designed for use in emerging countries which includes identification and antibiotic susceptibility test strips as well as software for analyzing results.

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

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

Etest® is an agar diffusion technique used to measure an antibiotic's minimum inhibitory concentration. Etest® is useful as guidance for antibiotic therapy by determining bacterial sensitivity to antibiotics and by detecting resistance mechanisms. This technique is perfectly suited to bacteria that are rare or difficult to grow and complements the VITEK® range by allowing for the quantitative measurement of the sensitivity of newly-released antibiotics prior to their integration into the VITEK® cards, or for the testing for a particular antibiotic for which more precise information is needed, etc.

Three new tests were launched in 2011: Tobramycin, which received FDA approval, Televancin and MBL MP/MPI, which is used to detect the metallo-beta-lactamases involved in high-level resistance to beta-lactam antibiotics.

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

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

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

The Company subsequently launched:

- in 2004, VITEK® 2 Compact, an instrument featuring a new colorimetric reading mode and new expert systems, which, due to its smaller size, is aimed at small and mid-sized laboratories, running between 30 and 60 tests per day;
- in 2007, VITEK® 2 Compact 15, for laboratories running 15 to 30 tests per day;
- in 2008, two operating software improvements to integrate new antibiotics and to update more rapidly and frequently regulatory interpretation tables, as well as to allow the use of the new ANC card to identify anaerobic microorganisms and corynebacteria;
- in 2009, VILINK™, an IT solution allowing VITEK® 2 users to benefit from remote assistance for incident resolution and maintenance through a fast and secure connection; and
- in 2011, the release of the new version of the Piperacillin/Tazobactam (TZP) antibiotic susceptibility test on VITEK® 2 outside the United States and version V2S 5.03 of the VITEK® software, which complies with the EUCAST recommendations issued on April 30, 2010.

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

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

VITEK® MS: the MALDI-TOF mass spectrometry solution

Mass spectrometry is a technique used to identify and determine the chemical structure of multiple molecules simultaneously, analyzing the mass and charge of their ions. The molecular "signatures" that are obtained can be used to rapidly identify isolated colonies of bacteria. This bacteria identification technique is appropriate for laboratories that handle large volumes of samples as a quick and cost-effective solution to obtain results. However, MALDI-TOF mass spectrometry cannot test sensitivity to antibiotics.

In 2011, the Company introduced a CE-marked version of its VITEK® MS mass spectrometry solution for bacterial identification in microbiology laboratories. The MYLA® middleware enables seamless integration between this new solution and the VITEK® platform. It is the fruit of the partnership between Shimadzu and its instrument supplier subsidiary, Kratos Analytical Ltd., and the acquisition of the AnagnosTec database. A request for 510(k) clearance will be filed with the U.S. Food and Drug Administration (FDA) in the first half of 2012.

Blood culture: the BacT/ALERT® product line

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

A new blood culture bottle that neutralizes antibiotics more effectively and promotes bacterial growth received CE marking in December 2011.

Industrial applications of the BacT/ALERT® 3D systems line include monitoring the sterility of certain food and biopharmaceutical products.

Full Microbiology Laboratory Automation (FMLA®)

bioMérieux introduced the concept of modular Full Microbiology Laboratory Automation in 2008 aiming to provide clinicians with even faster, more standardized results for optimal quality of service and to improve the medical value of *in vitro* diagnostic tests.

In addition to its “traditional” offer in automated microbiology systems, the Company launched three new platforms:

- PREVI™ Color Gram, an automated Gram staining system (distribution agreement with Wescor, an ELITech Group company);
- UF-1000i/500i, an automated urinary screening system based on fluorescence flow cytometry (distribution agreement with the Japanese company Sysmex); and
- PREVI™ Isola, an automatic Petri dish streaker (in partnership with the Australian company Labtech). PREVI™ Isola won the 2010 "Medical Design Excellence Award" for contributions and advances in the design of medical products.

In 2011, the Company signed an agreement with Labor Berlin to set up a center of excellence devoted to microbiology and laboratory automation.

MYLA® a new IT solution for microbiology laboratories

MYLA® middleware, launched in 2010, improves connectivity, laboratory workflow and information management. This software consolidates and manages microbiology data generated from a variety of sources. It significantly improves a laboratory's efficiency and ensures that the most useful information is readily available to clinicians to speed up decision making.

In particular, MYLA® features:

- rich connectivity between bioMérieux systems, other instruments, the laboratory information system and, eventually, other hospital information systems. MYLA® also shortens time to results through real-time collection, consolidation and delivery of relevant clinical test results;
- improved information management between automated systems that eliminates redundant data entry, saving time and minimizing potential errors. The software also sends real-time alerts so that specific prevention and control actions can be immediately implemented;
- enhanced visibility to manage laboratory workflows. Laboratory managers have the flexibility to customize their dashboard to enter data such as quality indicators and workflow metrics for continuous operational improvement. MYLA® is web enabled, making the software easy to deploy and facilitating access to information from multiple remote sites.

Enumeration of microorganisms (quality indicators): TEMPO®

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

In 2006, the Company extended its TEMPO® system menu, with the marketing of TEMPO® EB, for the counting of enterobacteria in food products. In 2008 and 2009, the TEMPO® menu was further expanded with the launch of three new parameters: TEMPO® YM, TEMPO® STA and TEMPO® LAB, for the respective enumeration of yeasts and molds, *Staphylococcus aureus* (S. *aureus*) and lactic bacteria in food products.

In 2008 a connection software was launched to enable information to be exchanged between the VIDAS® and TEMPO® platforms and the information system of industrial laboratories. This system enables analyses to be traced from the initial sample until the final result is communicated to the manufacturing site.

Product offering of AES Laboratoire, acquired in July 2011

AES Laboratoire has developed a comprehensive range of tools for industrial microbiology laboratories, from sample collection to results:

- sample collection and preparation;
- culture media and their preparation;
- inoculation;
- incubation and temperature control;
- rapid microbiology;
- reading and confirmation.

AES Laboratoire ranks as an expert throughout all steps of microbiological analysis thanks to its vast expertise gained in various technologies, such as flow and laser scanning cytometry, molecular biology, culture media and metrology.

Its product range includes:

- the ALOA culture medium used to detect Listeria monocytogenes, the medium recommended by the ISO standard;
- the SMS (Simple Method Salmonella) medium, the first method approved by AFNOR/ISO 16140 in the world;
- cytometry instruments used to detect microorganisms, including ScanRDI, the first and only real-time, FDA-approved sterility test used to monitor sterile pharmaceutical products;
- a gravimetric diluter for microbiology, Dilumat® S, used to standardize and maximize productivity in sample preparation;
- eviSENSE® software, used to monitor temperature and environmental parameters in the laboratory.

Products are sold under two brand names:

- AES Laboratoire: reagents and microbiology equipment;
- Chemunex: real-time cytometry analyzers.

6.1.3.2.2. Immunoassays

This technology, based on an antigen-antibody reaction, detects and measures infectious agents, such as bacteria, viruses, and parasites, and measures the specific biomarkers of various pathologies (metabolic, hormonal, infectious, etc.).

The VIDAS® product line

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

Launched in 1991, VIDAS® has been very successful. It is recognized for its quality and reliability. In a study(3) of automated immunoassay analyzers, the College of American Pathologists concluded that VIDAS® has the world's largest installed base in immunoassay laboratories. At December 31, 2011, approximately 30,000 VIDAS® and mini VIDAS® systems had been installed, including 26,000 in clinical laboratories.

VIDAS® is also well suited to the requirements of emerging countries.

At December 31, 2011, the VIDAS® menu included 97 clinical parameters covering a wide range of human pathologies. For example, the HIV Duo Ultra and Quick tests, launched in 2004, are ready-to-use automated HIV infection detection tests which detect both antigens and antibodies, reducing the diagnosis timeframe (period between infection and detection of the virus or antibodies). Similarly, the VIDAS® C. *difficile* Toxin A&B(4), which was launched in 2007 and gives results in only 75 minutes (compared with 24 to 48 hours for the reference method), enables faster medical decisions and patient isolation measures in order to avoid any transmission.

(3) College of American Pathologists: Automated immunoassay analyzers (June 2009)
(4) Clostridium difficile is a type of bacteria responsible for fatal healthcare-associated infections in Canada, the United States and, more recently, in Europe.

The Company notably markets VIDAS® for use in high medical value tests. Following the marketing of the VIDAS® D-Dimer Exclusion™ tests to exclude the diagnoses of deep vein thrombosis and pulmonary embolism and the VIDAS® Troponin I Ultra test to diagnose acute coronary syndrome, the Company launched the VIDAS® B.R.A.H.M.S PCT and VIDAS® NT-proBNP tests in 2007.

– VIDAS® B.R.A.H.M.S. PCT is an automated test to measure 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 represents a major cause of fatalities. It was approved by the American FDA in 2007.

– The VIDAS® NT-proBNP test is a quantitative marker of cardiac function. It provides objective information which proves useful in the differential diagnosis of heart failure (respiratory diseases or pulmonary embolism, for example). It was approved by the FDA in the United States in 2008.

In 2009, the Company launched VIDAS® EBV, designed to detect the Epstein-Barr (EBV) virus, responsible for 80% of cases of infectious mononucleosis (IM). Designed by bioMérieux's research and development teams using proprietary technology, this test is especially useful due to the non-specific symptoms of IM (similarity with strep throat, toxoplasmosis, rubella, etc.). The diagnosis of IM prevents the inappropriate prescription of antibiotics.

In 2010, bioMérieux added two parameters to the VIDAS® range: VIDAS® Lyme IgM and VIDAS® Lyme IgG to diagnose Lyme disease, a bacterial infection transmitted by ticks. This new generation of tests is a valuable tool for clinicians as it allows a diagnosis to be confirmed despite non-specific symptoms and the date of infection to be established. bioMérieux also signed two agreements to develop VIDAS® tests using two innovative biomarkers: galectin-3 and hs-CRP (see section 5.1.5).

In 2011, the Company extended its VIDAS® Thyroid panel with two new parameters, VIDAS® Anti-TPO and Anti-Tg.

During the year, the FDA in the United States also cleared the VIDAS® TOXO IgG Avidity test, which is used to rule out recent infection, i.e., developed within the past four months, in patients with toxoplasmosis. In particular, it determines whether there is a risk of infection for the fetus during pregnancy. This is the first test of its type to be approved by the FDA.

In industrial applications, the VIDAS® menu offers 16 tests for the detection of pathogenic agents. In 2008, the Company launched the VIDAS® UP reagent, for the detection of *Escherichia coli* (*E. coli*) O157:H7, bacteria responsible for numerous foodborne illnesses which in some cases may be fatal. This innovative solution was developed in cooperation with Hyglos GmbH and uses technology based on the (synthetic) phage recombinant protein (a virus that attacks bacteria). Hyglos received the "Food Safety Innovation Award 2010" for this cutting edge technology. In 2011, a new test was launched based on this technology, VIDAS® SPT, used to detect *Salmonella* bacteria in food. Most VIDAS® tests have been validated by official bodies such as the AFNOR Certification, in accordance with ISO or AOAC International standards.

Microplate immunoassay tests

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

Rapid tests

Rapid tests are manual tests based on antigen-antibody reactions. The low cost and ease of use of these tests make them particularly suitable for users without access to laboratory infrastructure such as in emerging countries, mass screening programs funded by governments or non-governmental organizations. This range also offers a solution for rapid diagnosis at patients' point of care (emergency services, physicians' office laboratories, etc.).

At the beginning of 2008, bioMérieux entered into a partnership with the North American company Quidel, under which bioMérieux was, under its own name, the exclusive distributor of Quidel's QuickVue® rapid diagnostic tests outside the United States, Japan and Scandinavia. This partnership ended on December 31, 2011.

In 2010, bioMérieux acquired Meikang Biotech – renamed bioMérieux Shanghai Biotech – a rapid test manufacturer based in Shanghai. This acquisition bolsters the Company's position in the point-of-care diagnosis and rapid test markets in both emerging and developed countries (see section 5.1.5). bioMérieux has also developed its bioNexia® product line as a result of the acquisition.

In 2011, five tests received CE marking: bioNexia® BTA (Bladder Tumor Antigen) used for the qualitative detection of bladder cancer antigens in urine; bioNexia® CRP for the semi-quantitative detection of CRP (C-reactive protein) in whole blood; bioNexia® FOB plus for the qualitative detection of human hemoglobin in stool samples, used in colorectal cancer screening; bioNexia® Influenza A+B for the qualitative detection of influenza A and B antigens in nose and throat swabs; and bioNexia® Troponin I for the qualitative detection of troponin I in whole blood, serum or plasma, used to diagnose acute coronary syndrome or myocardial infarction.

6.1.3.2.3. Molecular biology

This technology is based on the detection of genetic sequences of DNA or RNA that are characteristic of a bacterium, virus, protein or cell. It comprises three steps: (i) the extraction of the genetic sequences, (ii) the amplification (or multiplication) of the number of sequences, and (iii) 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 DNA and RNA extraction, the Company's products use the BOOM® 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. As opposed to the PCR amplification technology, the NASBA™ technology targets RNA (and incidentally DNA) and makes it possible to perform the amplification process at the same temperature, using less complex equipment. The Company has now combined amplification and detection into a single reaction, using “real-time NASBA™” 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 Company notably markets NucliSENS EasyQ® HIV-1 v2.0, which can be used with the Dry Blood Spot, the first CE marked filter paper collection technique to enable screening in remote areas.

In 2009 and 2010, the Company launched NucliSENS EasyQ® MRSA (CE marked) for the rapid screening of patients carrying MRSA and NucliSENS EasyQ® KPC (for research applications only), to detect carbapenem resistance mechanisms in *Klebsiella pneumoniae*, the root of its resistance to numerous antibiotics. These tests add to bioMérieux's range aimed at healthcare-associated infections and antibiotic resistance.

In 2011, the EasyQ® MRSA molecular test, used to screen for methicillin-resistant *Staphylococcus aureus* (MRSA), received 510(k) clearance with the Food and Drug Administration (FDA) in the United States.

Acquisitions and partnerships in molecular biology

- In 2011, bioMérieux acquired Argene, a French company specialized in molecular biology. Its comprehensive range of diagnostics for immunocompromised patients reinforced bioMérieux's infectious disease product portfolio in this fast-growing medical area. This acquisition will also accelerate time-to-market of a broad test menu on the new molecular platform currently being developed with Biocartis.

- In 2010, bioMérieux and Switzerland-based Biocartis entered into a strategic agreement to co-develop assays on Biocartis's fully integrated molecular diagnostics system, which the two companies will co-distribute starting in 2013. Under the agreement, bioMérieux will have worldwide exclusive rights to develop and market microbiology assays on the platform. It will also have access to the platform for certain oncology and theranostics assays.

- bioMérieux and U.S.-based Idaho Technology signed an agreement in 2010 for the development of a molecular biology platform for industrial applications.

- In 2010, bioMérieux entered into an agreement with Knome to develop a new generation of IT solutions in the *in vitro* diagnostics field using DNA sequencing.

- The Company strengthened its position in the fields of oncology and theranostics with the acquisition, in September 2008, of AviaraDx, now called bioTheranostics (see section 5.1.5).

- In May 2007, bioMérieux and AdvanDx signed an agreement authorizing bioMérieux to distribute the AdvanDx PNA FISH™ (Peptide Nucleic Acid Fluorescence In Situ Hybridization) diagnostic tests in the United States until December 31, 2012.

- In September 2006, bioMérieux acquired the molecular biology company Bacterial Barcodes Inc. (see section 5.1.5).

- The Company is also the exclusive distributor in certain territories of Gen-Probe's molecular biology manual reagents, in particular, tests for the detection of mycobacteria (including the tuberculosis infectious agent).

6.1.3.3 Other Group products

The Group is also continuing its mature clinical chemistry business, a "commodity" market for the Company which no longer requires significant capital expenditures.

6.1.3.4 New products and services

In line with its strategy (section 6.1.2.3), the Company plans on marketing:

- five new platforms by 2013:
  - a new automated VIDAS® platform in 2012,
  - a new automated blood culture platform, an automated incubator, a point-of-care solution for hospitals in partnership with Philips and the molecular biology platform in partnership with Biocartis (see section 6.1.3.2), in 2013;
- new reagents, in particular those with high medical value;
- new services (see section 6.1.3.1): Performance Service Solution, which will initially focus on assisting laboratories in the accreditation process, optimizing laboratory workflows and training technicians.

6.2 PRINCIPAL MARKETS

6.2.1 MARKET OVERVIEW

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

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

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

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

For approximately twenty years, most clinical diagnostics techniques have also been used to control the microbiological quality and composition of food and biopharmaceutical products.

The breakdown of the Company's net sales by region and by technology is presented in section 9.1.

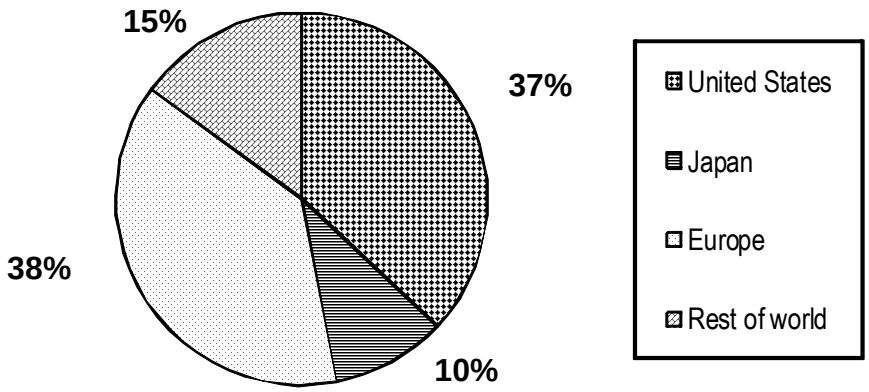
6.2.1.1 Size of the *in vitro* diagnostics market and recent developments

The global market for *in vitro* diagnostics was estimated in 2011 at approximately €34 billion (USD 48 billion) for clinical applications and approximately €1.4 billion (USD 1.9 billion) for industrial applications. Approximately 85% of the worldwide *in vitro* diagnostics market for clinical and industrial applications is concentrated in developed countries (North America, Europe and Japan).

Clinical applications

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

A 2011 estimate of the geographical breakdown of the clinical *in vitro* diagnostics market:



Source: Internal estimates

The table below gives an estimate for 2011 of the clinical *in vitro* diagnostics market broken down by pathologies, on which the Company has decided to focus its development:

	2011 (in billions of euros)
Infectious diseases	8.9
Cancers	5.1
Cardiovascular diseases	3.1
Other	17.3
TOTAL	**34.4**

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

Industrial applications

The industrial market is newer and more fragmented than the clinical market. Its main applications are the control of the microbiological quality of food, cosmetics and pharmaceutical products.

6.2.1.2 Market trends and growth prospects

Several structural factors explain growth in the *in vitro* diagnostics market:

Structure of laboratories

- Increased automation of laboratories and higher service requirements (training, maintenance, accreditation assistance, optimizing laboratory productivity, etc.), due to a growing shortage of qualified personnel, the need to standardize analyses and the greater consolidation of laboratories.

- The development of molecular biology has led to new diagnoses (see section 6.1.3.2) and the management thereof has resulted in the development of easier to use integrated platforms.

- Increasing demand in hospitals, particularly in the emergency and intensive care departments, for diagnostic solutions leading to the faster selection of treatment for patients and resulting in point-of-care tests.

Lifestyles

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

- The prevalence of illnesses caused by lifestyle and eating habits, such as obesity and food allergies.

New markets

- There is a considerable increase in demand from emerging countries as a result of factors including growth in population, organization of health systems, new infrastructure, rising living standards, etc.

- Healthcare reform in the United States should lead to medical coverage for an additional 32 million people, who currently do not have adequate medical coverage.

The emergence of new microorganisms

- The emergence of new pathogens which require new diagnostic capabilities.

- The development of antibiotic-resistant bacteria (e.g., NDM-1 bacteria) and viruses resistant to antiviral agents, which create a need for a better management of therapies.

- The proliferation of healthcare-associated infections leads to the need to detect carriers of multi-resistant bacteria before they become self-contaminating or infect other patients.

The need to reduce health expenses

- Diagnosis – which accounts for only about 2% of health spending – is used in the majority of treatment decisions, and provides better care for patients and health spending optimization.

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

The medical importance of *in vitro* diagnostics

- Progress in medical know-how has led to the discovery of innovative new biomarkers which can result in the development of IVD tests improving patient care.

- The emergence of theranostics allows for the association of individualized treatment decisions with a particular diagnostic test.

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

The growing demand in industrial applications

- The growing impact of quality control obligations in the food and biopharmaceutical applications.
- Food and biopharmaceutical corporations are looking to protect their trademark and reputation.
- Emerging countries want to protect their consumers and export their own food production.
- End consumers demand increasingly higher standards when it comes to the quality of the food and biopharmaceutical products that they consume.

Conversely, some economic factors may impact growth in the market:

- Chronic deficits and excessive debt levels of healthcare systems in developed countries are leading to austerity measures (lower reimbursements, reduced investments, streamlining of the management of reagent inventories, etc.) and limiting users' ability to increase consumption.
- Economic difficulties and unemployment in the United States have resulted in fewer medical examinations.

With a growth rate of between 4% and 5% in 2011, the Company estimates that the *in vitro* diagnostics market has slowed by about 1% since 2010, but remains confident that it will continue to expand in the medium term.

This outlook is presented for illustrative purposes and is likely to vary significantly for the reasons indicated in section 4.1 on risk factors.

6.2.2 PRINCIPAL PLAYERS

Increasing R&D costs related to innovation, the consolidation of the customer base, the need for broader product lines, as well as critical mass considerations are driving the players in *in vitro* diagnostics towards major consolidation. In addition, IVD has attracted several new players.

About 15 mergers or acquisitions were announced in 2011. Danaher acquired Beckman Coulter for USD 6.8 billion, Thermo Fisher acquired the Swedish company Phadia for USD 3.5 billion, and Qiagen took over the Australian company Cellestis. In 2012, Roche announced a USD 6.5 billion takeover bid for the U.S. group Illumina, specialized in gene sequencing. The offer was rejected by Illumina shareholders in April 2012.

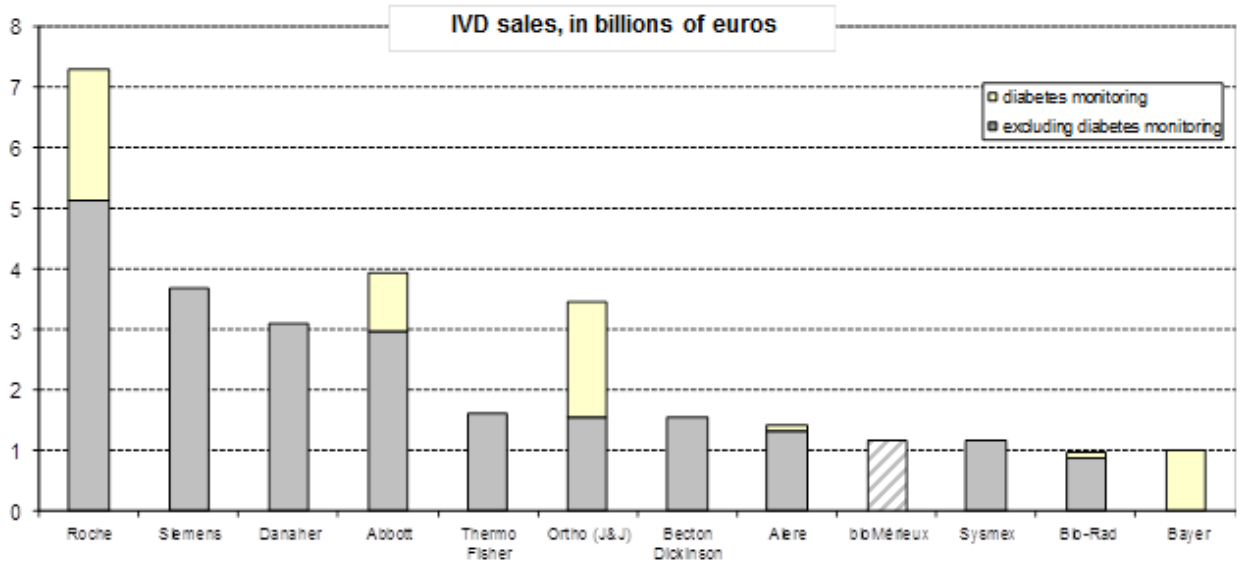
This development has intensified competition in the market.

The Company believes that the world's top twelve *in vitro* diagnostics companies account for over 85% of total worldwide sales. The *in vitro* diagnostics industry consists of either large pharmaceutical or diversified groups (Roche, Siemens, Abbott, Johnson & Johnson, Danaher, Thermo Fisher and Becton Dickinson) or specialized companies (bioMérieux, Alere, Bio-Rad and Sysmex).

Competition has also intensified in the microbiology market with the arrival of Bruker, a company specialized in mass spectrometry.

Based on its 2011 net sales, the Company ranks itself in ninth place in the *in vitro* diagnostics market. This ranking reflects its relatively specialized positioning: it is not present on the diabetes field and has little activity on the clinical chemistry market.

In clinical applications, the table below is solely based on the companies' 2011 *in vitro* diagnostics net sales, including flow cytometry (Becton Dickinson) and excluding sales in other sectors such as life sciences (Roche, Danaher and Bio-Rad), pre-analytical (Becton Dickinson), health management (Alere) and other business (Sysmex).



Source: annual financial statements of the companies, transposed on the calendar year 2011 where applicable. Danaher and Thermo Fisher's sales include the contributions of Beckman Coulter and Phadia, respectively, on a pro forma basis.

6.2.3 GROUP CUSTOMERS

In clinical applications, the organization of the *in vitro* diagnostics sector varies largely from country to country, depending on the structure of the healthcare system itself. Essentially, it may be part of the public or the private sector, or combine them both. The Group mainly sells its products to hospital and commercial laboratories. The Company estimates that these two types of customers represent approximately two-thirds of the *in vitro* diagnostics market, with hospital laboratories alone accounting for approximately half the market. To a lesser extent, the Group's customers include distributors, blood banks, the point-of-care market (in particular, hospital emergency rooms) and physicians (physician office laboratories). The Group does not sell products directly to patients, as the customer base would require too large a sales network.

In France, which accounted for 13% of the Group's sales in 2011, there is a mixed private/public healthcare structure. Private laboratories, which accounted for 52% of sales in 2011, usually place orders, whereas public hospitals, which accounted for 29% of the Company's sales, operate through tendering procedures. Industrial customers (15% of sales in 2011) also place direct orders.

In the United States, which is the Group's largest market, public and private hospitals accounted for 60% of sales in 2011 and commercial laboratories accounted for 13%. In addition, 8% of sales were to other clinical-market customers, including physician office laboratories. Industrial customers altogether accounted for 19% of sales.

For several years, the market trend has been towards the consolidation of medical laboratories, whether in hospitals or commercial laboratories.

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

This consolidation, which strengthens customers' bargaining power, speeds up the development of laboratory automation and increases the laboratories' need for higher-throughput systems and their capacity to invest in new platforms. The Company's clinical microbiology offer includes all-capacity systems and is based on the concept of Full Microbiology Laboratory Automation (FMLA®). It is therefore perfectly in line with this shift towards consolidation. However, in immunoassays, VIDAS® is a low throughput platform and is not suited to routine testing in large laboratories.

At the same time, the need for decentralized tests has grown considerably. These tests require results to be delivered rapidly and are performed at the point of care, such as in emergency situations or in intensive care units.

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

Sales from the ten largest customers accounted for less than 10% of Company net sales in 2011. The largest customer accounted for slightly more than 2% of net sales.

6.2.4 DISTRIBUTION NETWORK

The Company markets its products in over 160 countries through a network of international subsidiaries and distributors. The Company has established a Global Sales Department, to optimize the effectiveness of its sales network and encourage synergies between its sales and marketing teams.

6.2.4.1 An extensive distribution network

The distribution of products primarily relies on a network of 40 commercial subsidiaries, which are dedicated to the sale, promotion and maintenance of the Group's products.

Group subsidiaries have specialized sales and marketing forces for clinical and industrial customers. In the most developed and mature markets, such as the United States, most of the European markets and Japan, sales forces in clinical applications are specialized by product line. Likewise, the industrial applications sales forces are becoming increasingly specialized in the pharmaceuticals and food sectors. Conversely, in smaller countries, sales forces are not specialized. At the end of 2011, the Group's sales, marketing and customer service personnel (in full-time equivalents) totaled 2,217 people, including 1,208 in Europe, the Middle East and Africa, 500 in North America, 333 in Asia-Pacific and 176 in Latin America.

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

6.2.4.2 Numerous independent distributors

In addition to its subsidiaries, the Company possesses a strong presence on all continents through independent distributors. The Company's determination to achieve strong product recognition, along with legal requirements regarding traceability and customer support services (technical personnel, training, availability of spare parts) direct the choice of local partners. These distributors are usually leading players in the healthcare sector of their countries and are usually exclusive in the diagnostics field. They are also selected by the Company on the basis of their knowledge of local healthcare market players, and their material and human resources. The Company ensures that its distributors have adequate financial resources to fund the instruments provided to end-customers. At December 31, 2011, the outside distribution network included around 100 partners.

6.2.5 COMPETITION

6.2.5.1 Clinical market

In infectious diseases, which accounts for approximately 25% of the *in vitro* diagnostics market and 85% of the Group's clinical sales, the Company is one of the few firms to possess the full range of technologies (microbiology, immunoassays and molecular biology). 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.

- In clinical microbiology, as estimated internally and by a major independent consultant specialized in *in vitro* diagnostics, the Company's market share is around 42%, allowing it to hold the leading position. This market represents an estimated €1.8 billion and enjoys annual growth of 3% to 4%. Other significant players in this market include Becton Dickinson, Siemens and Thermo Fisher.

- In immunoassays, the major pharmaceutical groups and diversified companies (Roche, Abbott, Siemens, Johnson & Johnson, Danaher) are dominant. Among specialized players, the main competitors include Alere, Bio-Rad and DiaSorin. According to internal estimates, the Company is a focused player in this market with around 4% market share. It plans to develop further through its offer of high medical value tests and positioning in emerging countries.

- In molecular biology, the market leader is Roche. The other significant players in the market are Gen-Probe, Qiagen, Becton Dickinson, Novartis, Cepheid, Abbott and Siemens, with bioMérieux holding around 2% of this market but a leading position in extraction.

6.2.5.2 Industrial market

In the industrial market, the Company occupies a leading position alongside Merck (following the acquisitions of Millipore and Biotest's microbiology business) and 3M-Biotrace. Its market share was approximately 20%[(5)] in 2011. Although the market remains relatively fragmented, strategic alliances were formed in 2011, with bioMérieux's takeover of AES Laboratoire and Merck's acquisition of Biotest's microbiology business.

6.3 QUALITY SYSTEMS AND APPLICABLE REGULATIONS

6.3.1 QUALITY ASSURANCE SYSTEMS, MONITORING SYSTEMS AND AUDITS

The Company is particularly attentive to compliance with quality standards and regulatory questions. The Quality Management Systems Department was set up and is responsible for product quality, regulatory affairs and quality assurance (described in the Chairman's report in Appendix 1). The Department is assisted by a quality assurance interface in each production and distribution site.

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

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

(5) Including AES on a pro forma basis

6.3.2 REGULATORY REQUIREMENTS

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

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

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

Regulations applicable to these products are part of the regulations governing industrial and consumer products and primarily concern product safety.

6.3.3 CLINICAL *IN VITRO* DIAGNOSTICS

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

In vitro diagnostics are primarily governed by the five following bodies of legislation:

- Directive 98/79/EC for the European Union;
- FDA regulations for the United States (Code of Federal Regulations – Title 21);
- "Pharmaceutical Affairs Law" for Japan;
- Medical Devices Regulations in Canada; and
- SFDA regulations in China.

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

- low-risk products, such as products for glycemia dosage, cholesterol dosage, and bacteriological analyses, etc.;
- medium-risk products, such as tests for pregnant women, including the diagnosis of toxoplasmosis, rubella, cytomegalovirus, and other specific cases, depending on the legislation, such as the dosage of prostate-specific antigen (PSA); and
- high-risk products, such as the detection of HIV virus and hepatitis markers, reagents used for the determination of blood types.

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

Within the European Union, the regulatory environment is based on Directive 98/79/EC of October 27, 1998, which applies to all medical devices for *in vitro* diagnostics. The directive was transposed into French law by the order issued on March 1, 2001, supplemented by the decree no. 2004-802 of July 29, 2004, inserting articles L.5221-1 *et seq.* in the French Public Health Code (*Code de la santé publique*), and the decrees of November 9, 2004 and February 25, 2005 and July 1, 2005. European regulations harmonize the European *in vitro* diagnostic market by standardizing the marketing procedures used by manufacturers of *in vitro* diagnostics products. A revision of this directive is currently being prepared, which implies more stringent regulatory procedures.

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

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

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

In accordance with this procedure, the Regulatory Affairs Department prepares a dossier prior to the launch of any new product including all information necessary to determine whether the product meets the requirements set forth in the regulations. The dossier is then submitted for approval to one of the Group's Regulatory Affairs managers. The Marketing Committee verifies that the approved dossier is available.

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 exempt from registration and are under the responsibility of the manufacturers.

Medium-risk products are subject to 510(k) clearance which require a period that can exceed six months. A limited number of products deemed to be high-risk products are subject to pre-market approval (PMA), the registration period, in such cases, is approximately two years.

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

In Canada, with the exception of products considered as exhibiting the lowest level of risk, products require a license issued by the health authorities ("Health Canada"). A license is delivered after the approval of an application, the content of which depends on the risk category ascribed to the product. These licenses are renewed annually; the time period required to obtain these licenses ranges from two to twelve months depending on the product category.

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

- quality control tests on three reagent batches performed by the National Institute for the Control of Pharmaceutical and Biological Products;
- a performance study carried out in China;
- an administrative review of the application; and
- a technical review of the application including areas such as production, product performance, quality control tests and the report on the performance study carried out in China.

A growing number of countries have their own procedures for releasing *in vitro* diagnostics products on the market. Some countries accept gradual compliance for products already available for sale, while others require full and immediate compliance with their new market launch procedures.

6.3.4 MONITORING

Applicable laws and regulations, which may contain specific procedures in different countries, impose an additional monitoring system, which requires manufacturers and users to notify the relevant regulatory body of any incidents or risks thereof that could have harmful effects on human health.

A product recall procedure, based on full traceability of relevant product batches and their destination as well as the implementation of corrective actions, is also part of the system.

6.3.5 AUDITS

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

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

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

An inspection by the FDA in November 2011 on the Saint Louis site and on the Marcy l'Étoile and Craponne sites in November 2010 did not give rise to any particular observations.

6.3.6 INDUSTRIAL MICROBIOLOGICAL CONTROL

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

In the field of industrial applications, regulations applicable to manufacturers of industrial microbiological control products are still limited to their safety aspects. However, to meet the needs of its customers, the Company complies with the standards applicable to its customers (standards based on product use: pharmacopoeia, AFNOR, ISO, etc.). Recent crises in the food industry (Listeria, Escherichia coli, salmonella, etc.) may lead to more stringent regulations being applied. Moreover, in the United States, for example, authorities may impose supplementary security measures as part of the fight against bioterrorism.

6.3.7 MANAGEMENT AND MONITORING OF CUSTOMER COMPLAINTS

Role and responsibilities of the Customer Complaint Management Center (CCMC)

Customer complaints are managed and monitored by a specific department in the Company. The role of the Customer Complaint Management Center (CCMC) is to manage all regulatory and compliance aspects of customer complaints, to supply internal information thereof, and in some cases, after the assessment, to manage corrective and preventative actions which may include communications with regulatory authorities.

The CCMC has a specific view of its activity based on various indicators (monthly statistics on the number of complaints by product, country, type of problem identified, time required to resolve the complaint, etc.). These indicators are provided monthly to the General Management. In addition, System Performance Review meetings are held periodically with the Marketing Department and the Quality managers of the concerned production sites.

The CCMC uses risk analysis to anticipate potential issues relating to the Company's products, thereby reducing the level of customer complaints.

Complaint processing

Complaints are processed on three levels.

The majority of complaints are handled locally, by subsidiaries and distributors (first level).

Approximately 10% of complaints are transferred to the CCMC (second level) where they are handled by a specialized team that performs investigations and consolidates results.

The third level is reserved for a few complaints that require a thorough investigation involving manufacturing sites and occasionally even the R&D teams.

Communication

The CCMC is responsible for providing information concerning technical complaints to the teams in subsidiaries and distributors responsible for contacting the customers concerned.

Collecting information in order to identify the origin of complaints and improve the quality of products is as important as resolving every individual complaint.

Post-market surveillance

The CCMC is also in charge of the post-market surveillance procedure as described in the report of the Chairman of the Board of Directors on internal control procedures in Appendix 1.

6.4 DEPENDENCE ON PATENTS, LICENSES AND OTHER FACTORS

Dependence on patents and licenses

The Company holds a number of licenses which are listed below, the loss of which could have a significant impact on the Company's sales:

- PCT license granted by B.R.A.H.M.S. AG along with the supply of raw materials, to develop and sell VIDAS® tests for the screening of procalcitonin as a marker of severe bacterial infections (expires 2013/2014);
- NT-proBNP license granted by Roche Diagnostics to develop and market VIDAS® tests for the detection of NT-proBNP, a marker of congestive heart failure and acute coronary syndrome (basic patents expire between 2013 and 2015);
- HIV-O license granted by Roche Diagnostics to develop and sell various tests, such as VIDAS® tests for AIDS (patents expire in 2015 at the latest, excluding the United States);
- License granted by Spectral to develop and market, in particular VIDAS® Troponine I Ultra tests (patents expire in 2018);
- Molecular marker license granted by PHRI Properties, Inc. to develop and sell the NucliSENS EasyQ® product line (patents expire in 2024 at the latest);
- PCR technology license granted by F. Hoffmann-La Roche Ltd. and Roche Molecular Systems, Inc. to develop and sell Argene's range of tests for the virological monitoring of transplant patients (patents offered under license covering the technology currently in use or being developed, expiring in 2017 at the latest).

The Company also receives income from its patent portfolio described in section 11.5.3.

Other factors of dependence

The Company depends on certain partners (section 4.1.1.8), framework agreements (section 4.1.1.9) and suppliers (section 4.1.1.10).

6.5 SOURCES

The sources used to estimate the market (size, growth and split), as well as the position of the Company and its competitors were mentioned in the corresponding paragraphs.

There are currently no official statistics on the *in vitro* diagnostics market. The Company has therefore conducted its own internal analyses on the basis of reports prepared by financial analysts, studies carried out by independent specialist consultants and information published by other companies in the sector, as well as its own knowledge of the market, through its internal experts.

7 ORGANIZATIONAL STRUCTURE

7.1 BRIEF DESCRIPTION OF THE GROUP

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 making B-D Mérieux independent from Institut Mérieux.

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

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

At the Ordinary and Extraordinary Shareholders' Meeting of December 28, 1988, Wendel Investissement (named CGIP at the time) joined with the Mérieux family to form bio Participations, an indirect holding entity of bioMérieux. Wendel Investment held nearly 33% of the capital of bio Participations and Mérieux Alliance (holding company of the Mérieux family) nearly 67%.

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

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

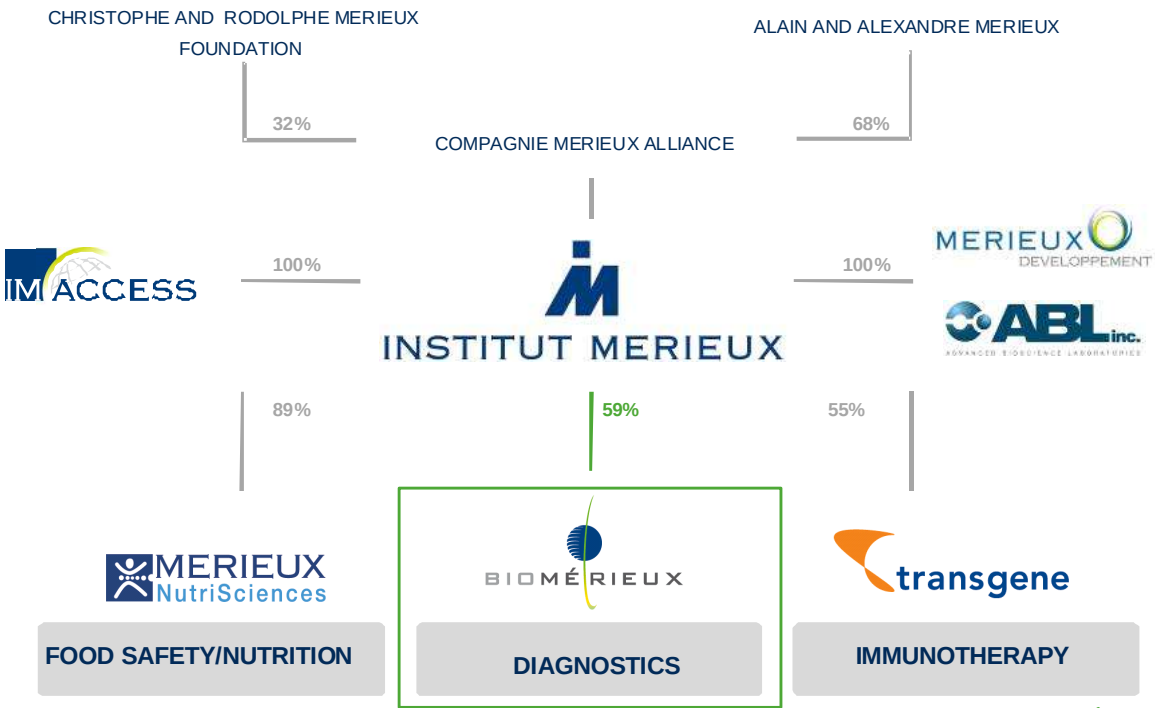
In 2003, the group of companies held by Mérieux Alliance was restructured in order to separate bioMérieux's diagnostics business from Transgène's immunotherapy business.

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

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

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

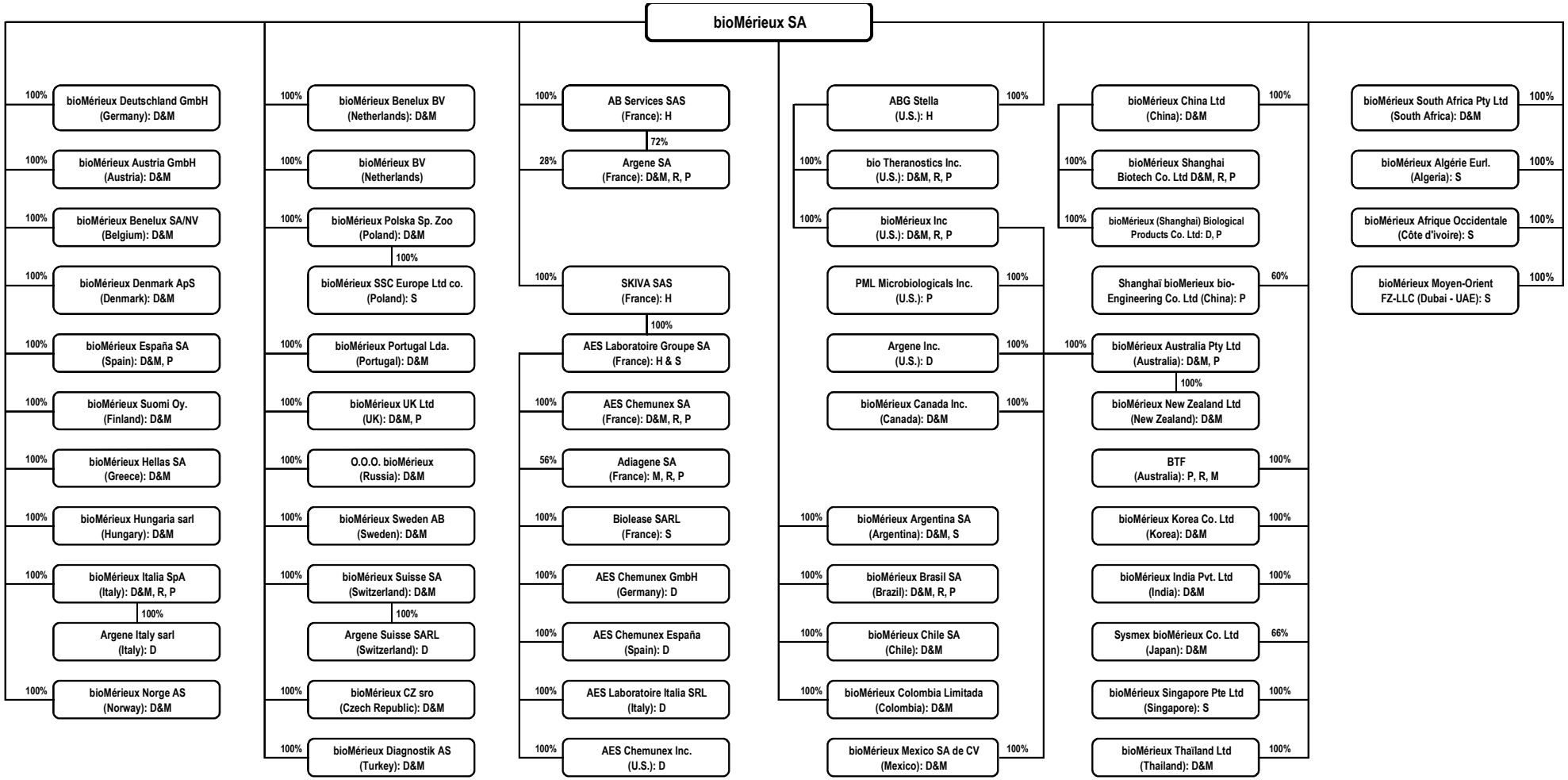
- 100% of the capital of SGH, the holding entity of Mérieux NutriSciences, an American company which specializes in testing and consulting services in the field of food safety and quality;
- 100% of the capital of TSGH, the holding entity of Transgène SA, an immunotherapy company traded on the Eurolist market of Euronext Paris, and of Advanced Bioscience Laboratories Inc. (ABL), an American research laboratory doing work on behalf of research institutes and business corporations;
- 100% of the capital of Mérieux Développement, which invests in companies; and
- 100% of the capital of Imaccess, a simplified joint stock corporation (*société par actions simplifiée*), created in October 2010, which develops and markets diagnostic tests for emerging countries.



7.2 SUBSIDIARIES OF THE ISSUER

7.2.1 LEGAL ORGANIZATIONAL STRUCTURE OF THE BIOMÉRIEUX GROUP AT DECEMBER 31, 2011

The chart below shows the relationship between the Company's principal subsidiaries (as a percentage of capital held). bioMérieux SA is part of the Institut Mérieux group as set forth in section 7.1 above. The contractual relationships between those entities are explained in Chapter 19. Most of the subsidiaries shown below are distribution and/or marketing entities (see section 6.2.4.1); some also carry out research and development (R&D) activities (see Chapter 11) and/or have manufacturing operations (see section 8.1.2.1).



D: Distribution/H: Holding/M: Marketing/R: Research & Development/P: Production/S: Support (regional)

7.2.2 OTHER INFORMATION CONCERNING SUBSIDIARIES AND ACQUISITIONS OF EQUITY INTERESTS

7.2.2.1 Acquisitions of equity interests during 2011

Consolidated companies

Two groups were acquired in France:

– In July 2011, AES Laboratoire, a leading French group specialized in industrial microbiological testing, was acquired for €188 million. The company reported net sales of €76 million in 2010[6] and employed close to 400 people.

  The acquisition has made bioMérieux the world leader in food applications. Significant commercial synergies, among others, will be obtained, leveraging bioMérieux and AES Laboratoire's highly complementary product lines to bring customers a very comprehensive offering. Moreover, thanks to bioMérieux's global sales network, AES Laboratoire's technologies will be much more widely available.

– Also in July 2011, Argene, a French company specialized in molecular biology, was acquired for €39 million, with contingent payments of up to €5 million. In 2010, the company had 70 employees and its sales amounted to €10 million, with molecular diagnostics representing three-quarters of its business.

  Its comprehensive range of diagnostics for immunocompromised patients, a fast-growing medical need, reinforced bioMérieux's infectious disease product portfolio. This acquisition will also accelerate time-to-market of a broad test menu on the new molecular platform currently being developed with Biocartis.

Other investments

– bioMérieux increased its equity interest in Knome by USD 5 million, bringing its stake to 12.1%.

– During the year, bioMérieux also prepared for the January 2012 divesture of its 100% stake in the German company, Dima Diagnostika. Acquired as part of Meikang Biotech in January 2010, Dima Diagnostika is specialized in rapid diagnostic tests, primarily for drugs of abuse, a non-strategic area for bioMérieux.

7.2.2.2 New subsidiaries

During 2011, the Company created a subsidiary in Poland to accommodate the staff of the shared services center in Eastern Europe. This subsidiary will provide accounting and administrative support to other subsidiaries in the region.

The table of subsidiaries and investments is presented in Note 5.1 to the 2011 parent company financial statements.

[6] Annual net sales at March 31, 2011 (excluding Agrobio divested on May 17, 2011).

8 PROPERTY, PLANT AND EQUIPMENT

8.1 MATERIAL ITEMS OF PROPERTY, PLANT AND EQUIPMENT

8.1.1 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 subsidiaries of its own.

The Company fully owns its main production, logistics and R&D sites (including in particular Marcy l'Étoile, Craponne, La Balme, Grenoble, Saint Louis, Durham, Madrid, Florence and Shanghai/Pudong).

8.1.2 MAIN SITES' ACTIVITIES

8.1.2.1 Production

Manufacturing processes play a critical role in the *in vitro* diagnostics industry due to constraints related to the nature of the products. At end-2011, the Group operated 21 manufacturing sites organized by product line.

Production was discontinued at the Portland, Oregon site in the United States during 2011 with a view to streamlining culture media production facilities. Culture media production for routine clinical tests was discontinued in the United States, while the manufacturing of other products was transferred to the Lombard site in Illinois and the La Balme site in France. The Portland site will officially close in June 2012.

In addition, bioMérieux acquired two companies in 2011, AES Laboratoire and Argene. AES Laboratoire has two sites in France (Combourg and Saint-Brieuc) and one site in Canada (Laval). The Argene production site is located in Verniolle, France.

Manufacturing activities are organized by the Group based on the principle of "one site-one product line", partly due to the technical nature of products, which require a high degree of know-how, specialized teams and nearby R&D teams, and partly due to productivity gains that may be generated through economies of scale achieved by concentrating production. Petri dishes are the only exception to this principle. Due to their limited shelf life and barriers to imports of animal-based products in certain countries, they must be manufactured close to the customer at the Brisbane (Australia), Rio de Janeiro (Brazil), Shanghai/Pudong (China), Madrid (Spain), Basingstoke (United Kingdom), and Lombard, Illinois (United States) facilities, as well as at the main production site in Craponne (France).

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

- continued streamlining of production sites;
- the implementation of a plan to improve industrial practices (2BP: bioMérieux Best Practices), aimed at achieving productivity gains and reducing cycle times by optimizing capacity and industrial asset utilization;
- adaptation of production resources to rapidly respond to evolving technologies and customer needs, and to accommodate the manufacture of new products; and
- rigorous quality control at the production stage: the Company has obtained ISO 13485 and ISO 9001 certification for its production and R&D sites (see section 6.3.1).

The main production and logistics sites are as follows:

France

- **Marcy l'Étoile**
  Located near Lyon, the Marcy l'Étoile site has housed the Group's headquarters since the beginning. The property, which is fully owned by the Company, covers a total area of 115,000 sq.m (including 42,000 sq.m of built usable floor space) and accommodates reagent manufacturing units (VIDAS® reagent immunoassays, clinical biochemistry) and R&D teams. Approximately 1,250 employees work in General Management, central and support functions, training, manufacturing and R&D.

- **Craponne**
  Located near Lyon, the Craponne site covers an area of 73,000 sq.m, owned by the Company (including 25,500 sq.m of built usable floor space). It currently houses manufacturing centers for culture media (Petri dishes, tubes and bottles, dehydrated media), sales administration, the French sales department, support and central functions and a R&D center. Nearly 890 people work at the site.

- **La Balme-les-Grottes**
  Located between Grenoble and Lyon, the La Balme-les-Grottes site historically belonged to API SA, acquired in 1987. It covers an area of 106,000 sq.m, of which the Company fully owns 17,000 sq.m of built usable floor space. The site employs approximately 350 people in R&D in microbiology, instruments and software and the manufacturing of API®, ATB™, TEMPO®, Etest® and Lyfocult® reagent lines recently transferred from the Portland site in the United States.

- **Saint-Vulbas**
  The Saint-Vulbas site, known as the "IDC site" (International Distribution Center), employs approximately 70 people. This site functions as the center for the international distribution of bioMérieux products. The IDC site is located on a plot of land with an area of 71,000 sq.m, where it occupies 9,500 sq.m of floor space in a high-rise building. The Company acquired full ownership of the facilities at the end of 2010.

- **Grenoble**
  The Group's research and manufacturing operations in the molecular biology market (excluding instrument production) are located at this fully-owned site. The buildings, constructed on a land parcel of more than 30,000 sq.m, located in the Grenoble Polygone Scientifique research district opposite the headquarters of the French Atomic Energy Commission ("CEA"), consist of 9,300 sq.m of usable floor space. The site produces the NucliSENS® product line tests and currently employs 182 people.

- **Combourg**
  Located in Brittany, the Combourg site covers a total area of 34,000 sq.m (including 12,000 sq.m of built usable floor space) and includes reagent manufacturing units (culture media and cytometry reagents), control laboratories, equipment manufacturing (laboratory automation systems, cytometry and EviSENSE®), the culture media R&D laboratory, the supply chain and support functions (IS, reagent hotline). Nearly 160 people work at the site.

- **Verniolle**
  Located in Ariège in the Midi-Pyrenees region, the Verniolle site covers 9,500 sq.m and includes 1,800 sq.m of usable floor space, of which roughly 1,000 sq.m is dedicated to the production of virological diagnostic reagents. The site employs 56 people in R&D activities, manufacturing, sales and marketing, as well as administrative functions.

Europe

- **Florence (Italy)**
  All of bioMérieux's activities in Italy have been consolidated on this site. bioMérieux Italy employs 215 people, whose duties are the marketing of bioMérieux's products on Italian territory and the development and manufacture of immunoassay instruments (VIDAS® product line), molecular biology instruments (NucliSENS® easyMAG® product line) and industry instruments (TEMPO® product line) for all bioMérieux subsidiaries. This activity carried out at the Florence site makes it the Group's second largest instrumentation center. The site covers 9,500 sq.m, including 8,000 sq.m of built usable floor space on several levels.

- **Madrid (Spain)**
  This fully-owned site employs some 60 people in the production of microbiology products (culture media).

- **Basingstoke (UK)**
  This leased production site for microbiology (culture media) and logistics is located on 5,000 sq.m of land, where the built premises comprise 4,500 sq.m of usable floor space.

North America

- **Durham**
  The Durham facility is located in North Carolina (United States) on 417,000 sq.m of land fully owned by the Company, with 23,000 sq.m of built usable floor space. The Group also leases premises nearby with nearly 10,000 sq m of floor space. The site is currently home to bioMérieux Inc.'s headquarters and employs some 630 people in research, the manufacture of microbiology reagents (BacT/ALERT®) and customer services.

- **Saint Louis**
  The Saint Louis (Missouri, United States) site covers a surface area of 70,000 sq.m, which is fully owned by the Company and includes 35,000 sq.m of built usable floor space. In addition, premises with an area of 12,000 sq.m used for offices, warehousing, manufacturing and R&D are leased nearby. Operations at this site are currently centered on R&D and the manufacture of microbiology instruments (VITEK®, BacT/ALERT® and PREVI™ Isola product lines) and reagents (VITEK® cards). Nearly 625 people work there.

- **Lombard**
  The Lombard site, located near Chicago (Illinois, United States), houses facilities for the manufacture and sale of culture media for U.S. industrial customers. The 5,850 sq.m site is leased and employs over 80 people.

- **San Diego**
  The San Diego site of the headquarters of bioTheranostics Inc. and employs around 50 people. Over and above the main R&D activities, it comprises a CLIA- (Clinical Laboratory Improvement Amendments) certified laboratory to carry out complex diagnostic tests. This 700 sq.m site is leased.

China

- **Shanghai bioMérieux Kehua Bio-engineering**
  Shanghai bioMérieux Kehua Bio-engineering Co. Ltd obtained from Kehua Bio-engineering Co. Ltd the right to operate a production site having an area of nearly 1,800 sq.m, located in Shanghai, for the entire term of the joint venture. The site produces microplates and employs around 70 people.

- **bioMérieux (Shanghai) Biotech Co. Ltd**
  The Pudong (Shanghai) site purchased in January 2010 from Meikang Biotech is specialized in the manufacture of rapid culture media tests. The site extends over two hectares, including 9,000 sq.m of production facilities and employs 90 people. The site also accommodates other company functions (marketing, R&D, etc.) as well the Chinese entity's headquarters.

- **bioMérieux (Shanghai) Biological Products Co. Ltd**
  The Company acquired the site in February 2010 from Shanghai Zenka Biotechnology. It employs around ten people and produces culture media.

Other countries

- **Jacarepagua in Brazil**
  This site has been fully owned by the Company since 1974. It covers an area of 42,000 sq.m including 5,400 sq.m of built usable floor space and employs nearly 150 people in the production of reagents for immunology and ready-to-use culture media for microbiology and industrial applications, as well as in sales, distribution and R&D.

- **Australia**

– The Brisbane facility is located on leased property covering 2,300 sq.m. It employs around 90 people for the manufacture and sale of culture media.

– The BTF site in Sydney, which is a leased facility employing some 25 people, is used for the manufacture and sale of microbiology testing reagents (BioBall®, EasyStain™, ColorSeed™, EasySeed™).

8.1.2.2 Logistics

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

Some 235 people are employed in logistics/supply chain activities in the following areas:

– forecast management and demand planning;

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

– storage, transport and distribution of finished products;

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

Product distribution is handled by:

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

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

Among the global platforms, the IDC logistics center at Saint-Vulbas in France is the largest, and covers the distribution of all instruments and reagents produced in Europe and in the United States, to distributors and certain subsidiaries.

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

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

8.1.2.3 Purchasing policy

In order to adapt the procurement of raw materials and various components in line with the specific requirements of each product line and reagent range, the Group has set up an overall system that encourages:

- early involvement of purchasing in new projects;
- globalization of initiatives and volumes; and
- greater responsiveness.

In this context, bioMérieux aims to diversify its supplier base in order to foster both security and competitiveness. Producing certain raw materials in-house and entering into partnerships with various suppliers have resulted in both technical and economic benefits.

Faced with product complexity which is not always consistent with procurement flexibility, the Company endeavors to secure the majority of its supplies. Such security can take the form of supply agreements, diversified sourcing, backup stocks and the development of in-house production, or the assumption by the Company of liability for the regulatory compliance of certain specific components manufactured by a supplier.

Given the significant portion of the Company's activity devoted to manufacturing, bioMérieux could be impacted in the event of a disagreement with suppliers, or if suppliers fail to meet their obligations (see section 4.1.1.10), as well as by fluctuations in the price of the raw materials it uses directly or indirectly (see section 4.1.4.3).

bioMérieux seeks to involve its suppliers in a sustainable growth strategy. It has adopted a responsible purchasing policy by proposing that its suppliers adhere to an Ethical Purchasing and Sustainable Development Charter (see section 8.2.5).

8.2 HEALTH, SAFETY AND ENVIRONMENTAL INFORMATION

8.2.1 GLOBAL HEALTH, SAFETY AND ENVIRONMENTAL POLICY

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

The Company's health, safety and environmental policy is part of a sustainable development process; the Company signed the United Nations Global Compact in 2003.

In 2009, the Company established a Health, Safety and Environment Department operating at Group level, in order to develop a harmonized and proactive approach aimed at preventing harm to individuals, property and the environment. This department was strengthened in 2010 by the appointment of a Health, Safety and Environment (HSE) Corporate Vice President who reports to the Corporate Vice President of Manufacturing and Supply Operations, Quality Management, Regulatory Affairs and Information Systems, a member of the Company's Executive Committee, since 2011.

In addition, all of the Company’s major production sites have HSE departments working directly under the authority of the site's Corporate Vice President. The Health, Safety and Environment Department provides advice and support to sites, in particular those that do not have adequate internal expertise. In 2011, the Company reinforced its HSE staff in some of its facilities.

Specific procedures (rules, directives, instructions, etc.) are developed and applied to the execution of tasks that are deemed to be of a critical nature. Employees receive regular training in order to minimize risks to individuals, property and the environment.
The Company offers an initial HSE training program to new employees working at its main sites in Europe and North America.

The Company analyzes hazards and assesses risks prior to deciding to use hazardous substances, acquire or use real property or facilities, and develop new processes or products. A new procedure introduced in 2011 calls for a prior systematic assessment of environmental aspects, safety and maintenance in connection with any planned acquisition or change in machinery. The Company does not operate any facilities classified by the Seveso II Directive as “upper tier” (high risk) sites.

Compliance with health, safety and environmental regulations is taken into account in the selection of suppliers of goods and services.

8.2.2 HEALTH AND SAFETY POLICY

8.2.2.1 Assessment and prevention of occupational hazards

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

Certain occupational hazards are monitored particularly closely:

– Biohazards: the Company conducts audits and is implementing a biosafety program based on a common set of rules.

– Chemical risks: the Company is implementing a chemical safety program at its production facilities and laboratories. It limits the use of products that are carcinogenic, mutagenic, or toxic towards reproductive ability, evaluates the danger of finished products, assesses employee exposure to hazardous materials and provides collective and individual protective equipment.

– Ergonomic risk: to prevent the risk of musculoskeletal disorders, the Company carries out at most of its facilities an ergonomic assessment of workstations and continuously improves risk-prone functions. In addition to these initiatives regarding the improvement of risk-prone functions from a physical point of view and in terms of their duration (rotation), personnel are trained in the proper movements and postures to use at these workstations.

The Company is especially attentive to psychosocial risks faced by its employees and already benefits from substantial experience and past actions in analyzing and preventing such risks. In France, a framework agreement (*accord de méthode*) related to risk analysis, employee training and the implementation of a consultation process within the Company, was signed with trade union representatives on February 26, 2010.

8.2.2.2 Safety

bioMérieux attaches particular importance to safety in the work place. Safety policies have been defined which provide for various measures relating in particular to the prevention of occupational accidents and illnesses which are monitored through specific indicators. Occupational accidents are reported to the Management Committee and remedial actions are taken.

In order to foster a culture of prevention, each employee must report the events in which he/she was involved or that he/she witnessed and that could have caused an accident. The employee must propose corrective measures. A program specifically focused on "near accidents" has been in place since 2010 to help to prevent accidents.

8.2.2.3 Promotion of health within the Company

Besides preventing occupational risks, the Company improves the health of its employees by promoting health in the workplace.

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

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

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

In addition, each year the Company offers to bear the cost of seasonal flu shots for its employees at most of its sites.

8.2.2.4 Monitoring of Health and Safety policy

Occupational accidents and first aid provided by the infirmary are reported monthly by the principal manufacturing sites and the subsidiaries, then analyzed by the Management Committee and circulated within the Company.

Safety indicators[(a)]	2011	2010	2009
Number of occupational accidents with days off work	**36**	48	40
Number of days lost	**696**	844	1,658
Frequency[(b)]	**3.9**	5.2	4.1
Severity rate[(c)]	**0.08**	0.09	0.17

(a) Worldwide, including temporary employees.

(b) Number of occupational accidents with days off work per million hours worked.

(c) Number of days off work per thousand hours worked.

8.2.3 ENVIRONMENTAL POLICY

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

In 2008, the Company launched the "bioMérieux Goes Green" environmental initiative, covering five key areas: energy, water, paper, waste and emissions. The initial training provided to new Company managers in France and the United States includes a specific module in this respect.
A ten-member Sustainable Development Committee has been set up covering all of the Company's functions. The committee is chaired by the Quality, Regulatory Affairs and HSE Corporate Vice President, and coordinated by the Environmental Manager. In parallel, environmental initiatives are supported by a network of over 40 “Green Champions” or “environment correspondents” covering each of the Company's sites, subsidiaries and support departments.

The Sustainable Development Committee's purpose is to draw up an "environmental action plan" in order to set a series of objectives and indicators and to provide guiding principles for all Group entities with a view to minimizing environmental impacts.

At the Company's main operating facilities, continuous improvement plans modeled on the "Kaizen" or "5S" systems are implemented in an effort to take into account the Company's environmental footprint.

8.2.4 THE FIVE KEY AREAS

8.2.4.1 Water

Consumption of water resources

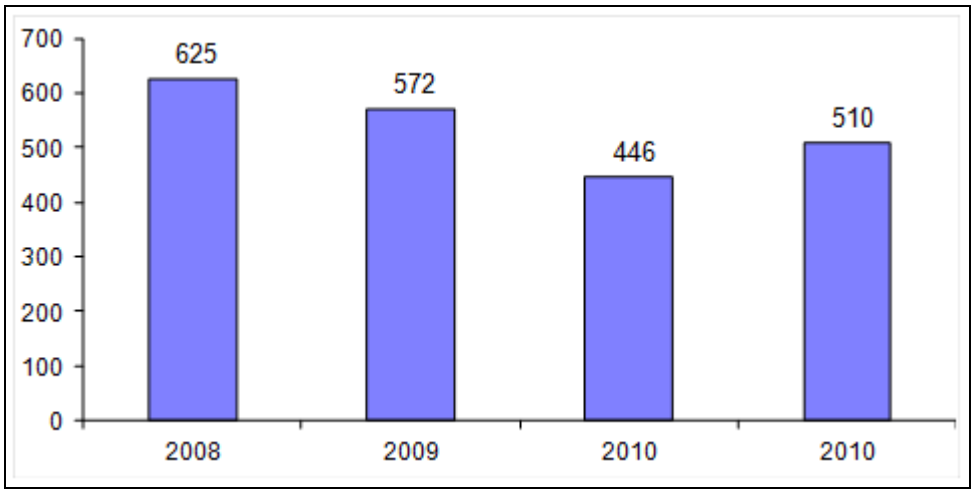
Water is the substance most frequently used by the Company in formulating its products. Water is also used in refrigerated facilities, such as cold storage rooms, in controlled atmosphere areas and as a coolant in manufacturing. In these instances, the Company prioritizes closed-circuit systems and takes a pro-active approach to replacing systems that discharge water. Furthermore, the Company takes targeted measures, such as the measures taken at the Tres Cantos site in Spain which have led to a reduction of over 30% in annual water consumption.

Water consumption is monitored on a regular basis at the main facilities and steps are taken to reduce it.

Water consumption *In cu.m*	
2008	695
2009	700
2010	605
2011	710

The ratio of water consumed to Company sales has decreased by over 15% since 2008 (see benchmarking in section 8.2.6 for the scope and calculation of the indicator).

Water consumption in relation to net sales (cu.m per million euros of net sales)



The Company is actively pursuing its efforts to build eco-friendly buildings. A new building completed in 2009 on the Saint Louis (United States) site obtained the official LEED(7) Gold rating at the beginning of 2010 in recognition of the choices made in order to optimize its environmental performance. For example, with respect to water consumption, the area around the new building was designed in such a way so as to not require watering. A similar approach was implemented for a new building completed at the Marcy l'Étoile (France) site, where rainwater is collected for watering.

Wastewater

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

8.2.4.2 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 energy efficiency, the Company implements optimization and energy saving policies. Prior to constructing or refurbishing buildings, simulations are made to measure their energy efficiency in terms of lighting, heating, ventilation and summer climate control. Efforts are made to find ways of reducing energy consumption to a low or very low level through systems that are researched, promoted and gradually applied. In 2010, the Marcy l'Étoile site in France was fitted out with new air compressors with variable speed engines. The heat generated by these compressors is recovered to heat the building that houses the compressors. In 2011, the Company implemented a remotely controllable cogeneration system to supply electricity and heating to its German subsidiary.

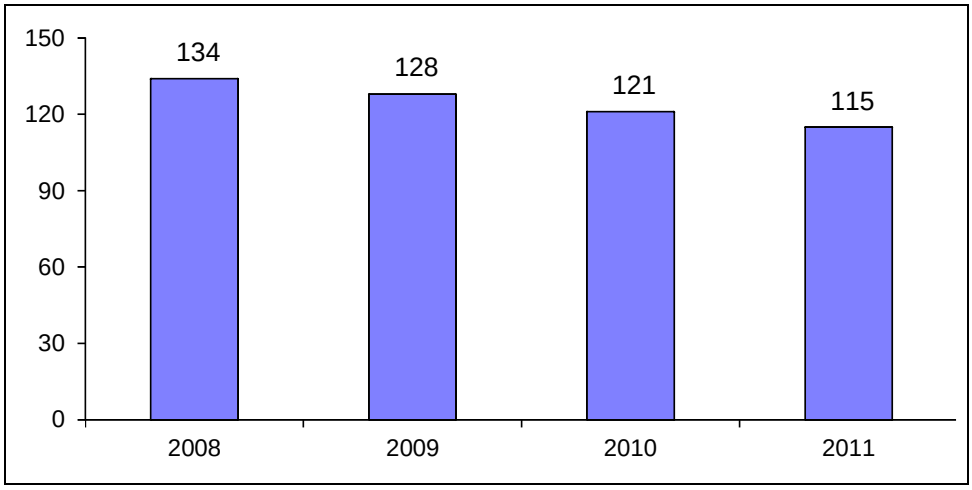
(7) LEED – Leadership in Energy and Environmental Design: North American standard for buildings which takes into account the environmental performance of the building during the construction and utilization phases.

bioMérieux was 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.

Energy consumption *(In MWh)*	
2008	148,710
2009	156,455
2010	163,717
2011	159,461

Altogether, the measures implemented since 2008 have resulted in a 14% reduction in energy consumption in relation to the Company's sales.

Energy consumption in relation to net sales (MWh per million euros of net sales)



8.2.4.3 Paper

Initiatives are being implemented across all of the Company's sites and subsidiaries to reduce paper consumption, including incentives for greener printing practices. The Durham and Saint Louis (United States) sites in particular have optimized their pool of printers by auctioning obsolete printers, with the proceeds donated to local charities. A new printing solution resulting in reduced paper consumption was rolled out in late 2010 at all of the Company's French sites, followed by several subsidiaries in Europe, South America, China and Australia in 2011. This solution will be gradually implemented throughout the Company. Since 2008, paper consumption has been reduced by 30% in North America, and by over 40% in France. In parallel, the use of recycled paper is increasingly widespread.

More generally, the Company seeks to modify its processes in order to replace use of paper by electronic means: an Electronic Document Management system with an electronic review and approval circuit was rolled out in 2010 within the framework of the Quality Management System. This solution enables all employees, regardless of where they are, to access original documents through a Web interface. Thanks to this system, the utilization, circulation and archiving of paper-based documents has been significantly reduced.

Another major example is the replacement of instruction notices included with reagents by electronic notices, which can be directly downloaded from the Company's technical library. A pilot phase was conducted for TEMPO® in 2009. Since 2010, this approach has been extended to BacT/ALERT® bottles for industry and to the LyfoCults® Plus range of control products. This approach is gradually being extended to all other product lines. In 2011, this electronic format resulted in a saving of an estimated 80 metric tons of paper.

8.2.4.4 Waste

For many years, the Company has sought to optimize waste management and to sort recyclables at the point of use. Its efforts are mainly focused on reducing waste at the source and developing energy and material collection chains. As far as hazardous waste is concerned (discharged laboratory chemicals, organic solvents, acids, bases, etc.), the Company has always opted in favor of a strict policy of collection at the source and disposal by companies licensed to process such waste in the most appropriate manner. All of the Company's sites have waste storage and processing facilities.

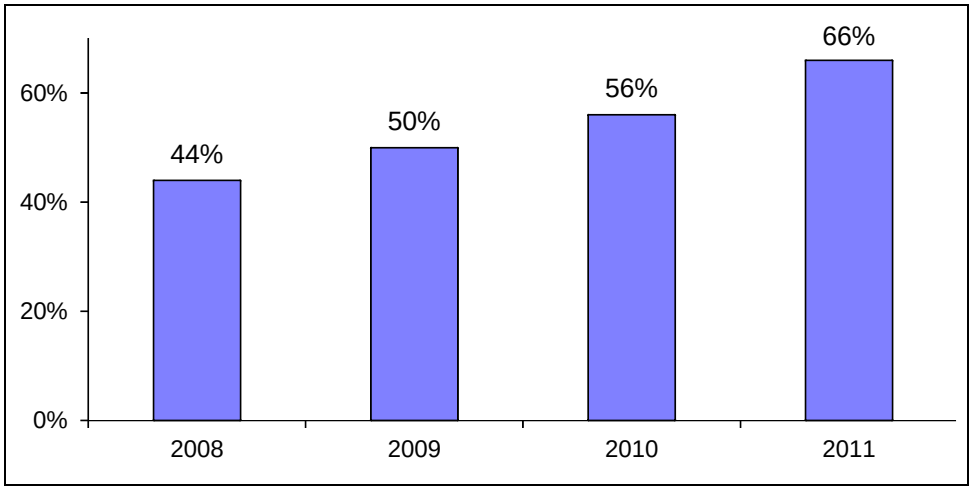
The Company seeks to optimize packaging in terms of quantity of material. In 2009, the Durham (United States) site eliminated a paperboard component in the packaging of BacT/ALERT® bottles, which decreased cardboard consumption, optimized transportation through the volume reduction achieved, and reduced waste to be dealt with by the Company's customers by 110 metric tons.

In addition to a reduction in waste in absolute terms, the Company seeks to increase the proportion of recycled or incinerated waste from which energy can be recovered. This proportion topped 60% in 2011 for the Group as a whole. The Durham site, for example, has introduced waste recycling audits: as a result, the percentage of waste recycled, recovered to produce energy or used for compost reached 80% in 2011.

Initiatives to compost snack bar waste have been implemented at the main American sites. This practice was extended to the La Balme site (France) in 2011, in partnership with catering and gardening service providers, as part of an on-site waste management system. The project was sponsored by ADEME[8] in view of its innovative nature.

Waste *estimate in thousands of metric tons*	
2008	5.1
2009	6.2
2010	5.7
2011	7.1

Percentage of recycled or incinerated waste with energy recovery



[8] ADEME: French Environment and Energy Management Agency.

8.2.4.5 Air

The Company seeks to reduce greenhouse gas emissions. Four of bioMérieux's five French sites have implemented carbon emission assessment programs.

The Company is actively committed to reducing travel needs; in 2010 it extended the geographic reach of its high-performance telecommunications infrastructure and strongly encourages car-pooling and the use of public transportation. The Company has also been working for several years to develop alternatives to air transport for its products, in particular by using marine transport.

The Company has also decided to apply environmental standards to Company vehicles and promotes the use of long-term rented vehicles emitting less than 140 grams of CO_2 per kilometer (or the local equivalent benchmark). This policy was formally drawn up and circulated in 2010 to all Company entities.

The development of the VILINK™ IT solution system allowing VITEK® 2 users to benefit from remote assistance for incident resolution and maintenance through a fast and secure connection, has helped to reduce the mobilization of field engineers. At end-2011, more than 1,100 bioMérieux instruments installed at customers' premises were covered by this system.

8.2.5 OTHER MEASURES

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

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

Like most other *in vitro* diagnostic companies, the Company uses recombinant protein as a raw material. Recombinant proteins are produced by genetically modified organisms. They are more specific and reproducible than other proteins and they help to improve the quality of diagnostic tests. These proteins are non-virulent and non-pathogenic. bioMérieux uses these proteins, which are produced by a third party, to replace the antibodies present in certain immunoassay tests.

During some research activities, the Company may use animals to produce monoclonal or polyclonal antibodies. These antibodies are used as raw material in immunoassay tests. bioMérieux has about 200 mice at a dedicated site. Procedures are respected to treat these mice correctly, to immunize them and draw blood samples, in accordance with EU regulations. The immunization of other animals is carried out by qualified third parties. Once these monoclone antibodies have been developed, they are manufactured through *in vitro* techniques that do not require further use of animals.

8.2.5.2 The eco-design approach

The Company has set up a work group in charge of drawing up recommendations in order to formally integrate the environmental aspects of products' life cycles into their development.

The Company now applies an eco-design approach to product development projects that are currently underway. For example, the Company has set the following objectives for the design of the next version of the VIDAS®:

- choice of low energy consumption components;
- definition of a control process that reduces energy requirements;
- choice of the most environmentally-friendly materials for the instrument's framework and packaging;
- reduction of paper printing thanks to condensed printing formats and optimization of printing data as well as software ergonomics that facilitates access to information and screen viewing.

8.2.5.3 Environmental management system assessment and certification procedures

The Company is gradually developing an environmental management system compliant with ISO 14001. In 2011, bioMérieux Brazil S/A and bioMérieux UK Ltd were granted ISO 14001 certification, while bioMérieux Suisse's certification was renewed.

8.2.5.4 Supplier commitment

Following the publication in 2009 of the Ethical Purchasing and Sustainable Development Charter, in 2010 the Company launched a responsible purchasing initiative through its global buyers' network. To begin with, this initiative is focused on projects that aim to reduce packaging and improve their environmental characteristics.

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

Listed facilities for the protection of the environment (*Installations classées pour la protection de l'environnement* – ICPE)

All of the Company's French sites comply with applicable regulations with respect to listed facilities. None of the facilities fall within the scope of regulations governing major technological risks.

Noise and odor 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 takes measurements every three years at all of its French sites, as required under applicable operating permits.

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

8.2.5.6 The Company's contribution to initiatives in the communities where it operates

Company-wide initiatives

As part of the roll out of its new printing solution, the Company has established a partnership with the "Close the Gap" Association, to which it donated printing equipment that had been replaced in France. This organization works towards bridging the digital divide in emerging countries by providing reduced cost IT equipment for health-related projects and educational and social initiatives. bioMérieux is constantly seeking ways to extend this partnership, particularly in the United States where a new printing system is set to be rolled out during the first half of 2012.

Social action within local communities

The Company's subsidiaries are actively involved in projects to support public healthcare in keeping with the Company's mission. For example, bioMérieux Argentine works in partnership with the Fondation Alma to provide health education and treatment to village children in the North of the country where such services are lacking.

8.2.6 BENCHMARKING

8.2.6.1 Calculation scope of quantified indicators

The scope corresponds to the scope of the bioMérieux Group, with the exception of the companies belonging to the AES Laboratoire and Argene groups.

8.2.6.2 Collection and consolidation of data

Safety

Safety data are collected on a monthly basis from the HSE managers or safety representatives of the Company's entities. They are consolidated by the Corporate HSE team. The reported data cover the vast majority of production and R&D sites where accident risk is concentrated.

Environment

Local environmental data are collected twice a year from the "Green Champions" of the Group's sites and subsidiaries and are consolidated by the Corporate HSE team. The indicators cover approximately 90% of the Group's subsidiaries.

8.2.6.3 Definition and method of calculating the indicators

Safety

- Number of occupational accidents with days off work: number of accidents occurring in the workplace and resulting in more than one day off work (the day of the accident's occurrence is not counted as a day off work). The number of accidents includes those involving temporary employees as well as permanent Company employees.

- Number of days lost: number of days lost following an occupational accident which results in days off work. The day of the accident's occurrence is not counted as a lost day.

- Frequency: number of occupational accidents with days off work per million hours worked.

- Severity rate: number of days off work per thousand hours worked.

- Safety – guidelines used for the indicators: definitions of the French national health insurance fund (*Caisse Nationale d'Assurance Maladie*), which are consistent with the resolution adopted by the Sixteenth International Conference of Labour Statisticians concerning the presentation of occupational injury statistics.

Environment

- Water consumption: the indicator monitored is the total water consumption of the Company's entities in cu.m in relation to the Company's sales (in millions of euros).

- Energy consumption: the indicator monitored is the total energy consumption (all energy sources taken into account) of the Company's entities in MWh in relation to the Company's sales (in millions of euros).

- Paper consumption: corresponds to the quantity of paper purchased.

- Waste: the indicator monitored is the ratio, expressed as a percentage, of the total weight of recycled or incinerated waste with energy recovery to the total weight of waste.

9 OPERATING AND FINANCIAL REVIEW

9.1 NET SALES

In 2011, sales growth stood at 4.1% at constant exchange rates and comparable business base, or 6.5% including the recent acquisitions of AES Laboratoire (€31 million in sales) and Argene (€5 million) and the discontinuation of culture media for the routine clinical test business in North America (€4 million).

Analysis of sales *In millions of euros*		In %	
sales – Twelve months ended December 31, 2010	**1,357**		
Currency effect	-18	-1.3%	
Organic growth (at constant exchange rates and comparable business base)	+56	+4.1%	+6.5%
Impact of discontinuing culture media for the routine clinical test business in North America	-4	-0.3%	
AES Laboratoire and Argene acquisitions	+36	+2.7%	
Sales – Twelve months ended December 31, 2011	**1,427**	+5.2%	

Conditions in the healthcare sector deteriorated in 2011, and differences between regions deepened.

- In Southern Europe (12% of consolidated sales), governments intensified austerity measures and implemented budget restrictions that dampened sales. In addition, laboratory consolidation gained momentum in France (13% of consolidated sales), impelled by the medical biology reform act that took effect over the summer.

- In North America, which accounts for 22% of consolidated sales, the tense economic environment appears to have slowed consumption in the healthcare sector, but did not, however, impact instrument sales.

- In contrast, market dynamics continued to be very attractive in the emerging economies, due in particular to strong population growth, plans to extend national and private health insurance coverage and higher purchasing power for the middle classes. Equipment is in high demand in these countries. Emerging markets accounted for 27% of consolidated sales in 2011. In particular, organic growth in the Emerging 7 stood at nearly 16%, excluding the impact of the termination of a distribution contract for non-strategic products in India.

- In the rest of the world, sales were moderate overall, but were boosted by demand in Germany, Japan and the United Kingdom.

At constant exchange rates and comparable business base, 2011 sales may be analyzed by region as follows:

Sales by region *In millions of euros*	**Twelve months ended Dec. 31, 2011**	Twelve months ended Dec. 31, 2010	% change As reported	**% change** At constant exchange rates & comparable business base
Europe[(a)]	**756**	727	+3.9%	**-0.4%**
North America	**320**	318	+0.6%	**+5.4%**
Asia-Pacific	**225**	201	+12.4%	**+12.2 %**
Latin America	**126**	111	+13.9%	**+15.5%**
TOTAL	**1,427**	1,357	+5.2%	**+4.1%**

[(a)] Including the Middle East and Africa.

– Sales in the Europe-Middle East-Africa region (53% of the consolidated total) slowed slightly over the period.

  - In Western Europe (45% of the consolidated total), sales were stable in a deteriorated economy, with performance continuing to vary among the different countries:
    - In Southern Europe, governments were forced to tighten their budgets and implement policies to restrict healthcare spending. Market conditions were particularly difficult in Portugal (sales down 14%) and in Greece (down 13%). In Spain, the situation was challenging throughout the year, while in Italy, sales declined in the fourth quarter after holding firm early in the year.
    - In France, sales contracted by 4% after an acceleration in laboratory consolidation. This resulted, in particular, in a tangible fall-off in sales of routine VIDAS® tests and an increase in pricing pressure. However, sales of high medical value VIDAS® tests were brisk and the clinical microbiology line gained nearly 5%, thanks to strong instrument sales.
    - Sales were robust in Germany, the Nordic countries and the United Kingdom. In the UK market, clinical microbiology sales benefited from multi-year managed service contracts with hospitals and the addition of new customers. Furthermore, industrial application sales were spurred by the award of a new contract from the National Health Service blood banks.

  - In Turkey, Eastern Europe, the Middle East and Africa performance was also contrasted.
    - Sales were adversely affected in South Africa by the termination of the National Health Laboratory Service contract to supply quantitative HIV reagents, and in Russia by the reorganization of operations.
    - On the other hand, sales climbed by a swift 18% in Turkey. During the fourth quarter, sales held firm across the region, thanks to the delivery of orders that had been on hold over the past few months.

– Sales in North America (22% of the consolidated total) rose 5.4% over the year. In an uncertain economy, instrument sales in the fourth quarter gained momentum, which should support reagent sales in the coming months.

  For the year as a whole, clinical applications enjoyed higher demand for the BacT/ALERT® range, led by strong instrument sales, due to the conversion of the installed base of first-generation systems and to the addition of new customers. Sales were also lifted by growth in the VIDAS® range, reflecting the increasing success of VIDAS® B.R.A.H.M.S PCT among physicians, who appreciate its use as an aid in the prognostic evaluation of sepsis. In addition, sales of the Full Microbiology Lab Automation (FMLA®) solution rose during the year, thanks in particular to the PREVI® Isola automated pre-poured media (PPM) streaker. Lastly, significant interest for the VITEK® MS line, currently reserved for research applications, is encouraging. A request for clearance for the routine use of VITEK® MS for clinical diagnostic tests is expected to be filed with the U.S. Food and Drug Administration (FDA) in mid-2012.

  An increase in annual sales for industrial applications was driven by rising demand for reagents in the food sector. However, it was penalized by eroding sales of culture media in the biopharmaceutical sector.

– The Asia-Pacific region (16% of the consolidated total) saw a 12% increase in sales. Business expanded rapidly in China. Although none of the tenders were issued in 2011, sales surged 20%, due, in particular, to the reorganization of the distribution network in the Eastern region (Shanghai) and to expansion into new territories (in the Beijing and Southern China regions). Furthermore, microbiology sales were boosted by the Ministry of Health's recommendations for a more rational use of antibiotics. bioMérieux enjoys a number of major advantages in China, including its long-standing presence in the country, its infectious disease offering, its VIDAS® immunoassay system and its comprehensive, multi-disciplinary teams (R&D, production and sales & marketing).

  Sales were also very brisk in India, up 28% excluding the impact of the end of a distribution contract for non-strategic products, and in South Korea, up 15%. In Japan, sales rose by 11% due to the success of clinical microbiology solutions, especially VITEK® and BacT/ALERT®, as well as the VIDAS® B.R.A.H.M.S PCT test.

  By technology, growth was led by clinical microbiology, thanks to solid instrument sales and by the VIDAS® immunoassay range, driven by robust reagent sales in the wake of 2010's strong instrument sales.

– In Latin America (9% of the consolidated total), sales were up by almost 16%, buoyed by the region's economic expansion. Growth was over 9% in the fourth quarter alone, even after exceeding 20% in the same period last year. In Brazil, the region's largest market, sales climbed a fast 18% in 2011, fueled by the success of clinical microbiology and VIDAS®.

  Growth was supported by instrument sales. In clinical applications, the microbiology and VIDAS® immunoassay lines made significant gains, while in industrial applications, sales were vigorous in every country except Mexico.

At constant exchange rates and comparable business base, full-year 2011 sales may be analyzed by technology as follows:

Sales by technology *In millions of euros*	**Twelve months ended December 31, 2011**	Twelve months ended December 31, 2010	% change As reported	**% change** At constant exchange rates & comparable business base
Clinical applications	**1,177**	1,142	+3.1%	**+4.0%**
Microbiology	**737**	694	+6.2%	**+8.2%**
Immunoassays[(a)]	**355**	361	-1.7%	**-0.6%**
Molecular biology	**69**	70	-1.1%	**-9.0%**
Other lines	**16**	17	-5.9%	**-12.5%**
Industrial applications	**250**	215	+16.3%	**+4.5%**
TOTAL	**1,427**	1,357	+5.2%	**+4.1%**

[(a)] Including VIDAS®, with growth close to 4%.

– Sales of clinical applications increased by 4% over the year.

- Microbiology, the Group's core business, representing 52% of consolidated sales, advanced 8.2% in 2011. The two flagship lines, VITEK® and BacT/ALERT®, performed well during the year, while the success of more recent solutions was confirmed. These include the Full Microbiology Lab Automation FMLA® line and the VITEK® MS system, which was CE-marked in the first quarter and integrates mass spectrometry-based bacterial identification with VITEK® 2 antibiotic susceptibility testing. In this particularly favorable environment, the Company is preparing for the 2013 launch of its new automated blood culture system and its incubator incorporating imaging technologies.

- Immunoassay sales were stable, but very uneven across the product lines:
  - The VIDAS® range, which celebrated its 20th anniversary in the fourth quarter, recorded satisfactory growth of nearly 4%, reflecting the improvement in its strategic positioning. The market in developed countries continues to consolidate. Consequently, sales of routine tests were in steep decline in those markets, while demand remained vigorous for high medical value assays, in particular B.R.A.H.M.S PCT and EBV, as well as in emerging markets. In India, for example, VIDAS® sales grew by 30%, even though the line already has a leadership position. Lastly, the new-generation VIDAS® system, which offers more automated features and a more efficient computer system, will be launched in late 2012.
  - In a highly competitive environment, microplate sales slowed in every region.
  - Sales of rapid tests were impacted by the revamping of bioMérieux's offering, which notably led to the launch of the China-produced bioNexia® line, of which five tests were CE-marked during the year. This redefinition also led to the termination of the distribution contract of the QuickVue® range with Quidel and the sale of Dima Diagnostika.

- Molecular biology sales were down 9% for the year, penalized by the €10-million impact of the end of the contract to supply quantitative HIV tests in South Africa. In molecular biology, bioMérieux also commercializes its easyMAG® automated nucleic acid extraction system, whose sales rose by an organic 10% in 2011, excluding the loss of the South African contract. In addition, Argene, which is specialized in molecular diagnostics for immunocompromised patients, was acquired in July and is now being actively integrated into the Group. Lastly, preparations are underway for the scheduled 2013 launch of the fully automated system developed in partnership with Biocartis.

– Industrial application sales rose 4.5% over the year. Growth was solid in the Emerging 7 (up 9.2%) and in certain European countries, especially Italy, Germany and the United Kingdom. Reagent sales were robust in the agri-food sector, but more difficult in biopharmaceuticals. With the consolidation of AES Laboratoire, whose acquisition in July 2011 significantly strengthened the Group's leadership, industrial applications now represent 18% of consolidated sales.

– Sales of reagents and services accounted for 87.4% of total revenue. Excluding the end of the South African contract, they were up 4.3% for the year at constant exchange rates. Reagent prices decreased slightly, mainly due to growing pressure from government authorities on healthcare system participants in developed countries and to the ongoing laboratory consolidation.

– Instrument sales gained nearly 8%, driven mainly by vigorous demand in emerging markets. They accounted for 12.6% of total revenue.

9.2 FINANCIAL POSITION

9.2.1 CONSOLIDATED INCOME STATEMENT

Gross profit amounted to €761 million for the year, including the consolidation of AES Laboratoire and Argene since their acquisition. The shift in the sales mix, the slight erosion in reagent prices (estimated at 60 bp) and the increase in transportation costs were offset by currency movements, better coverage of installed base maintenance costs and depreciation, as well as the decline in the costs of non-quality. Gross margin stood at 53.3% of sales, versus 53.2% in 2010.

Selling, general and administrative expenses amounted to €372 million, including €10 million related to AES Laboratoire and Argene. They rose to 26% of sales for the year, from 25.2% in 2010, reflecting i) the reinforcement of sales and marketing teams, notably in China and North America, in line with Group strategy; ii) deployment of the global ERP system; and iii) the increase in provision for bad debts.

Research and development expenses stood at €152 million, up 3% at constant exchange rates, and represented nearly 11% of sales.

Research tax credits, which are now recognized in operating income before non-recurring items, came to almost €14 million, an increase of €1.3 million over the year.

Royalties from the patent portfolio declined by €2.4 million to €7.5 million, due to the expiration of patents on blood culture technologies, BOOM® and NASBA™.

As a result of the above, operating income before non-recurring items[9] reached €258 million, in line with the objective issued a year ago, and represented 18% of sales.

Other non-recurring income and expenses represented a net expense of more than €12 million, including an additional €6.1 million depreciation allowance for Greek public receivables, the €3.8 million cost of acquiring AES Laboratoire and Argene and €1.9 million in costs related to the closure of the Portland plant. In 2010, they represented a net expense of €9.6 million, reflecting the €4.4 million depreciation allowance on Greek public receivables and non-recurring costs and provisions related to closing the Boxtel and Portland production units.

[9]Operating income before “material, extraordinary and non-recurring items”, which are included in “other non-recurring operating income and expenses”

After these non-recurring items, operating income came in at €245 million, versus €244 million the year before.

Net financial expense amounted to €7.7 million, including €4.4 million in cost of net financial debt, which rose due to the acquisitions-related increase in consolidated net debt and higher local financing costs for certain subsidiaries. It also reflects a €3 million writedown of investments in non-consolidated companies.

Income tax expense amounted to €77 million for the year. It represented 32.5% of pretax income, compared with 33.7% in 2010, notably due to the recognition of tax loss at the Japanese subsidiary, whose situation has steadily improved since the joint venture with Sysmex.

Net income reached €161 million or 11.2% of sales. Earnings per share (Group share) came to €4.01, versus €4.03 in 2010.

9.2.2 CONSOLIDATED STATEMENT OF CASH FLOWS

EBITDA[10] rose by €9 million to €343 million for the year.

The increase in operating working capital requirement was more significant than in 2010 (€50 million versus €42 million increase in 2010). This was due to the average six-day increase in days sales outstanding, at constant exchange rates. In Southern Europe, net public sector receivables totaled €100 million at year-end, including €9 million in Greece. The Company strives to tighten its procedures with public-sector customers in this region, requiring prepayments for certain orders, repossessing instruments and taking legal action. On March 9, Greece required holders of government bonds to swap them for other financial instruments with a 46.5% lower nominal value and with longer maturities (until 2042). In this context, the provision for depreciation recognized at December 31, 2011 was increased to 75% for pre-2010 receivables (including bonds previously received in compensation of receivables).
In addition, inventories of raw material, components, and finished products have been built up for both reagents and instruments.

Operating working capital requirement represented 25.4% of sales for the year, at constant scope of consolidation.

Capital expenditure totaled €108 million for the year, of which €74 million was industrial capital expenditure, compared with, respectively, €122 million and €86 million in 2010 (excluding the impact of the change in payables to suppliers of fixed assets). Industrial capital expenditure primarily concerned capacity improvements and extensions, building development work and the global ERP project. In all, capital expenditure amounted to 7.5% of sales for the year.

Based on the above, free cash flow before acquisitions and dividends reached €118 million, a €38 million increase over 2010.

During the year, a net total of €233 million was spent on acquisitions and financial investments (mainly AES Laboratoire and Argene).

In addition, a total of €38.7 million (€0.98 per share) was paid out in dividends in June 2011.

Net debt was €131 million at December 31, 2011, versus net cash of €24 million a year earlier, and represented 12% of equity. It is covered by a €260 million syndicated line of credit.

9.2.3 OPERATING HIGHLIGHTS

Changes in the Board of Directors and the Management Committee

On December 17, 2010, the Board of Directors, acting on a motion by Alain Mérieux, appointed Jean-Luc Belingard Chairman and Chief Executive Officer of bioMérieux, effective January 1, 2011. Mr Belingard has also served as Chairman of the Company's Management Committee since July 20. In addition, Alexandre Mérieux, *Directeur Général Délégué*, was appointed Corporate Vice President of the Microbiology Unit, which has been expanded to include the Molecular Biology Unit.

[10] Operating income before non-recurring items, depreciation and amortization

Strategic advances and operating initiatives

2011 saw a deterioration in the global healthcare market environment, with conditions varying widely by region. The year nevertheless offered opportunities for bioMérieux to make significant strategic advances and to deploy operating initiatives that will play a key role in its future, driving its development over the short-, medium- and long-terms. In particular:

– 25 new products were launched during the year, including a CE-marked version of the VITEK® MS mass spectrometry solution for bacterial identification in microbiology laboratories. The Myla® middleware enables seamless integration between this new solution and the VITEK® platform, the world's leading system for automated ID/AST. A request for 510(k) clearance will be filed with the U.S. Food and Drug Administration (FDA) in the first half of 2012.

– Two companies were acquired:

  - In July 2011, AES Laboratoire, a leading French group specialized in industrial microbiological control, was acquired for €188 million. The company reported sales of €76 million in 2010[11] and employed close to 400 people. The acquisition has made bioMérieux the world leader in agri-food applications. Significant commercial synergies, among others, will be obtained, leveraging bioMérieux and AES Laboratoire's highly complementary product lines to bring customers the market's most comprehensive offering. Moreover, thanks to bioMérieux's global sales network, AES Laboratoire's technologies will be much more widely available.

  - Also in July 2011, Argene, a French company specialized in molecular biology, was acquired for €39 million, with contingent payments of up to €5 million. In 2010, the company had 70 employees and its sales amounted to €10 million, with molecular diagnostics representing three-quarters of its business. Its comprehensive range of diagnostics for immunocompromised patients, a fast-growing medical need, reinforced bioMérieux's infectious disease product portfolio. This acquisition will also accelerate time-to-market of a broad test menu on the new molecular platform currently being developed with Biocartis.

  Since their acquisition, the process of integrating AES Laboratoire and Argene has proceeded on schedule.

– bioMérieux increased its equity interest in sequencing specialist Knome by USD 5 million as part of a new share issue in July. During the year, bioMérieux also prepared for the January 2012 divestiture of its 100% stake in the German company, Dima Diagnostika. Acquired as part of Meikang Biotech in January 2010, Dima Diagnostika is specialized in rapid diagnostic tests, primarily for drugs of abuse, a non-strategic area for bioMérieux.

– Three partnership agreements were signed during the year: in February with Ipsen in theranostics; in late March with the Shanghai Institutes for Biological Sciences (SIBS) in industrial applications; and in December with the Clinical Research Center in Uppsala (UCR), Sweden to develop new biomarkers for cardiovascular diseases.

– A large number of operating initiatives were undertaken:

  - The plan to optimize the production base was deployed, with the discontinuation of production at the Portland, OR plant and the extension of BacT/ALERT® bottle capacity at the Durham, NC plant, both in the United States. A new culture media production facility in Craponne, France also began operating.

  - In early 2011, the global ERP system came on stream in France, bringing to five the number of countries where it has been implemented (the others are Germany, the United Kingdom, the United States and Canada).

[11] Annual sales at March 31, 2011 (excluding Agrobio divested on May 17, 2011)

10 CAPITAL RESOURCES

Net debt was €131 million at December 31, 2011, versus net cash of €24 million at December 31, 2010, and represented 12% of equity. Net debt is covered by a €260 million syndicated line of credit. The details and terms and conditions of this credit facility are provided in Note 15 to the 2011 consolidated financial statements (see section 20.1.1).

Further information relating to cash flow is presented in section 9.2.2.

The consolidated statement of cash flows is presented in section 20.1.1.

11 RESEARCH AND DEVELOPMENT, PATENTS AND LICENSES

11.1 STRATEGY AND INVESTMENT POLICY

The Company's research and development investments, which amounted to €152 million or almost 11% of net sales in 2011, are based on technologies that are developed internally or in partnership with other companies or academic research institutes, or under licenses acquired by the Company.

Research and development activities aim to enhance both a laboratory's efficiency and the medical value of diagnostic tests.

The Company's allocation of capital expenditure for research and development focuses on developing platforms and expanding product ranges in the fields of infectious diseases and certain cancers and cardiovascular diseases.

11.2 RESEARCH AND DEVELOPMENT PROJECTS

The research and development teams are focusing on the development of five new platforms in 2012 and 2013 (see section 6.1.3.4).

The main strategic focuses of research and development in clinical and industrial applications and theranostics are described below.

11.2.1 CLINICAL APPLICATIONS

In microbiology:

- development of a new automated blood culture platform and an incubator incorporating new imaging technologies;
- development of new chromogenic culture media for the direct identification of bacteria (ChromID™);
- development of new test cards to enhance the VITEK® 2 menu;
- development of instrumental and software solutions for Full Microbiology Laboratory Automation (FMLA®, see section 6.1.3.2.1), and in particular the ongoing development of MYLA® which was launched in 2010;
- updating of specialized software on an ongoing basis;
- rapid detection and identification methods (Rapid Microbiology) based on new imaging and mass spectrometry techniques, in liaison with the French alternative energies and atomic energy commission (*Commissariat à l'énergie atomique et aux énergies alternatives* – CEA);
- assessment of the suitability of sequencing for the diagnosis of infectious diseases.

In immunoassays:

- development of a new generation of the VIDAS® automated platform and new high medical value VIDAS® tests;
- expansion of the manual rapid tests offering (BIONEXIA® product line) following the acquisition of Meikang (subsequently renamed bioMérieux Shanghai Bioengineering) in 2010;
- a new point-of-care diagnostic system for hospital emergency services, cardiac units and intensive care units is being co-developed with Philips. This system will use the patented Philips Magnotech biosensors which are capable of rivaling the analytical performance of laboratory platforms in terms of specificity and sensitivity. This new system will focus in particular on cardiovascular disease markers.

In molecular biology:

- development of healthcare-associated infection, sepsis, theranostics and oncology tests, particularly via the new Biocartis platform (see section 11.4);
- customization of tests used by Argene for the virological monitoring of patients awaiting transplants in line with the new Biocartis platform;
- the new generation easyMAG® extraction system;
- development of new integrated molecular biology platforms, in particular, as part of the ADNA (Advanced Diagnostics for New Therapeutic Approaches) program.

11.2.2 INDUSTRIAL APPLICATIONS

- expanding menus for identifying pathogens in food products following the acquisition of the AES Laboratoire group;
- ongoing development of the TEMPO® system;
- testing of new faster techniques to provide solutions for customers in the biopharmaceuticals and food sectors. The Company has continued to work with Hyglos GmbH (formerly Profos AG) to develop solutions for detecting foodborne pathogens using Hyglos' "phage-ligand" technology;
- development of a molecular biology platform in partnership with U.S. firm Idaho Technology;
- customization of mass spectrometry in line with industrial applications;
- continued development of flow cytometry applications by AES Laboratoire.

11.2.3 THERANOSTICS

- research and development focusing on infectious diseases and oncology, in particular within the scope of partnership arrangements with pharmaceutical groups (for a detailed description, see section 11.4);
- continued development of cancer tissue testing following the acquisition of bioTheranostics (formerly AviaraDx).

11.3 STRUCTURE OF RESEARCH AND DEVELOPMENT ACTIVITY

More than 1,000 people (including 75 of which come from recently acquired companies) work in research and development in 16 different sites: United States (Durham, Saint Louis and San Diego), Canada (Laval), France (four sites located in the Rhône-Alpes region, three in Brittany, one in the Midi-Pyrénées region and one in the Paris region), Italy (Florence), Brazil (Rio de Janeiro), and China (Shanghai).

The Research & Development Board, which was set up in 2011 under the chairmanship of Jean-Luc Belingard, is responsible for:

- identifying, assessing and coordinating innovative scientific strategies to put forward to the Management Committee;
- optimizing operational tools, methods and exchanges to enable the research and development network to best meet the needs of the Units;
- research activity is split between biomarkers and innovative technologies. In September 2011, an Innovations & Systems Department was established to focus on technological research and the development of new systems.

The development activity comprises a number of different units – microbiology, immunoassays, molecular biology, industrial applications and theranostics – which are responsible for coordinating the development of reagents, consumables, instruments and related software in their different domains.

The Project Approval Committee approves and monitors major projects. The committee meets on a regular basis to approve schedules, human resources, costs and risks, both at the start of each project and at each key project milestone.

The Group's policy is to locate research and development activity in the area where the related product line is (or will be) manufactured whenever this is possible. The following table breaks down the Group's research and development activity by geographical area:

Site	Reagents	Systems	Informatics
Durham (North Carolina, U.S.)	Microbiology (blood culture) BacT/ALERT®		
Saint Louis (Missouri, U.S.)	Automated microbiology (VITEK®)	Microbiology (VITEK® BacT/ALERT®, VITEK® MS)	Bio-informatics Microbiology
Marcy, Craponne, La Balme (France)	Immunoassays (VIDAS®) Microbiology (culture media, Etest®, TEMPO®) Rapid immunoassays (raw materials) Biomarkers	New technologies	Bio-informatics Microbiology
Grenoble (France)	Molecular biology	Molecular biology Microsystems	Bio-informatics
Verniolle (France)	Immunology and molecular biology tests for immunocompromised patients		
Combourg, Saint-Brieuc, Kerr Lahn, Ivry (France)	Microbiology (culture media)	Laboratory automation/sample preparation Counting Flow cytometry	
Laval (Canada)		Molecular biology for industrial applications	
Florence (Italy)		Immunoassays (VIDAS®) Industrial microbiology (TEMPO®) Molecular biology (NucliSENS easyMAG®)	
Rio de Janeiro (Brazil)	Rapid immunoassays Immunology tests for tropical diseases		
Shanghai (China)	Rapid immunoassays Molecular biology (tests for early detection of cancers)		
San Diego (California, U.S.) bioTheranostics Inc.	Molecular biology for theranostic applications (cancer)		

Innovation is a major priority for the Group and it has set up a biomarker selection committee, the Biomarker Triage Council, tasked with vetting projects and allocating resources. Moreover, the Group's Patent Awards seek to provide due recognition to all of the Group's inventors who have filed high-potential patents.

11.4 KEY PARTNERSHIP AGREEMENTS

Part of the Company's research activity, in particular for the development of new technologies, is based around partnership arrangements with leading French public research institutes (CNRS, INSERM, CEA, Institut Pasteur), universities, hospital research centers, laboratories, and biotechnology firms.

The agreements signed by the Company provide for the sharing of intellectual property rights as well as the payment of royalties when the products developed are actually brought to market.

The most significant agreements entered into by the Company in 2011 are summarized below:

– With the Shanghai Institutes for Biological Sciences (SIBS) in industrial applications.

  In March 2011, bioMérieux entered into a strategic long-term partnership with SIBS to develop microbiological quality tests for food products, in particular those manufactured in China.

– With the Uppsala Clinical Research Center (UCR) in Sweden.

  In December 2011, the Company signed a strategic agreement with UCR to develop new biomarkers for cardiovascular diseases. The partnership with this leading academic institute will enable bioMérieux to build up its portfolio of innovative laboratory and point-of-care tests for patients with heart disease.

In theranostics

– In early 2011, Ipsen and bioMérieux signed a framework agreement to identify programs that could be boosted by joint development of therapeutic solutions and matching diagnostic tests, especially for hormone-dependent cancers.

– bioMérieux also signed two agreements with GlaxoSmithKline (United Kingdom) to develop a predictive test that will help clinicians select the most appropriate treatment for different sub-populations of breast cancer patients, and another test to help oncologists choose the most appropriate treatment for metastatic melanoma (skin cancer).

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

– Two laboratories have been created with the CEA (CEA Saclay and Leti Grenoble) following the long-term strategic partnership announced in December 2009 for the development of new technologies to improve the treatment of infectious diseases.

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

– Two laboratories have been set up jointly with Hospices Civils de Lyon in the fields of cancerology and infectious diseases, and another with a Chinese research laboratory specialized in biomarker research in cancerology.

As part of the Institut Mérieux Group, the Company has also carried out long-term research into infectious diseases jointly with Institut Pasteur. This project was launched in 2009.

bioMérieux is also involved in the ADNA program, coordinated by Institut Mérieux. This program seeks to identify and develop biomarkers and to foster a more personalized approach to the treatment of infectious diseases, cancer and rare genetic disorders by making innovative products and services available to healthcare professionals. It brings together four partners:

– bioMérieux and GenoSafe in the diagnostics field; and

– Généthon and Transgène in the therapeutic field.

This program also draws upon the expertise of France's Atomic Energy Commission (CEA), the National Center for Scientific Research (CNRS), Lyon University Hospital (CHU), Hospices Civils de Lyon, STMicroelectronics and Claude Bernard University in Lyon.

It is funded by OSEO (see Note 28 to the 2011 consolidated financial statements in section 20.1.1) and its terms and conditions have been approved by the European Commission.

bioMérieux will also be a key player in the diagnostics and technology platforms of LyonBioTech, a technological research institute focused on infectious diseases which was certified by the French government in June 2011.

11.5 INTELLECTUAL PROPERTY

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

11.5.1 PROPRIETARY PATENTS

Diagnostic systems, which are underpinned by a combination of instrumentation, IT and biology, are heavily reliant on the protection of intellectual property, leading sector players to seek strong patent positions.

Manufacturing know-how, installed bases and the number of menu parameters developed during the patent protection period generally mean that firms in this sector are less exposed when patents expire than pharmaceutical companies that have to deal with the arrival of generic drugs on the market.

Conversely, new technologies and biological trends towards high medical value tests, especially in the identification of new markers, make sector players more vulnerable when patent protection runs out.

The Company continues to deploy its intellectual property policy. It actively protects its research findings via patents (between 30 and 40 new patent applications are filed each year) and monitors its competitors for any infringements of its patents. The Company intends to roll out this policy to the "Emerging 7" countries. At December 31, 2011, the Group owned 504 patent families, the majority of which are in force in Europe, the United States, and Japan. At the same date, the Group held 326 granted U.S. patents and 196 granted European patents.

Patent policy consists of filing a priority application (generally in France or in the United States) and applying for an extension within one year under the Patent Cooperation Treaty (PCT) which has a single procedure for filing a patent in the 144 countries that are party to the treaty (at December 31, 2011). The final choice of countries for patent extension is made at the end of the PCT procedure, i.e., about 30 months after the initial filing. As a general rule, patents are extended in countries with the largest markets, namely the United States, Europe (particularly France, Germany, the United Kingdom, Italy and Spain), Japan, China and India, but may now also be extended to Brazil, Russia, Mexico, Turkey and South Korea, depending on the strategic importance of the patented technology.

In countries where the Company seeks legally enforceable patent protection, the protection period for a product generally lasts for 20 years from the date of initial filing. The scope of protection, which may vary from country to country, will depend on the acceptance of claims which are interpreted based on the relevant national legislation in the event of a dispute.

11.5.2 LICENSES GRANTED BY THIRD PARTIES

As part of its normal business operations, the Company has been granted licenses by third parties to develop or market reagents or technologies (see section 6.4).

In 2011, the Company entered into several new licensing arrangements and obtained extensions for license rights that had been previously granted:

- an additional license was granted by Biocartis to customize tests used by Argene for the virological monitoring of patients awaiting transplants in line with the molecular biology system currently being developed with Biocartis;

- a license was granted by Sigris Research Inc. in respect of its nucleic acid extraction products.

11.5.3 LICENSES GRANTED BY THE COMPANY

The Company has granted licenses to the following third parties:

- MRSA patents, covering sequences or processes for the detection of methicillin-resistant staphylococcus aureus (MRSA), which constitutes a major source of healthcare-associated infections. bioMérieux is the exclusive licensee of MRSA patents for molecular biology applications. These patents are due to expire in 2017.

- Patents covering nucleic acid mutations (Factor II and Factor V) which are critical for identifying thrombosis risk in patients. The patent for Factor II will expire in 2017 in the United States; the patents for Factor V will expire in 2020 in the United States and in 2015 elsewhere.

- Patents covering detection sequences or processes for certain viruses such as EBV[12] for which the basic patents will expire between 2013 and 2016.

- The reverse transcription polymerase chain reaction (RT PCR) process covering a PCR amplification procedure for one-step RNA, for which the patents expire in 2013-2014.

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

For all technologies controlled by bioMérieux via exclusive third-party licenses with sublicensing rights, a portion of the revenue from sub-licensing agreements is paid over to the patent owner.

11.5.4 TRADEMARKS

The Company owns the "bioMérieux" institutional trademark, which is registered in most countries both as a word trademark and as a word and device trademark. The use of the name "Mérieux" is controlled by Institut Mérieux for all of the entities within its control and it has granted the Company the right to use the bioMérieux name for the purpose of carrying out its businesses.

The Company also has legal title to the trademarks of products (instruments and/or reagents) and services that it markets.

Trademarks are initially registered in France or the United States and registration is subsequently extended as follows:

- registration of a trademark for all European Union countries;

- registration of an international trademark (via the WIPO) and registration of separate national trademarks, in particular for the "Emerging 7" countries.

The portfolio includes more than 240 trademark families and these have been registered in most countries.

[12] Epstein-Barr virus, responsible for mononucleosis

12 OVERVIEW AND CURRENT TRENDS

12.1 RECENT DEVELOPMENTS

Net sales for the three months ended March 31, 2012 amounted to €363 million, versus €328 million in first-quarter 2011, representing an increase of 9.3% at constant exchange rates. Organic growth amounted to 3.1% on a constant Group structure and exchange rate basis (like-for-like)[13].

Sales

In the three months ended March 31, 2012, sales rose by 3.1% at constant exchange rates and comparable business base, and by 9.3% at constant exchange rates and after changes in the business base (primarily the July 2011 acquisitions of AES Laboratoire and Argene).

Analysis of sales In millions of euros		% change	
Sales – Three months ended March 31, 2011	**328**		
Currency effect	+5	+1.5%	
Organic growth (at constant exchange rates and comparable business base)	+10	+3.1%	+9.3%
Changes in business base	+20	+6.2%	
Sales – Three months ended March 31, 2012	**363**	+10.8%	

After a solid fourth-quarter 2011, business was encouraging in early 2012, confirming the pertinence of the Company's balanced geographic footprint. As expected, 2011 trends continued over the period, in particular with very vigorous growth in the Emerging 7 countries and a more difficult economic and financial environment in Southern Europe.

At constant exchange rates and comparable business base, first-quarter 2012 sales may be analyzed by region as follows:

Sales by region In millions of euros	**Three months ended March 31, 2012**	Three months ended March 31, 2011	% change As reported	**% change** At constant exchange rates & comparable business base
Europe[a]	**195.6**	176.9	+10.6%	**+0.1%**
North America	**80.9**	76.0	+6.4%	**+2.3%**
Asia-Pacific	**56.4**	46.6	+21.1%	**+13.9%**
Latin America	**29.9**	28.1	+6.4%	**+5.9 %**
TOTAL	**362.8**	327.6	+10.8%	**+3.1%**

[a] Including the Middle East and Africa.

[13] Excluding the acquisition of AES Laboratoire and Argene, the disposal of Dima Diagnostika and the discontinuation of the culture media business for routine clinical tests in North America.

– Sales in the Europe - Middle East - Africa region (54% of the consolidated total) were stable over the period, reflecting the same trends as before.

  - In Southern Europe (11% of the consolidated total), demand was dampened by public budget difficulties, with sales contracting in Greece and Portugal, as well as in Spain, where the economy worsened over the period. On the other hand, business was steady in Italy, thanks to strong sales of industrial applications.

  - Sales remained on a downward trend in France (12% of the consolidated total). The consolidation of clinical laboratories continued. Sales of clinical reagents, however, performed slightly above Company forecasts. In addition, sales of industrial applications rose by 13% over the period.

  - In the rest of Western Europe, business was generally robust. Sales in the United Kingdom turned in another quarter of rapid growth, especially in clinical microbiology. Revenue grew 4% in Germany, led by firm demand for reagents.

  - After expanding quickly in fourth-quarter 2011, sales in Turkey, Russia, the Middle East and Africa (6% of the consolidated total) showed a moderate 2% gain in first-quarter 2012. Growth was lifted by strong sales in Russia following the reorganization of the subsidiary's operations in 2011.

– Sales in North America (22% of the consolidated total) ended the period up 2.3%.

  Sales of clinical applications benefited from the sustained expansion of the VIDAS® line, led by the success of high medical value tests, VIDAS® B.R.A.H.M.S PCT in particular. However, this dynamic was attenuated by prior-year comparatives, reflecting the strong sales of BacT/ALERT® instruments after the gain of several new customers in first-quarter 2011.

  Industrial applications delivered growth of almost 9% thanks to solid instrument sales, in a context of growing interest in food safety.

– Robust sales in the Asia-Pacific region (16% of the consolidated total) continued, with a gain of nearly 14%. Growth was driven by excellent performances in China (up 47%), where there was, in particular, very strong demand for equipment, and in India (up 31%), where VIDAS® continued to expand rapidly. On the other hand, sales contracted in Japan as compared with first-quarter 2011, when sales were boosted by major emergency deliveries as part of the relief effort following the March 11 earthquake and tsunami.

  Clinical applications benefited from the higher sales of the VIDAS® and microbiology lines. Particularly in China, the VITEK® 2 ID/AST system enjoys an especially favorable short and medium-term sales environment, following the Chinese Ministry of Health's announcement that it would like to launch a national campaign for the rational use of antibiotics in order to combat bacterial resistance.

– In Latin America (8% of the consolidated total), sales were up almost 6% over the period. The Brazilian subsidiary achieved a 9% increase in reagent sales, building upon the 25% revenue growth reported in first-quarter 2011, despite the postponement over the rest of the year of public orders for automated microbiology solutions.

  In clinical applications, the microbiology, VIDAS® immunoassay and molecular biology lines had solid sales growth, while sales of microplates, a non-strategic business for bioMérieux, fell off sharply. Industrial application sales climbed by more than 15%.

At constant exchange rates and comparable business base, first-quarter 2012 sales may be analyzed by application as follows:

Sales by application *In millions of euros*	**Three months ended March 31, 2012**	Three months ended March 31, 2011	% change As reported	**% change** At constant exchange rates & comparable business base
Clinical Applications	**287.3**	277.7	+3.5%	**+1.5%**
Industrial Applications	**75.5**	49.9	+51.4%	**+11.6%**
TOTAL	**362.8**	327.6	+10.8%	**+3.1%**

- In clinical applications, the microbiology business continued to benefit from the success of the Full Microbiology Lab Automation (FMLA®) and the automated ID/AST offerings. On the downside, it was impacted by weaker sales in the blood culture line, especially in North America, where significant contracts were signed in first-quarter 2011. Sales of the VIDAS® immunoassay range continued to progress in emerging markets and in high medical value tests. Sales of the other lines were lower year-on-year.

- In industrial applications, all four regions delivered solid growth in revenue. In addition, sales were robust across the main lines, particularly in microbiology (culture media, TEMPO®, VITEK® and BacT/ALERT®).

- Sales of reagents and services rose by more than 3% over the period, led, in particular, by vigorous demand in the Emerging 7 and for high medical value VIDAS® tests. Instrument sales were stable after the important billings in fourth-quarter 2011.

Other quarterly financial highlights

- The Group had 7,030 full-time-equivalent employees as of March 31, 2012. There were 7,014 full-time-equivalent employees as of December 31, 2011.

- After taxes and bonuses, which are usually paid in the first quarter, net debt stood at €131 million at March 31, 2012, unchanged from December 31, 2011.

  In April 2012, the Company renewed its syndicated line of credit scheduled to expire in January 2013 and now has access to a five-year, €350-million revolving credit facility expiring in March 2017. This funding is subject to a sole financial ratio: net debt must not exceed three times EBITDA (leverage ratio).

First-quarter operating highlights

- Commercial offer

  bioMérieux has obtained validation from the French Agency for Food, Environmental and Occupational Health and Safety (ANSES, based in Maisons-Alfort) for the ADIAVET™ Schmallenberg virus PCR kit for the detection of the Schmallenberg virus, responsible for an epidemic currently affecting a large number of livestock farms in Europe. The Directorate General for Food (DGAL) has also authorized its use in certified French public veterinary laboratories. Based on molecular biology techniques, the new test was developed by ADIAGENE, a bioMérieux company specialized in the development and production of molecular diagnostic kits. It enables the specific detection of the presence of the virus in just a few hours.

  In addition, at the end of March, VIDAS® ANTI-HCV, a test for the diagnosis of hepatitis C, was CE marked by the French notified body LNE/G-MED. Hepatitis C (HCV) is a virus that causes a serious inflammation of the liver. 130 to 200 million people worldwide suffer from chronic hepatitis C. This test completes the VIDAS® menu for A, B and C viral hepatitis.

– Integration of AES Laboratoire and Argene

  During the quarter, major advances were made in organizing the distribution of AES Laboratoire and Argene products.

  In France, the bioMérieux and AES Laboratoire sales forces are now coordinated, with sales teams commercializing both companies' product lines. The product portfolio is also being rationalized according to schedule.

  In addition, Argene's offering is now directly commercialized by the bioMérieux network in around ten countries, including in North America where bioMérieux, Inc. has sold the Argene line since April 1, 2012.

– Pipeline of systems under development

  During the quarter, the Company continued to actively prepare the five product launches scheduled for 2012 and 2013.

  In particular, the development and test phases of the new generation VIDAS® system are proceeding on schedule.

  In addition, the "Smart Incubator", incorporating imaging technologies, which is scheduled for launch in 2013, was officially presented at the European Congress of Clinical Microbiology and Infectious Diseases (ECCMID) in late March.

– New commercial subsidiary in Malaysia

  During the first quarter, the international sales network was strengthened with the creation of bioMérieux's 40th commercial subsidiary. Based in Malaysia, the new unit will be in charge of sales, promotion and maintenance of Group products in the local market.

– Global ERP system deployment

  The Global ERP system was successfully deployed on schedule in Poland in February. Projects conducted during the first quarter also supported roll-out in Switzerland and Argentina in April, bringing to eight the number of countries where the system is up and running.

12.2 OBJECTIVES

12.2.1 OBJECTIVES FOR 2012

In 2012, bioMérieux expects that 2011 trends will continue and has targeted sales growth between 3% and 5% for the year, at constant exchange rates and comparable business base. This objective excludes the impact of the Dima Diagnostika sale and, until July 2012, that of the AES Laboratoire and Argene acquisitions, which could add another 3% in growth for the year.

2012 will be a key year in bioMérieux's development, with the launch of the new generation of its VIDAS® platform, the continued development of four other innovative systems, the ramping up of its Services business and the creation of new commercial subsidiaries. The Company will also pursue its transformation plan, in particular with the accelerated deployment of the global ERP system and the introduction of major operating initiatives. Based on these factors, as well as a likely negative currency effect, bioMérieux has targeted operating income before non-recurring items between €255 million and €270 million for the year.

12.2.2 OBJECTIVES FOR 2015

The deterioration in the economic environment since the publication of the 2010-2015 strategic plan in March 2010 has called into question the plan's underlying assumptions. In the current unsettled business environment, it will continue to provide information on quantitative objectives every year, but will no longer set quantified targets for 2015.

13 PROFIT FORECASTS

The Group does not provide profit forecasts.

14 ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES AND SENIOR MANAGEMENT

14.1 ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES

Composition of the Board of Directors

The Board of Directors is composed of at least three members and up to the maximum number permitted by law. At December 31, 2011, the Board of Directors comprised nine members.

Jean-Luc Belingard

63 years old
Born on October 28, 1948

First appointed on September 15, 2006
Current term expires in 2014

Number of bioMérieux shares held: **50**

Main position within the Company:
Chairman and Chief Executive Officer

Other directorships and positions held in 2011 (all companies):
Director of LabCorp of America (U.S.), Stallergenes (France) NicOx (term expired in August 2011), Celera Corporation (U.S.) (term expired in May 2011), AES Laboratoire Groupe SA*, AES Chemunex SA*

Directorships and positions that have expired in the past five years:
Director of Applera Corp. (U.S.) (term expired in 2008), ExonHit Therapeutics (France) (term expired in 2006)
Chairman and CEO of Ipsen (term expired in 2010)

Other professional activities and past positions:

Management experience and expertise:
HEC Paris
MBA Cornell University (U.S.)
CEO of Roche Diagnostic and Member of the Management Committee of Roche Group (1990 to 1999)
Member of the Management Board and CEO of bioMérieux-Pierre Fabre from 1999 to 2001
Chairman and CEO of Ipsen (2001 to 2010)

Alexandre Mérieux

38 years old
Born on January 15, 1974
Son of Alain Mérieux (director)

First appointed on April 16, 2004
Current term expires in 2014

Number of bioMérieux shares held: **20**

Main position within the Company:
Chief Operating Officer and Corporate Vice-President of the Microbiology Unit

Other directorships and positions held in 2011 (all companies):
Director of Institut Mérieux*, the Christophe and Rodolphe Mérieux Foundation, the Mérieux Foundation, Mérieux NutriSciences Corp. (U.S.)*, bioMérieux Inc. (U.S.)*, BTF (Australia)*, bioMérieux Canada*, bioMérieux China Ltd. (China)*, bioMérieux India Private Ltd. (India)* (term expired in July 2011), bioMérieux Polska sp. z.o.o. (Poland)*, bioMérieux UK Ltd. (UK)* (term expired in August 2011), bioMérieux Singapore Pte Ltd. (Singapore)* (term expired in September 2011), AES Laboratoire Groupe SA*, AES Chemunex SA*
Vice-President of Institut Mérieux
President of Mérieux Développement SAS*, SGH*, Skiva SAS*
Manager of SCI Accra

Directorships and positions that have expired in the past five years:
Director of Ecosilk (U.S.) (term expired in 2007)
Permanent representative of Mérieux NutriSciences Corp* (formerly Silliker Group Corp), President of Silliker France SAS* (term expired in 2007), Adriant SAS (term expired in 2008)

Other professional activities and past positions:

Management experience and expertise:
HEC Montreal
Marketing Director of Silliker in 2003 and 2004

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* Company controlled, within the meaning of article L.233-16 of the French Commercial Code (*Code de commerce*), by Compagnie Mérieux Alliance SAS

Alain Mérieux

73 years old
Born on July 10, 1938
Father of Alexandre Mérieux (director and COO)

First appointed on July 10, 1986
Current term expires in 2014

Number of bioMérieux shares held: **290**

Main position within the Company:
Chairman of the Human Resources, Appointment and Compensation Committee

Other directorships and positions held in 2011 (all companies):
President of Compagnie Mérieux Alliance SAS
Chairman and CEO of Institut Mérieux*
Chairman of the Board of Directors of the Mérieux Foundation, Ecole Vétérinaire de Lyon
Director and Honorary Chairman of the Christophe and Rodolphe Mérieux Foundation
Director of Compagnie Plastic Omnium, CIC Lyonnaise de Banque, Transgène*, bioMérieux Italia SpA (Italy)*, Mérieux NutriSciences Corp. (U.S.)*, the Pierre Fabre Foundation, the Pierre Vérots Foundation, Synergie Lyon Cancer (Cancéropôle), the Centaure Foundation, the Edmus Foundation

Directorships and positions that have expired in the past five years:
Member of the Supervisory Board of Eurazeo (term expired in 2007), Akzo Nobel (the Netherlands) (term expired in 2007)
Director of Shantha Biotechnics Ltd. (India)* (term expired in 2009)

Other professional activities and past positions:

Management experience and expertise:
Graduate of Harvard Business School (1968)
Chairman and Chief Executive Officer of the Company (1965 to 2010)
Senior executive for more than 30 years

Michele Palladino

Independent director**

71 years old
Born on June 13, 1940

First appointed on July 6, 2004
Current term expires in 2014

Number of bioMérieux shares held: **2,000**

Main position within the Company:
Member of the Human Resources, Appointment and Compensation Committee

Other directorships and positions held in 2011 (all companies):
N/A

Directorships and positions that have expired in the past five years:

President and managing partner of Michele Palladino & C SAS (term expired in 2010)

Other professional activities and past positions:

Management experience and expertise:
CEO of bioMérieux SA until 1993

Michel Angé

Independent director

72 years old
Born on November 27, 1939

First appointed on September 30, 2004
Current term expires in 2014

Number of bioMérieux shares held: **160**

Main position within the Company:
Chairman of the Audit Committee and Member of the Human Resources, Appointment and Compensation Committee

Other directorships and positions held in 2011 (all companies):
Director of Lyonnaise de Banque SA***, Tessi, Apicil Prévoyance, Sogelym-Dixence Holding SAS
Director and Vice-Chairman of the Supervisory Board of Banque de Vizille SA*** (term expired in February 2011)

Directorships and positions that have expired in the past five years:
Chairman and Vice-Chairman of Apicil Prévoyance (term expired in 2007) and Apicil Assurance SA (term expired in 2007)
Chairman of Apicil Preci SA (term expired in 2007)
Director of Centre Technique des Institutions de Prévoyance (term expired in 2007)
Chairman of GIE Santelog (term expired in 2007)
Vice-Chairman and director of Fonds de Garantie des Institutions de Prévoyance (term expired in 2008)

Other professional activities and past positions:

Management experience and expertise:
Graduate of Institut Technique de Banque
CEO of Lyonnaise de Banque for 13 years

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* Company controlled, within the meaning of article L.233-16 of the French Commercial Code, by Compagnie Mérieux Alliance SAS
** Independent director as defined in the Board of Directors' internal rules
*** Company controlled, within the meaning of article L.233-16 of the French Commercial Code, by Lyonnaise de Banque

Georges Hibon

74 years old
Born on November 3, 1937

First appointed on July 6, 2004
Current term expires in 2014

Number of bioMérieux shares held: **10**

Main position within the Company:
Member of the Audit Committee

Other directorships and positions held in 2011 (all companies):
Director of CARE France
Director of Transgène SA*, ABL*

Directorships and positions that have expired in the past five years:
Director of Cerep SA (term expired in 2007)
Director of BioAlliance Pharma (term expired in 2009)
Chairman of the Board of Shantha Biotechnics Limited (India)* (term expired in 2010)

Other professional activities and past positions:

Management experience and expertise:
HEC Paris
Chairman of MSD Chibret France
Vice-Chairman of Merck International
Chairman and CEO of Pasteur Mérieux Connaught

Groupe Industriel Marcel Dassault, represented by **Benoît Habert**

Independent director**

47 years old
Born on July 12, 1964

First appointed on April 16, 2004
Current term expires in 2014

Number of bioMérieux shares held:
2,013,470

Main position within the Company:
Member of the Audit Committee

Other directorships and positions held in 2011 (all companies):
President of Dassault Développement SA***
Deputy CEO in charge of Strategy & Development and director of Groupe Industriel Marcel Dassault SAS
President of Habert Dassault Finance SAS***
Director of Transgène SA*, Dassault Média SA***, (fomerly Socpresse SA), Groupe Figaro SA***, SITC SAS, Sport 24 SA***, Dupuis (Belgium) and Dargaud (France), Intigold (Peru), Eclosion (Switzerland)

Member of the Supervisory Board of Figaro Classifieds SA*** (formerly AdenClassifieds SA)

Representative of GIMD, director of Mérieux NutriSciences Corp.* (U.S.)

Directorships and positions that have expired in the past five years:
CEO of Dassault Développement SA*** (term expired in 2010)
Director of Chapitre.com (term expired in 2009), LSF (U.S.) (term expired in 2009), TM4 (Canada) (term expired 2009), Livres invest (term expired 2009), Shan (term expired in 2009)
Permanent representative of Dassault Développement***, director of Unimédecine (term expired in 2007)

Other professional activities and past positions:

Management experience and expertise:
President of Dassault Développement
Deputy CEO in charge of Strategy & Development of Groupe Industriel Marcel Dassault

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* Company controlled, within the meaning of article L.233-16 of the French Commercial Code, by Compagnie Mérieux Alliance SAS
** Independent director as defined in the Board of Directors' internal rules
*** Company controlled, within the meaning of article L.233-16 of the French Commercial Code, by Lyonnaise de Banque

Philippe Archinard

52 years old
Born on November 21, 1959

First appointed on June 10, 2010
Current term expires in 2014

Number of bioMérieux shares held: **10**

Main position within the Company:
Director of the Immunotherapy division of Institut Mérieux

Other directorships and positions held in 2011 (all companies):
Chairman and CEO of Transgène*
Chairman of the Association LyonBioPôle
Director of Erytech Pharma
Permanent representative of TSGH*, director of ABL Inc.*
Representative of LyonBioPôle on the Board of Directors of the FINOVI Foundation and the Synergie Lyon Cancer Foundation

Directorships and positions that have expired in the past five years:
N/A

Other professional activities and past positions:

Management experience and expertise:
Graduate of Harvard Business School
Managing Director of Innogenetics (Belgium) from 2000 to 2003
Chairman and CEO of Transgène

Christian Bréchot

59 years old
Born on July 23, 1952

First appointed on June 12, 2008
Current term expires in 2012

Number of bioMérieux shares held: **10**

Main position within the Company:
Vice-Chairman in charge of Medical and Scientific Affairs at Institut Mérieux

Other directorships and positions held in 2011 (all companies):
Vice-Chairman in charge of Medical and Scientific Affairs at Institut Mérieux*
Director of InabioSanté in Toulouse, the RITC (*Recherche et Innovation Thérapeutique en Cancérologie*) Foundation in Toulouse, IGR&D in Paris, Ophtalmologique Adolphe de Rothschild Foundation in Paris, Transgène*, the Mérieux Foundation, bioTheranostics (U.S.)*, Lyonbiopôle, Knome (U.S.), EPEMED, Eclosion (Switzerland)

Directorships and positions that have expired in the past five years:
General Manager of Inserm (term expired in 2007)

Other professional activities and past positions:

Management experience and expertise:
Director of INSERM U370/University Paris V "Hepatocellular Carcinogenesis and Molecular Virology" research unit from 1993 to 2001
Head of the liver unit at Necker Children's Hospital from 1997 to 2001
Director of the Institut Pasteur's National Reference Center for the molecular epidemiology of viral hepatitis from 1998 to 2001
General Manager of Inserm (French national institute for health and medical research) from 2001 to 2007

Information on the composition and organization of the Board of Directors can be found in the Chairman's report in Appendix 1 of this Registration Document.

The members of the Board of Directors can be contacted at the Company's registered office in Marcy l'Étoile (Rhône).

* Company controlled, within the meaning of article L.233-16 of the French Commercial Code, by Compagnie Mérieux Alliance SAS

14.2 CONFLICTS OF INTEREST

To the best of the Company's knowledge:

- no member of the Board of Directors or Chief Operating Officer of the Company has been convicted of fraud in the past five years;

- no member of the Board of Directors or Chief Operating Officer of the Company has been involved, over the past five years, in any bankruptcy, court-ordered receivership or liquidation, in their capacity as member of the Company's administrative, management or supervisory bodies or as Chief Executive Officer;

- no sentence has been pronounced over the past five years against any member of the Board of Directors or a Chief Operating Officer of the Company barring them from serving on an issuer's administrative, management or supervisory body or from participating in the management or conduct of the affairs of an issuer;

- no member of the Board of Directors or Chief Operating Officer of the Company has been charged with an offense or had any official public disciplinary action taken against them by a statutory or regulatory authority (including recognized professional bodies).

To the best of the Company's knowledge, there is no potential conflict of interest between the duties to the Company of any member of the Board of Directors or a Chief Operating Officer, and their private and/or other interests. The agreements involving certain directors are subject to the procedures concerning related-party agreements and are described in Chapter 19.

In addition, the Company has established corporate governance procedures (see Appendix 1).

Corporate officers' interests in the Company and the Group

Alain Mérieux and his son, Alexandre Mérieux, are the main shareholders of Compagnie Mérieux Alliance, the holding company of Institut Mérieux, which is the main shareholder of the Company, of which they own the majority of the share capital and voting rights (see sections 18.1 and 18.2).

15 COMPENSATION AND BENEFITS

15.1 COMPENSATION AND BENEFITS-IN-KIND

15.1.1 DIRECTORS' COMPENSATION

Summary of directors' fees

The total fees payable to all directors are capped at €300,000 per year, in accordance with the fifth resolution of the Shareholders' Meeting of June 12, 2008.

Directors' fees are allocated as follows:

- for the Board of Directors: €12,000/year + €1,500 for each meeting, for each director and non-voting director;
- for the Audit Committee: €6,000/year + €1,500 for each meeting;
- for the Human Resources, Appointment and Compensation Committee: €4,000/year + €1,500 for each meeting.

Board members	Directors' fees paid in 2011 in euros	Directors' fees paid in 2010 in euros
Jean-Luc Belingard	19,500	28,000
Alain Mérieux	26,500	20,000
Alexandre Mérieux	19,500	20,000
Christian Bréchot	19,500	20,000
Michele Palladino	26,500	28,000
Philippe Archinard	19,500	12,000
GIMD/Benoît Habert	36,000	52,000
Michel Angé	39,000	52,000
Georges Hibon	38,500	48,000
Harold Boël	19,500	12,000
TOTAL	**264,000**	**292,000**

The Company also paid €8,000 in directors' fees in 2010 to TSGH, which no longer had a directorship in 2011.

The directors did not receive directors' fees from Group subsidiaries.

Compensation of corporate officers and directors

- **Jean-Luc Belingard**

Jean-Luc Belingard's compensation is paid by Institut Mérieux, pursuant to an employment contract, for the duties he performs within Institut Mérieux. He receives fixed and variable compensation for his corporate office within bioMérieux. His variable compensation is based on the achievement of objectives with respect to qualitative and quantitative criteria. Net sales growth and operating profit before non-recurring items (EBIT before non-recurring items), which were announced at the beginning of the year, are the two quantitative targets. This compensation is reviewed annually by the Human Resources, Appointment and Compensation Committee, which reports its findings to the Board of Directors.

Summary of compensation, stock options and free shares granted (in euros) to Jean-Luc Belingard – Chairman and Chief Executive Officer	
	2011
Compensation for the year	**1,580,996**
Value of stock options granted during the year	0
Value of free shares granted during the year[(a)]	496,000
TOTAL	**2,076,996**

Jean-Luc Belingard	**Amounts for 2011 in euros**	
	Payable	Paid
- fixed compensation[(b)]	870,000	870,000
- variable compensation[(c)]	680,000	0
- extraordinary compensation	0	0
- directors' fees	19,500	19,500
- benefits-in-kind[(d)]	11,496	11,496
TOTAL	**1,580,996**	**900,996**
Value of stock options granted during the year	N/A	
Value of free shares granted during the year*	496,000	

(a) Institut Mérieux shares granted by Institut Mérieux
(b) Compensation paid by Institut Mérieux (€190,000) and bioMérieux (€680,000)
(c) Compensation paid by bioMérieux
(d) Company car and housing provided by Institut Mérieux

- **Alexandre Mérieux**

Alexandre Mérieux's compensation is paid by Institut Mérieux, pursuant to an employment contract. His gross variable compensation is based on (i) the Company's financial performance (particularly growth in net sales and operating profit before non-recurring items) and (ii) his individual performance assessed against targets set at the beginning of the year, and is paid the following year. This compensation is reviewed annually by the Human Resources, Appointment and Compensation Committee.

Alexandre Mérieux is covered by the collective (defined contribution) retirement plan available to Group senior executives.

Summary of compensation, stock options and free shares granted (in euros) to Alexandre Mérieux – Chief Operating Officer		
	2011	**2010**
Compensation for the year	396,151	381,289
Value of stock options granted during the year	N/A	N/A
Value of free shares granted during the year	N/A	N/A
TOTAL	**396,151**	**381,289**

Alexandre Mérieux	**Amounts for 2011 in euros**		**Amounts for 2010 in euros**	
	Payable	Paid	Payable	Paid
- fixed compensation[(a)]	253,571	253,571	221,429	221,429
- variable compensation[(a)]	118,460	140,000	135,240	140,000
- extraordinary compensation	N/A	N/A	N/A	N/A
- directors' fees	19,500	19,500	20,000	20,000
- benefits-in-kind[(b)]	4,620	4,620	4,620	4,620
TOTAL	**396,151**	**417,691**	**381,289**	**386,049**
Value of stock options granted during the year	N/A		N/A	
Value of free shares granted during the year	N/A		N/A	

(a) Compensation paid by Institut Mérieux
(b) Company car provided by Institut Mérieux

- **Alain Mérieux**

Alain Mérieux receives a fixed salary which is determined by Institut Mérieux, the majority shareholder of the Company. At December 31, 2011, only Alain Mérieux was entitled to an additional defined benefit pension plan. The plan, which was open to senior executives of the Company, has been closed and no amount was paid into it in 2011.

Summary of compensation, stock options and free shares granted (in euros) to Alain Mérieux – Director		
Alain Mérieux	**Amounts paid for 2011 in euros**	**Amounts paid for 2010 in euros**
- fixed compensation[(a)]	348,071	339,500
- variable compensation	N/A	N/A
- extraordinary compensation	N/A	N/A
- directors' fees	26,500	20,000
- benefits-in-kind	N/A	N/A
TOTAL	**374,571**	**359,500**
Value of stock options granted during the year	N/A	N/A
Value of free shares granted during the year	N/A	N/A

(a) Compensation paid by Institut Mérieux

- **Christian Bréchot**

Christian Bréchot's compensation is paid by Institut Mérieux pursuant to an employment contract. His gross variable compensation is based on his individual performance assessed against targets set at the beginning of the year and is paid the following year.

Summary of compensation, stock options and free shares granted (in euros) to Christian Bréchot – Director		
Christian Bréchot	**Amounts paid for 2011 in euros**	**Amounts paid for 2010 in euros**
- fixed compensation[(a)]	275,500	267,321
- variable compensation[(a)]	100,000	90,000
- extraordinary compensation	N/A	N/A
- directors' fees	19,500	20,000
- benefits-in-kind[(b)]	10,187	5,708
TOTAL	**405,187**	**383,029**
Value of stock options granted during the year	N/A	N/A
Value of free shares granted during the year	N/A	N/A

(a) Compensation paid by Institut Mérieux
(b) Transportation provided by Institut Mérieux

Commitments made in favor of corporate officers

In 2011, the Company made no commitments whatsoever to its corporate officers, regarding compensation, indemnities or benefits payable or likely to be payable in connection with their appointment, termination or change in duties or subsequent thereto, except for a commitment in favor of Jean-Luc Belingard as described below and in Chapter 19.

The Board of Directors set termination benefits for Jean-Luc Belingard at 24 months of his total fixed and variable compensation.

The termination benefits will be payable only in the event of a forced departure resulting from a change of strategy or control. In addition, they will be payable based on the achievement of net sales growth and recurring operating profit targets announced the year preceding the year of Jean-Luc Belingard's departure.

The termination benefits will be payable only after the Board of Directors' official recording of the achievement of the above-mentioned performance conditions.

They will not be payable in the case of resignation, retirement or a change of position within the Group.

No preferred shares have been allocated to corporate officers for 2011.

Loans and securities granted to corporate officers

N/A

15.2 PENSIONS AND OTHER EMPLOYEE BENEFIT OBLIGATIONS

bioMérieux SA's commitment with respect to the defined benefit pension plan amounted to €1.9 million at December 31, 2011.

16 BOARD PRACTICES

16.1 BOARD OF DIRECTORS AND TERMS OF OFFICE

The Board of Directors' duties

The Board of Directors is responsible for defining and implementing the Company's strategies. It has powers to act on all questions concerning the smooth running of the Company and settles all matters affecting the Company by its deliberations, within the limits of the corporate purpose and subject to the powers expressly granted to Shareholders' Meetings. The Board of Directors carries out all controls and procedures that it deems appropriate.

The Board of Directors' internal rules provide that the Board of Directors must decide on (i) the approval of the strategic plans of the Company and its subsidiaries, (ii) the approval of the annual budget and, on a quarterly basis, its implementation, and (iii) the authorization of all key transactions (acquisitions, exchanges, transactions, granting of security interests, financing by any means, etc.) of more than €30 million not provided for in the strategic plan or the budget.

The internal rules also provide that the Board of Directors must be notified of any significant event affecting the operation of the Company and more specifically its financial and cash position and commitments.

The Board of Directors' work

The Chairman organizes and oversees the Board's work and reports thereon to the Shareholders' Meeting.

He ensures that the Company's management bodies operate effectively and that the directors are able to perform their duties.

Information on the duties and work of the Board of Directors can be found in the Chairman's report in Appendix 1 of this Registration Document.

Directors' terms of office

The list of directorships as well as the appointment and expiration dates are provided in Chapter 14 of this Registration Document.

16.2 SERVICE AGREEMENTS

None of the members of the administrative, management or supervisory bodies has a service agreement with the Company or one of its subsidiaries providing for the payment of benefits.

16.3 AUDIT COMMITTEE AND HUMAN RESOURCES, APPOINTMENT AND COMPENSATION COMMITTEE

Committees of the Board of Directors

The Board of Directors' internal rules provide that the Board of Directors may set up one or more permanent or temporary 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 act in a consultative capacity. The Board of Directors determines at its own discretion how to follow up on the findings reported by the committees' reports. The directors remain free to vote as they choose and are not bound by the committees' studies, investigations or reports. Nor are they bound by any recommendations the committees may issue.

At the date this Registration Document was filed, the Company's Board of Directors had set up two committees: the Audit Committee and the Human Resources, Appointment and Compensation Committee. Information on the composition and operation of these committees can be found in Appendix 1 of this Registration Document.

16.4 COMPLIANCE WITH CORPORATE GOVERNANCE PRINCIPLES

Legal framework of corporate governance

The Company complies with applicable corporate governance requirements. It refers to the AFEP-MEDEF Corporate Governance Code which summarizes current corporate governance principles. This code may be viewed online on the MEDEF website (http://www.code-afep-medef.com). The provisions of the code that have not been applied and the reasons for such non-compliance are described below.

Directors' terms of office

The majority of the directors' terms of office expire at the same time. In light of the Company's background (seven of the current nine directors were appointed in 2004 and their terms of office renewed upon expiration), the terms of office of directors cannot be staggered.

Composition of the Board of Directors

At the Annual General Meeting to be held in May 2012, the Board of Directors will recommend that the shareholders appoint a female director.

The Audit Committee and its duties

The risks and off-balance sheet commitments are listed in the notes to the financial statements. They are not subject to a special report by the Chief Financial Officer as they are not material.

Assessment of the Board of Directors

The Board of Directors assesses the performance of General Management independently and collectively.

The report on the conditions governing the preparation and organization of the Board of Directors' work as well as internal control and risk management procedures implemented by the Company can be found in Appendix 1 of this Registration Document and provides further information regarding this Chapter.

17 EMPLOYEES

17.1 NUMBER OF EMPLOYEES

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

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

17.1.1 GROUP EMPLOYEES

bioMérieux is a worldwide group with 7,014 full-time equivalent (FTE) employees at December 31, 2011 (including employees from AES Laboratoire and Argene); 61% of whom work outside of France.

The table below shows the Group's FTE employees at December 31, 2011:

Geographic area	Production and logistics	Sales, marketing, customer service	R&D	Administrative and general services	Total	%
Europe – Middle East – Africa	1,765	1,208	767	517	4,257	60.7
Of which France	*1,274*	*448*	*667*	*355*	*2,744*	*39.1*
North America	837	500	231	129	1,697	24.2
Asia-Pacific	281	333	21	82	717	10.2
Latin America	109	176	3	55	343	4.9
Total	**2,992**	**2,217**	**1,022**	**783**	**7,014**	**100.0**
%	42.6	31.6	14.6	12.2	100.0	–

The table below shows changes in the workforce (on an FTE basis) since 2009:

	Dec. 31, 2011	Dec. 31, 2010	Dec. 31, 2009
France	2,744	2,657	2,687
Europe (excl. France) – Middle East – Africa	1,513	1,036	1,098
North America	1,697	1,652	1,711
Latin America	343	328	315
Asia-Pacific	717	633	489
TOTAL	**7,014**	**6,306**	**6,300**

In 2011, workforce changes primarily reflect the following events:

- the discontinuation of production at the Portland, Oregon plant in the United States, which led to 67 departures;
- the integration of 451 employees from AES Laboratoire and Argene;
- the reinforcement of production and sales & marketing teams.

17.1.2 HUMAN RESOURCES POLICY

The Group pursues an active human resources policy focused on (i) performance tracking, (ii) developing skills and mobility, (iii) compensation policy, (iv) improving working conditions and (v) promoting gender equality in the workplace.

Performance tracking

Performance tracking by means of annual evaluation and follow-up reviews ensures that individual objectives are aligned with Company priorities, individual performances are assessed and skill-development measures are put in place. These reviews provide an opportunity for clarifying expectations and assessing compliance with Company values.

Developing skills and mobility

Given the rapid changes of a demanding and competitive market, development of employees and managers is a key objective for bioMérieux.

In France, in the context of the agreement on forward-looking skills and career management and senior staff management (*Gestion Prévisionnelle des Emplois, des Compétences et Gestion des Seniors* – GPEC) signed in 2009, work in liaison with managers was undertaken to anticipate changes affecting professions and the related skill requirements.

bioMérieux University covers all technical and managerial training for all employees in all countries, whether carried out in-house or by outside service providers. bioMérieux University embodies the Company's values, objectives and strategies. The objective of this organization is to align employees around a common vision: sharing the Company's culture, fundamental principles and processes.

Thus, in addition to technical training on the Company's business as well as quality and safety requirements, bioMérieux University proposes two programs to all employees:

– bioMérieux Manager Essentials (bME): this program is mandatory for all employees who assume a supervisory role. It consists of twenty-five training days over a period of four years; To strengthen its managers' leadership capabilities, bioMérieux University implemented the "360 degree" program, enabling managers to identify their strengths and career development opportunities.

– bioMérieux Essentials (bE): for all employees, corresponding to one or two training days per year.

After being introduced in France and in the United States in 2007, these programs were rolled out to managers in China, Latin America and the rest of Europe in 2010.

Specific programs for each function are also offered in addition to these cross-functional programs. The programs developed since 2010 include the following: Marketing Excellence (for the Marketing function), Project Manager Essentials and Manufacturing Essentials based on 2BP production best practices (bioMérieux Best Practices), Procurement Excellence and Sales Capabilities.

For example, in France, each employee completed 33 hours of training on average in 2011, for a total of 92,000 hours, representing an investment of 6% of payroll.

In France, bioMérieux University provides opportunities for staff to develop their skills throughout their careers. In 2011, the first industrial science and technology class of 12 manufacturing technicians completed a 140-hour certificate program in coordination with IMPT-AFPI Lyon, to develop their job skills in the areas of line operation, work methods and quality. Upon completion of this training program, technicians receive a "packaging line operator certificate" that is recognized throughout the healthcare and pharmaceutical industries.

Product training, which plays a key role in the Group's performance, is provided by trainers from the five Knowledge Centers in the United States and France. In 2011, 390 product training sessions were organized, representing a total of 66,000 hours of training, 64% of which were completed at the Company's registered office in Marcy l'Étoile, 15% in the United States and 21% in other countries. A total of 2,200 people from 108 different countries took part in these product training sessions. In addition to these training courses, distance learning opportunities are also offered, particularly in the form of e-learning modules. These in-house training courses are offered to the sales functions (sales, marketing, customer service). However, bioMérieux University also offers scientific training to its clients (laboratory technicians, biologists, etc.) via sessions led by in-house trainers or experts.

bioMérieux focuses on career skills and encourages internal staff mobility:

– enabling employees to keep their positions when there are changes within the organization or to the methods and tools used;

– making career changes possible within each sector or by taking on a new profession. bioMérieux's worldwide presence in some 170 countries also gives employees international career development opportunities. The bioMérieux career opportunities intranet site allows each employee to be informed of and apply for available positions in France, the United States and in all the subsidiaries.

The agreement on forward-looking skills, career management and senior staff management focuses on the employment of young people and seniors.

– as regards young people, relationships with schools and universities are at the core of the recruitment policy to facilitate the integration of young graduates, who receive regular presentations on career opportunities within the Company. In 2011, 4.5% of the employees in France were young employees on work-study programs (in 2011, 120 young people were hired on apprenticeship or work-study programs, 14 as part of the international internship program *Volontariat International en Entreprise* – VIE and 2 as part of CIFRE industrial research training agreements) ;

– as regards seniors, opportunities are provided when they have experienced tough working conditions to enable them to adapt their work schedules and benefit from mobility.

In terms of equality in the workplace, the Company-wide equality in the workplace agreement demonstrates the Company's commitment toward women and men, and also shows the Company's commitment to eliminating all forms of discrimination.

Compensation policy

Compensation (fixed and variable) is set in each country on the basis of local conditions, the Company's results and individual performances. For executives, a worldwide grading of positions makes it possible to compare levels of responsibility and set compensation on the basis of local benchmarks.

In order to align staff with bioMérieux values and strategic priorities, certain executives receive an annual compensation package based on common indicators, a portion of which is linked to the Company's performance.

Incentives for employee savings have been offered in France since 1987, with the establishment of a company savings plan (*Plan Epargne Entreprise* – PEE). In addition to the mandatory profit-sharing plan, the Company's employees also benefit from an incentive plan. Since 2006, all employees in France can invest their savings in a group retirement savings plan (*Plan d'Epargne Retraite Collectif* – PERCO), to which the Company makes matching contributions.

In addition to the plan proposed in 2004 in connection with the Company's IPO, a global share ownership plan (Opus) was implemented in 2009, 2010 and 2011 to enable the Group's employees in France and the United States to take part in this operation. The Opus plan has allowed employees to acquire bioMérieux shares on favorable terms (employer's matching contribution in the form of free shares outside of France and under the PEE in France). Thirty-four countries participated in this plan in 2011 and more than half of the employees are now bioMérieux shareholders.

At December 31, 2011, nearly 1% of the share capital of bioMérieux was held by its personnel directly or through mutual funds.

Improving working conditions

The Group has an active occupational risk prevention policy which focuses on training for new employees and medical supervision of employees exposed to specific risks (see section 8.2). In France, the Company is working on implementing action plans to detect and prevent the physical and psychosocial risks faced by employees in the workplace.

Promoting gender equality in the workplace

Half of bioMérieux's employees are women[(14)].The Company is committed to ensuring that there is no gender discrimination in hiring and employment practices. A gender equality agreement was signed in France in 2003. The agreement has been updated regularly over the years, and now covers 2012, 2013 and 2014. The agreement primarily addresses compensation, career management, equal access to training and how to promote work/life balance.

The agreement also sets out the Company's commitment to take a stand against all forms of discrimination, in particular by raising awareness among managers during the management training courses they attend.

17.1.3 EMPLOYEE RELATIONS

The Company has good employee relations and has always been very attentive to the quality of social dialogue with the employee representative bodies.

In 2011, 11 company-wide agreements were signed in France, covering for example:

- travel outside working hours;
- setting up substitute weekend teams;
- establishing a European Works Council at the EU level as bioMérieux has many subsidiaries throughout Europe.

The agreements related to time savings accounts, career training, equality in the workplace, employment for employees with disabilities and the annual review process were renewed in 2011.

In 2011, the bioMérieux Central Works Council held 16 information and/or consultation meetings. The Chairman and Chief Executive Officer or members of the Management Committee attended these meetings depending on the topics covered.

The topics discussed related to:

- the Company's financial position, environment and results (quarterly sales, half-yearly and annual results and outlook);
- the overall strategy, research and development policy, industrial guidelines, strategy in the various divisions (immunoassay, molecular biology, microbiology and industry);
- the changes needed to achieve objectives (organizational restructuring, etc.);
- the social balance sheet, changing professions (application of the GPEC agreement), training policy, compensation and company-wide agreements.

All of these topics were further discussed with the local Works Councils according to their specific requirements.

(14) 49.6% at December 31, 2011 according to the information available on that date in the Human Resources Information System (scope: France, United States, Canada, Germany, United Kingdom, Switzerland, Belgium, the Netherlands, Italy, China, Poland, Austria, Czech Republic, Hungary, Serbia, Argentina, Colombia, Chile, Mexico, Brazil, Algeria, Dubai, Spain, Portugal, South Africa, Ivory Coast).

Since 2008, these topics have also been addressed during the European Works Council's meetings. Two meetings are organized each year to present the Company's outlook and, where applicable, to consult the members of this forum on restructuring projects.

17.2 FREE SHARE GRANTS

Currently the Company does not have any stock option plans. No stock options were granted to corporate officers or employees by the Company or Group companies in 2011. At the date of this report, no stock options may be exercised.

The Board of Directors granted 51,567 free shares under performance share plans set up by the Board – after consulting with the Human Resources, Appointment and Compensation Committee – pursuant to the authority granted to it by the Ordinary and Extraordinary Shareholders' Meetings of June 10, 2010.

The table below shows the number of free shares granted to beneficiaries other than corporate officers, and not fully vested at end-2011:

Grant date	Number of shares granted	Share price (*in euros*)
March 8, 2011	25,900	78.50
June 15, 2011	25,667	80.68

No free shares were granted to corporate officers.

17.2.1 VESTING PERIOD

Based on the share grant plans, a two- or four-year vesting period applies from the date of the decision to grant the shares before the beneficiary becomes the owner of the shares granted.

17.2.2 ELIGIBILITY AND PERFORMANCE CONDITIONS

In 2011, upon the recommendation of the Human Resources, Appointment and Compensation Committee, the Board of Directors decided to grant free shares that will vest if the following conditions are met:

– the beneficiary holds a position in the Company at the grant date;

– achievement of a net sales growth target;

– attainment of a recurring operating profit margin target.

However, the Opus global plan offered to all Group employees who have already acquired Company shares only requires that the employee still hold a position in the Company at the grant date.

17.2.3 DELIVERY OF SHARES

At the end of the vesting period and provided that the conditions set by the Board of Directors are met, the Company will transfer to the beneficiary the number of free shares granted by the Board of Directors. The beneficiaries will become shareholders but they must hold their shares during the lock-up period set under the plan.

17.2.4 LOCK-UP PERIOD

According to French law, the beneficiaries undertake to hold their shares for a lock-up period of two years from the expiration of the vesting period, as defined above.

17.2.5 BENEFICIARIES' RIGHTS

Even though the shares will not be transferable, the beneficiaries of vested shares are entitled, like any other shareholder, to exercise all other rights attached to such shares during the lock-up period, including:

- pre-emptive subscription rights;
- right to information;
- right to attend shareholders' meetings;
- right to vote;
- right to dividends and, if applicable, distributed reserves.

Shares granted in 2009 vested at the end of the two-year vesting period in 2011. The corresponding 41,012 shares were transferred to the beneficiaries. The Company only granted existing shares.

17.3 SHARES AND STOCK OPTIONS HELD BY CORPORATE OFFICERS

No free shares or stock options were granted to corporate officers.

17.4 EMPLOYEE PROFIT SHARING

Incentive and mandatory profit-sharing plan

An incentive plan was negotiated for 2010, 2011 and 2012 for the employees of bioMérieux SA. The total amount distributable under the plan is calculated by reference to consolidated operating profit and growth in net sales.

bioMérieux SA also has a mandatory profit-sharing plan, for which the reserve set aside is calculated on the basis of the legal formula.

Employee profit sharing, including the corporate social contribution (*forfait social*), amounted to €10.3 million in 2011.

18 MAIN SHAREHOLDERS

18.1 MAIN SHAREHOLDERS

Changes in the ownership structure over the past three years

The table below shows the Company's ownership structure on the dates indicated.

Shareholders[a]	December 31, 2011				December 31, 2010				December 31, 2009			
	Number of shares	% of capital	Number of voting rights	% of voting rights	Number of shares	% of capital	Number of voting rights	% of voting rights	Number of shares	% of capital	Number of voting rights	% of voting rights
Institut Mérieux[b]	23,240,090	58.90	46,480,180	71.18	23,240,090	58.90	46,480,180	70.87	23,240,090	58.90	46,480,180	70.79
GIMD[c]	2,013,470	5.10	4,026,940	6.17	2,013,470	5.10	4,026,940	6.14	2,013,470	5.10	4,026,940	6.13
Employees[d]	358,027	0.91	496,841	0.76	464,232	1.18	471,254	0.72	391,246	1.00	530,544	0.81
Treasury stock[e]	27,588	0.07	0	0.00	31,200	0.10	0	0.00	44,900	0.10	0	0.00
Public	13,814,565	35.02	14,295,554	21.89	13,704,748	34.74	14,607,811	22.27	13,764,034	34.9	14,622,015	22.27
TOTAL	39,453,740	100	65,299,515	100	39,453,740	100	65,586,185	100	39,453,740	100	65,659,679	100

(a) Only the shareholders representing more than 5% of the capital are named in this table. The other shareholders are included under Public.
(b) Institut Mérieux is the holding company of the Mérieux family.
(c) Groupe Industriel Marcel Dassault
(d) This line includes employee share ownership through corporate mutual funds ("FCPE"), the shares held by employees within the framework of the Opus plans and shares held by employees in registered form. In 2009, this line included employee share ownership through corporate mutual funds, the shares held by employees within the framework of the Opus plans and the free shares granted to the Company's employees.
(e) The shares are held pursuant to the liquidity contract with Crédit Agricole Cheuvreux and an agency agreement with Natixis.

The change in voting rights is due to the existence of double voting rights.

Disclosure thresholds

On September 26, 2011, Norges Bank's holding disclosed that it had increased its interest to above the 1% disclosure threshold.

Employee share ownership

At December 31, 2011, employees held 358,027 shares, i.e., 0.91% of the share capital of the Company, broken down as follows:

- under the Opus Classic mutual fund: 250,000 shares;
- registered shares: 81,301 shares;
- following the acquisition of shares under the Opus plans that were not registered: 26,726 shares.

No stock options were granted to corporate officers or employees by the Company or Group companies in 2011. At December 31, 2011, there were no exercisable stock options.

In 2011, the Company granted free shares, as described in the special report drawn up for this purpose (see section 17.2).

No free shares were granted to the Company's corporate officers.

18.2 CONTROL OF THE ISSUER

Institut Mérieux, which is the holding company owned by the Mérieux family, through Compagnie Mérieux Alliance, held 58.90% of the share capital and 71.18% of the voting rights of the Company at December 31, 2011. Therefore, Institut Mérieux can adopt all the resolutions submitted for the approval of shareholders at Shareholders' Meetings.

Despite Institut Mérieux's position as the majority shareholder, the Company considers that there is no risk that control will be exercised in an abusive manner.

18.3 CHANGE OF CONTROL

To the best of the Company’s knowledge, there are no shareholders’ agreements and/or joint actions, nor any agreement whose implementation could result in a change of control.

19 RELATED-PARTY TRANSACTIONS

The Statutory Auditors' special report on related-party agreements for the year ended December 31, 2010 and the description of the transactions with related parties are presented in Chapter 19 and section 20.1.1 respectively of the 2010 Registration Document (Note 29 to the consolidated financial statements for the year ended December 31, 2010) and in section 20.1.2 (Note 20.7 to the consolidated financial statements for the year ended December 31, 2010) filed with the French financial markets authority (*Autorité des Marchés Financiers* – AMF) on April 26, 2011.

For 2011, transactions with related parties are described in section 20.1.1. of this Registration Document (Note 29 to the consolidated financial statements for the year ended December 31, 2011) and in section 20.1.2 (Note 20.7 to the parent company financial statements for the year ended December 31, 2011). The Statutory Auditors' special report on related-party agreements for the year ended December 31, 2011 is presented below.

All the agreements and commitments authorized by the Board of Directors and submitted to the shareholders for approval were approved in accordance with the provisions of articles L.235-38 of the French Commercial Code (*Code de commerce*).

Statutory Auditors' special report on related-party agreements and commitments

This is a free translation into English of the Statutory Auditors' special report issued in French 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.

To the Shareholders,

In our capacity as Statutory Auditors of bioMérieux, we hereby report to you on related-party agreements and commitments.

It is our responsibility to report to shareholders, based on the information provided to us, on the principal terms and conditions of the agreements and commitments that have been disclosed to us or that we may have identified as part of our engagement, without commenting on their relevance or substance or identifying any undisclosed agreements and commitments. Under article L.225-31 of the French Commercial Code, it is the responsibility of the shareholders to determine whether the agreements and commitments are appropriate and should be approved.

Where applicable, it is also our responsibility to provide shareholders with the information required by article L.225-31 of the French Commercial Code in relation to the implementation during the year of agreements and commitments already approved by the Shareholders' Meeting.

We performed the procedures that we deemed necessary in accordance with professional standards applicable in France. These procedures consisted in verifying that the information provided to us is consistent with the underlying documents.

AGREEMENTS AND COMMITMENTS SUBMITTED FOR THE APPROVAL OF THE SHAREHOLDERS' MEETING

Agreements and commitments authorized during the year

In accordance with article L.225-40 of the French Commercial Code, we have been informed of the following agreements and commitments which were subject to the Board of Directors' prior authorization.

With the Mérieux Foundation

Sponsorship arrangement – specific projects

Nature and purpose: On March 8, 2011, the Company entered into a sponsorship agreement covering all types of donations for the purpose of specific projects.

Terms and conditions: This agreement was entered into for a period of two years and may be renewed annually by tacit agreement.

This agreement had no impact on the year ended December 31, 2011.

Service agreement

Nature and purpose: On March 8, 2011, the Company entered into a service agreement with retroactive effect as of January 1, 2011, covering all the contributions from the Company to the Mérieux Foundation that cannot be considered sponsorship.

Terms and conditions: This agreement was entered into for a period of one year and may be renewed annually by tacit agreement.

For the year ended December 31, 2011, an expense of €41,651 was recognized.

Research agreement

Nature and purpose: On December 1, 2011, the Company entered into a research agreement for the sequencing of respiratory viruses.

Terms and conditions: This agreement was entered into for a period of one year.

This agreement had no impact on the year ended December 31, 2011.

Discontinuing the specific partnership and sponsorship arrangement

Nature and purpose: As the Mérieux Foundation wishes to have its own research facilities to develop health solutions that meet the constraints of developing countries, bioMérieux decided in 2001 to give financial support to this project by entering into a sponsorship agreement while providing a laboratory team and related resources.

This agreement ended on March 22, 2011.

AGREEMENTS AND COMMITMENTS ALREADY APPROVED BY THE SHAREHOLDERS' MEETING

Agreements and commitments approved in previous years

a) Implemented in 2011

Pursuant to article L.225-42 of the French Commercial Code, we were informed of the following agreements and commitments approved in prior years, which were implemented in 2011.

With Jean-Luc Belingard, Chairman and Chief Executive Officer appointed at January 1, 2011

Termination benefits

At its meeting of December 17, 2010, in accordance with the provisions of article L.225-42-1 of the French Commercial Code, the Board of Directors authorized the payment of termination benefits to Jean-Luc Belingard, Chairman and Chief Executive Officer of the Company at January 1, 2011.

The termination benefits represent 24 months of his total fixed and variable compensation.
The termination benefits will be payable only in the event of a forced departure resulting from a change of strategy or control. In addition, they will be payable based on the achievement of net sales growth and recurring operating profit targets announced the year preceding the year of Jean-Luc Belingard's departure.

The termination benefits will be payable only after the Board of Directors' official recording of the achievement of the above-mentioned performance conditions.

They will not be payable in the case of resignation, retirement or a change of position within the Group.

With Théra Conseil

Nature and purpose: On March 3, 2011, the Company signed a short-term lease agreement to occupy a building located in Tassin (without an automatic renewal clause), 45 avenue du 11 novembre 1918, effective as of March 15, 2010.

Terms and conditions: Annual fee of €36,000, excluding charges, payable each quarter in arrears until March 15, 2011, €37,000 thereafter.

For the year ended December 31, 2011, an expense of €37,000 was recognized.

With Institut Mérieux and Transgène

Consortium agreement within the framework of the ADNA project (Advanced Diagnostics for New therapeutic Approaches)

Nature and purpose: The purpose of the agreement is to set forth the governing rules and the status of the intellectual property rights and use of the results produced by the consortium.

The parties to the consortium agreement include Institut Mérieux, bioMérieux SA and various other companies, including Transgène SA, with a view to the implementation of a research and development project known as "ADNA" (Advanced Diagnostics for New therapeutic Approaches) which is designed to contribute to the development of personalized medical care in the fields of infectious diseases, cancers and rare genetic disorders.

Terms and conditions: The agreement came into force in October 2008 following approval by the European Commission of the project's financing by OSEO-ANVAR (formerly known as *Agence pour l'Innovation Industrielle*).

With Institut Mérieux

Service agreement within the framework of the ADNA project

Nature and purpose: Institut Mérieux, in its capacity as consortium leader under the ADNA project, undertakes to provide coordination services.

Terms and conditions: bioMérieux is liable for a share of the direct and indirect expenses incurred by Institut Mérieux in connection with the performance of its assignments, proportional to bioMérieux's share of the budget eligible for subsidies and repayable advances.

For the year ended December 31, 2011, the Company covered €149,067 in expenses.

Service agreement

Nature and purpose: The Company entered into a service agreement with Institut Mérieux effective as of January 1, 2002 (amended by two addenda in 2007).

Terms and conditions:

- Under the first addendum, compensation is based on services provided by Institut Mérieux (personnel costs and contributions, plus 8%) and is allocated between the companies of the Institut Mérieux Group according to three allocation keys based on the weighting of fixed assets, net sales and payroll costs.

- The second addendum governs the allocation of the cost of free share grants when the beneficiary employee has been transferred within the Institut Mérieux Group during the vesting period. The companies of the Institut Mérieux Group granting free shares charge back the costs related to the free shares, without any profit margin, on a prorated basis to reflect time spent by the employee concerned within each of the companies during the vesting period.

Thus, for the year ended December 31, 2011, an expense of €2,807,629 was recognized.

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 compound currently in phase I clinical trial 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 borne by Ipsen. The test will contribute to the clinical development of the Ipsen compound, as well as to that of a diagnostic test that could be distributed by bioMérieux.

With the Christophe and Rodolphe Mérieux Foundation

Humanitarian projects

Nature and purpose: The Company has entered into a sponsorship agreement with the Christophe and Rodolphe Mérieux Foundation. The amount of annual contributions is submitted each year to the Board of Directors for approval.

Terms and conditions: For 2011, the Company recognized an expense of €1,325,000.

b) Not implemented in 2011

In addition, we were informed of the following agreements and commitments, already approved by the Shareholders' Meeting in previous years, which were not implemented in 2011.

With Transgène

Collaboration on the ADNA project to develop an HPV accompanying test

Nature and purpose: Service agreement between bioMérieux and Transgène, pursuant to which bioMérieux is entrusted with the development of an HPV accompanying test on behalf of Transgène.

Terms and conditions: Both parties' contributions to the program are as follows:

Pooling of resources and knowledge.

Development financing in the amount of €782,000 to be paid by Transgène to bioMérieux based on the progress and results of the development.

Transgène has title to intellectual property rights in the results, except for developments derived from technologies contributed by bioMérieux.

The agreement was terminated by Transgène on April 7, 2011.

With Institut Mérieux

Use of the Mérieux name

Nature and purpose: Mérieux may use the Mérieux family name for identified activities that are distinct from those of the Company, provided such use is not detrimental to the interests of the Company. Institut Mérieux may also be granted the exclusive use of the Mérieux family name should the Company be controlled by a third party not wishing to retain its corporate name.

Terms and conditions: This agreement had no impact in 2011.

Pension plan

Nature and purpose: The Company set up a defined benefit pension plan for managers with a professional classification coefficient of 800, within the meaning of the national collective bargaining agreement governing the pharmaceutical industry. Following the group restructuring, plan beneficiaries may be employees of Institut Mérieux. The purpose of the agreement was therefore to secure the membership of Institut Mérieux.

Terms and conditions: Alain Mérieux was the plan's sole beneficiary. The agreement was terminated and no amounts were paid in 2011.

With Institut Mérieux, Mérieux NutriSciences Corp. and Transgène

Agreement concerning the allocation of costs related to the termination of the employment contract of a Group employee

Nature and purpose: Allocation of the financial consequences of the possible termination of employment contracts of employees who have worked for several Institut Mérieux Group entities.

Terms and conditions: The dismissed employee will receive a severance payment from the entity initiating the dismissal, which will be allocated among the other entities prorata to the compensation paid by each company since the beginning of the employee's career with the Group.

This agreement had no impact on the year ended December 31, 2011.

Lyon and Villeurbanne, April 23, 2012
The Statutory Auditors

DELOITTE & ASSOCIÉS	DIAGNOSTIC REVISION CONSEIL – DRC
Olivier Rosier	Hubert de Rocquigny du Fayel

20 FINANCIAL INFORMATION

20.1 HISTORICAL FINANCIAL INFORMATION

20.1.1 CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2011

The consolidated financial statements for the years ended December 31, 2010 and December 31, 2009 are respectively presented in section 20.1.1 of the Registration Document filed with the AMF on April 26, 2011 under number D.11-0361 and section 5.3 of the Registration Document filed on April 26, 2010 under number D.10-0322.

CONSOLIDATED INCOME STATEMENT

In millions of euros	**2011**	**2010**
Net sales (Note 1.16.1)	**1,427.2**	**1,357.0**
Cost of sales	(666.1)	(634.9)
Gross profit	**761.1**	**722.1**
Other operating income (Note 19)	20.7	22.7
Selling and marketing expenses	(264.5)	(238.8)
General and administrative expenses	(107.6)	(103.2)
Research and development expenses	(152.1)	(149.2)
Total operating expenses	**(524.2)**	**(491.2)**
Operating profit before non-recurring items	**257.6**	**253.6**
Non-recurring income and expenses from operations, net (Note 22)	(12.2)	(9.6)
Operating profit	**245.3**	**244.0**
Cost of net debt (Note 21.1)	(4.4)	(3.2)
Other financial income and expenses, net (Note 21.2)	(3.3)	0.6
Income tax expense (Note 23)	(77.2)	(81.4)
Share of profit of associates	0.0	0.0
Profit for the year	**160.5**	**160.0**
Attributable to non-controlling interests	2.3	1.3
Attributable to owners of the parent	**158.2**	**158.7**
Basic earnings per share	€4.01	€4.03
Diluted earnings per share (Note 18.2)	€4.01	€4.03

STATEMENT OF COMPREHENSIVE INCOME

In millions of euros	2011	2010
Profit for the year	**160.5**	**160.0**
Fair value gains (losses) on financial instruments[(a)]	0.1	(2.2)
Tax effect	(0.1)	0.8
Movements in cumulative translation adjustments	4.9	44.9
Total other comprehensive income[(b)]	**4.9**	**43.5**
Total comprehensive income	**165.4**	**203.5**
Attributable to non-controlling interests	3.2	1.4
Attributable to owners of the parent	**162.2**	**202.1**

(a) Corresponding to gains (losses) on the effective portion of cash flow hedges.
Fair value gains and losses recognized in operating profit before non-recurring items following the unwinding of hedges are disclosed in Note 27.1.3.

(b) No fair value gains or losses on available-for-sale financial assets were recognized directly in equity in 2011 or 2010 (see Note 27.6).

CONSOLIDATED BALANCE SHEET

Assets *In millions of euros*	Net Dec. 31, 2011	Net Dec. 31, 2010
Non-current assets		
. Intangible assets (Note 3)	184.4	122.7
. Goodwill (Note 4)	334.3	188.7
. Property, plant and equipment (Note 5.1)	367.0	340.1
. Non-current financial assets (Note 6)	26.9	26.6
. Other non-current assets (Note 5.4)	31.5	28.0
. Deferred tax assets (Note 14)	28.2	24.9
Total	**972.2**	**731.2**
Current assets		
. Inventories and work-in-progress (Note 7)	217.1	179.5
. Trade receivables (Note 8)	447.1	403.0
. Other operating receivables (Note 9)	50.4	48.0
. Current tax receivable (Note 9)	19.6	2.9
. Non-operating receivables (Note 9)	1.0	0.8
. Cash and cash equivalents (Note 10)	42.7	71.4
Total	**777.9**	**705.5**
. Assets held for sale (Note 5.2)	12.0	12.0
Total assets	***1,762.2***	***1,448.7***

Equity and liabilities	Dec. 31, 2011	Dec. 31, 2010
Equity		
. Share capital (Note 11)	12.0	12.0
. Additional paid-in capital and reserves	925.1	800.9
. Profit for the year attributable to owners of the parent	158.2	158.8
Equity before non-controlling interests	**1,095.4**	**971.7**
Non-controlling interests	**8.1**	**4.4**
Total equity	**1,103.4**	**976.1**
Non-current liabilities		
. Long-term borrowings (Note 15.2)	12.6	7.5
. Deferred tax liabilities (Note 14)	41.2	24.8
. Long-term provisions (Note 13)	33.2	31.6
Total	**87.0**	**63.9**
Current liabilities		
. Long-term borrowings (Note 15.2)	161.3	39.6
. Short-term provisions (Note 13)	14.0	14.4
. Trade payables (Note 16)	142.6	128.9
. Other operating payables (Note 16)	198.9	185.2
. Current tax payable (Note 16)	27.3	15.6
. Non-operating payables (Note 16)	27.7	25.1
Total	**571.8**	**408.8**
Total equity and liabilities	***1,762.2***	***1,448.7***

CONSOLIDATED STATEMENT OF CASH FLOWS

In millions of euros	**2011**	**2010**
Profit for the year	160.5	160.0
Net additions to depreciation and amortization - provisions and other	88.7	88.3
Unrealized gains and losses on changes in fair value of financial instruments	0.3	1.2
Gains and losses on capital transactions	0.2	(0.4)
Cash flow from operating activities	**249.7**	**249.1**
Cost of net debt	4.4	3.2
Current income tax expense	78.7	76.3
Cash flow from operating activities before cost of net debt and income tax	**332.8**	**328.6**
Increase in inventories	(18.5)	(13.1)
Increase in trade receivables	(29.2)	(37.5)
Net change in trade payables and other operating working capital	(2.0)	8.7
Increase in operating working capital	**(49.7)**	**(41.9)**
Income tax paid	(65.7)	(74.5)
Other non-operating working capital	1.7	(14.4)
Net change in non-current non-financial assets and liabilities	(2.5)	1.2
Total increase in working capital requirement	**(116.2)**	**(129.6)**
Net cash generated from operating activities	**216.6**	**199.0**
Purchases of property, plant and equipment and intangible assets	(102.1)	(123.3)
Proceeds from disposals of property, plant and equipment and intangible assets	6.7	10.0
Purchases of and proceeds from disposals of non-current financial assets, net	(3.7)	(14.0)
Impact of changes in Group structure	(226.1)	(12.3)
Net cash used in investing activities	**(325.2)**	**(139.6)**
Purchases and sales of treasury shares	(2.8)	(0.8)
Dividends paid	(38.7)	(36.4)
Non-controlling interests in capital increase		1.3
Cost of net debt	(4.4)	(3.2)
Change in confirmed debt	102.1	(6.7)
Other cash flows from financing activities		(1.6)
Net cash from (used in) financing activities	**56.2**	**(47.4)**
Net change in cash and cash equivalents	**(52.4)**	**12.0**
Analysis of net decrease in cash and cash equivalents		
Net cash and cash equivalents at beginning of year	34.0	14.2
Impact of currency changes on net cash and cash equivalents	(0.9)	7.8
Net change in cash and cash equivalents	**(52.4)**	**12.0**
Net cash and cash equivalents at year-end (Note 15.2)	**(19.2)**	**34.0**

CONSOLIDATED STATEMENT OF CASH FLOWS
(new presentation, see Note 1.20)

In millions of euros	2011	2010
Profit for the year	160.5	160.0
Adjustments		
- Cost of net debt	4.4	3.2
- Other financial income and expenses	3.3	(0.6)
- Current income tax expense	77.2	81.4
- Net additions to depreciation and amortization - provisions and other	85.3	80.4
- Non-recurring income and expenses	12.2	9.6
Adjusted EBITDA (before non-recurring income and expenses)	**342.8**	**334.0**
Non-recurring income and expenses from operations *(excluding net additions to non-recurring provisions and capital gains or losses on disposals of fixed assets)*	(11.2)	(10.0)
Other financial income and expenses *(excluding provisions and disposals of non-current financial assets)*	(0.2)	0.4
Net additions to operating provisions	(0.7)	(1.6)
Fair value gains (losses) on financial instruments	0.3	1.2
Share-based payment	2.0	4.5
Elimination of other non-cash, non-operating income and expenses	**(9.9)**	**(5.5)**
Increase in inventories	(18.5)	(13.1)
Increase in trade receivables	(29.2)	(37.5)
Net change in trade payables and other operating working capital	(2.0)	8.7
Increase in operating working capital	**(49.7)**	**(41.9)**
Income tax paid	(65.7)	(74.5)
Other non-operating working capital	1.7	(14.4)
Net change in non-current non-financial assets and liabilities	(2.5)	1.2
Total increase in working capital requirement	**(116.2)**	**(129.6)**
Net cash generated from operating activities	**216.6**	**199.0**
Purchases of property, plant and equipment and intangible assets	(102.1)	(123.3)
Proceeds from disposals of property, plant and equipment and intangible assets	6.7	10.0
Purchases of and proceeds from disposals of non-current financial assets, net	(3.7)	(14.0)
Impact of changes in Group structure	(226.1)	(12.3)
Net cash used in investing activities	**(325.2)**	**(139.6)**
Purchases and sales of treasury shares	(2.8)	(0.8)
Dividends paid	(38.7)	(36.4)
Non-controlling interests in capital increase		1.3
Cost of net debt	(4.4)	(3.2)
Change in confirmed debt	102.1	(6.7)
Other cash flows from financing activities		(1.6)
Net cash from (used in) financing activities	**56.2**	**(47.4)**
Net change in cash and cash equivalents	**(52.4)**	**12.0**
Analysis of net decrease in cash and cash equivalents		
Net cash and cash equivalents at beginning of year	34.0	14.2
Impact of currency changes on net cash and cash equivalents	(0.9)	7.8
Net change in cash and cash equivalents	**(52.4)**	**12.0**
Net cash and cash equivalents at year-end (Note 15.2)	**(19.2)**	**34.0**

STATEMENT OF CHANGES IN CONSOLIDATED EQUITY

	Attributable to owners of the parent									Non-controlling interests
In millions of euros	**Share capital**	Additional paid-in capital and consolidated reserves[a]	Cumulative translation adjustments	Fair value gains and losses on financial instruments[b]	Treasury shares	Share-based payment	**Total additional paid-in capital & reserves**	**Profit for the year**	**Total**	**Total**
Equity at December 31, 2009	**12.0**	687.1	(43.6)	(1.2)	(2.8)	2.5	**642.0**	**147.8**	**801.8**	**4.6**
Total comprehensive income for the year			44.7	(1.4)			**43.3**	**158.8**	**202.1**	**1.4**
Appropriation of 2009 profit		147.8					**147.8**	**(147.8)**	**0.0**	
Dividends paid[c]		(36.3)					**(36.3)**		**(36.3)**	**(0.2)**
Treasury shares		(1.9)			0.9		**(1.0)**		**(1.0)** [d]	
Share-based payment[e]		1.8 [f]				2.7	**4.5**		**4.5**	
Capital increase							**0.0**		**0.0**	**1.3** [g]
Effect of changes in Group structure		0.1	0.5				**0.6**		**0.6**	**(2.7)** [h]
Equity at December 31, 2010	**12.0**	798.6	1.6	(2.6)	(1.9)	5.2	**800.9**	**158.8**	**971.7**	**4.4**
Total comprehensive income for the year			4.5				**4.5**	**158.2**	**162.8**	**2.7**
Appropriation of 2010 profit		158.8					**158.8**	**(158.8)**	**0.0**	
Dividends paid[c]		(38.7)					**(38.7)**		**(38.7)**	
Treasury shares		(2.5)					**(2.5)**		**(2.5)** [h]	
Share-based payment[e]		2.5 [f]				(0.5)	**2.0**		**2.0**	
Effect of changes in Group structure							**0.0**		**0.0**	**1.0** [i]
Equity at December 31, 2011	**12.0**	918.7 [j]	6.2 [k]	(2.6)	(1.9)	4.7	**925.1**	**158.2**	**1,095.3**	**8.0**

(a) Including €63.7 million in additional paid-in capital
(b) Corresponding to gains and losses arising from changes in fair value of financial instruments used as cash flow hedges
(c) Dividend per share: €0.98 in 2011 and €0.92 in 2010
(d) Pre-tax amount: €2.8 million in 2011 and €(0.8) million in 2010
(e) The fair value of benefits related to the share grants is being recognized over the vesting period
(f) Free shares vested for beneficiaries
(g) Corresponding to Kehua's acquisition of a 40% interest in Shanghai bioMérieux bio-engineering
(h) Corresponding to the purchase of non-controlling interests in bioMérieux Mexico for €0.4 million and bioMérieux South Africa for €2.3 million
(i) Non-controlling interests in AES Adiagène
(j) Including €601 million in bioMérieux SA reserves available for distribution. A dividend payment of €0.98 per share will be recommended at the Annual General Meeting to be held on May 30, 2012.
(k) See Note 12

GENERAL INFORMATION

bioMérieux is a leading international diagnostics group that specializes in the field of *in vitro* diagnostics for clinical and industrial applications. The Group designs, develops, manufactures and markets diagnostic systems, i.e., reagents, instruments and software. bioMérieux is present in more than 150 countries through 47 subsidiaries and a large network of distributors.

The consolidated financial statements were approved by the Board of Directors on March 13, 2012 but will only be considered definitive after approval by the Company's shareholders at the Annual General Meeting on May 30, 2012.

They are presented in millions of euros.

1. Summary of significant accounting policies

Standards and interpretations

The 2011 consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), including all standards, amendments and interpretations adopted by the European Union at December 31, 2011. The standards and interpretations adopted by the European Union can be downloaded from the European Commission's website at:
http://ec.europa.eu/internal_market/accounting/ias/index_en.htm.

The impact of standards and interpretations whose application was mandatory for the first time in 2011 is presented below.

Application of the revised version of IAS 24 "Related Party Disclosures" was mandatory in 2011; however it did not result in any changes to disclosure requirements in the consolidated financial statements.

The other new standards, interpretations and amendments to existing standards whose application was mandatory for the first time from January 1, 2011 – particularly "Improvements to IFRSs" issued in 2010 and published in May 2010 – are not relevant to bioMérieux, or their impact was not material.

bioMérieux has not early adopted standards and interpretations endorsed by the European Union whose effective date is subsequent to the end of the reporting period. With the exception of the revised version of IAS 19 "Employee benefits", based on the Group's current analysis, these standards and interpretations should not have a material impact on consolidated equity.

Retroactive application of the revised version of IAS 19 will be mandatory for accounting periods beginning on or after January 1, 2013 and will result in material changes to recognition of pension commitments: actuarial gains and losses will be recognized in other comprehensive income; the impact of changes in benefit plans will no longer be deferred; and net benefit expense will be broken down in the income statement between operating profit, net financial income/(expense) and other comprehensive income. The net-of-tax impact on equity at December 31, 2011 is estimated at €41.7 million (3.8% of consolidated equity) and the estimated impact on 2011 profit would have been a negative amount of €1.4 million.

For information, early adoption of the revised version of IFRS 7 "Financial Instruments: Disclosures Related to Transfers of Financial Assets", applicable to accounting periods beginning on or after July 1, 2011, would not have had any material impact on the consolidated financial statements. The same goes for IFRS 10 "Consolidated Financial Statements", IFRS 11 "Joint Arrangements" and IFRS 12 "Disclosure of Interests in Other Entities", applicable to accounting periods beginning on or after January 1, 2013. The Company does not account for any entities using the proportional consolidation method.

The Group has not early adopted any IFRSs that were mandatory in 2011 but which have not yet been adopted by the European Union. Standards and interpretations issued by the IASB which have not yet been adopted by the European Union should not have a material impact on the Group's financial statements in the coming years. The financial statements of the consolidated Group companies, which are prepared in accordance with local accounting policies, are restated to comply with the policies used for the consolidated financial statements.

General presentation methods used for the financial statements

The balance sheet is presented based on the distinction between “current” and “non-current” assets and liabilities as defined in the revised version of IAS 1. Consequently, the short-term portion of provisions, borrowings and financial assets (due within one year) is classified as “current” and the long-term portion (due beyond one year) is classified as “non-current”.

The consolidated income statement is presented by function, in accordance with the model proposed by the French National Accounting Board (*Conseil national de la comptabilité* − CNC) in its recommendation 2009-R-03 issued on July 2, 2009.

The Group applies the indirect presentation method for the statement of cash flows, based on the format recommended by the CNC in its recommendation 2009-R-03.

1.1 Estimates and judgments

When preparing the consolidated financial statements, estimates and assumptions are made that affect the carrying amount of certain assets, liabilities, and income and expense items. They particularly concern the measurement and impairment of intangible assets (including goodwill); the measurement and impairment of non-current financial assets; provisions; the measurement of employee benefit obligations; deferred taxes; and share-based payment, as well as the disclosures provided in certain notes to the financial statements. These estimates and assumptions are reviewed on a regular basis, taking into consideration past experience and other factors deemed relevant in light of prevailing economic conditions. Changes in those conditions could therefore lead to different estimates being used for the Group's future financial statements. The financial and economic crisis has made it more difficult to measure and estimate certain assets and liabilities and to assess the impact that unforeseen events may have on operations. As prescribed in IAS 10, estimates have been made on the basis of information available at the end of the reporting period, taking into account events occurring after the year-end.

1.2 Basis of consolidation

Companies over which bioMérieux exercises exclusive control are fully consolidated. Exclusive control is deemed to exist when the Group has the power – either directly or indirectly – to govern an entity's financial and operating policies so as to obtain benefits from its activities, generally accompanying a shareholding representing more than one-half of the voting rights.

Companies over which bioMérieux exercises significant influence are accounted for by the equity method. Significant influence is the power to participate in the financial and operating policy decisions of an entity, without exercising control, and is deemed to exist when the Group holds between 20% and 50% of the voting rights either directly or indirectly.

Subsidiaries are fully consolidated from the date on which control is effectively transferred to the Group.

A list of consolidated companies is provided in Note 32.

All significant intragroup balances and transactions are eliminated in consolidation (notably dividends and internal gains on inventories and non-current assets).

1.3 Year-end

All Group companies have a December 31 year-end, except for AES group subsidiaries and the Japanese and Indian subsidiaries, for which interim accounts are drawn up and audited at the Group's balance sheet date.

1.4 Foreign currency translation

The functional currency of bioMérieux is the euro and the consolidated financial statements are presented in millions of euros.

1.4.1 Translation of the financial statements of foreign companies

General circumstances: The financial statements of foreign subsidiaries whose functional currency is not the euro or that of an economy subject to hyperinflation are translated as follows:

- Balance-sheet items (except for equity) are translated using the official year-end exchange rate.
- Income statement items are translated using the average exchange rate for the year.
- Equity items are translated using the historic rate.
- Cash flow statement items are translated using the average exchange rate for the year.

Differences resulting from the translation of subsidiaries' financial statements are recognized in a separate heading in the statement of changes in consolidated equity – "Cumulative translation adjustments" – and movements during the year are presented in a separate line within the statement of comprehensive income.

When a foreign subsidiary is sold and the sale leads to a loss of control, translation differences previously recognized in other comprehensive income relating to that company are recognized in profit for the year proportionate to the percentage interest sold. If shares in a subsidiary are sold without any loss of control over the subsidiary, the translation differences are reclassified between non-controlling interests and translation differences attributable to owners of the parent.

The main exchange rates used for 2011 were as follows:

Average rates				
1 EURO =	**USD**	**JPY**	**GBP**	**BRL**
2011	1.39	111	0.87	2.33
2010	1.33	117	0.86	2.34
2009	1.39	130	0.89	2.77

Year-end rates				
1 EURO =	**USD**	**JPY**	**GBP**	**BRL**
2011	1.29	100	0.84	2.43
2010	1.34	109	0.86	2.23
2009	1.44	133	0.89	2.51

Specific circumstances: The financial statements of subsidiaries whose functional currency is not the local currency are translated into the functional currency as follows:

- Non-monetary items are translated at the historical rate.
- Monetary items in the balance sheet are translated at the year-end exchange rate, while those in the income statement are translated at the average rate for the year.
- Differences resulting from the translation of these subsidiaries' financial statements are recognized immediately in the income statement.

If this functional currency is not the euro, the financial statements are then translated into euros as shown under "General circumstances".

1.4.2 Translation of transactions in foreign currencies

As prescribed by IAS 21 "The Effect of Changes in Foreign Exchange Rates", each Group entity translates foreign currency transactions into its functional currency at the exchange rate prevailing on the transaction date. Exchange-rate gains or losses resulting from differences in rates between the transaction date and the payment date are recognized under the corresponding lines in the income statement (sales and purchases for commercial transactions).

Foreign currency payables and receivables are translated at the year-end exchange rate and the resulting currency translation gain or loss is recognized in the income statement at the end of the reporting period.

Derivatives are recognized and measured in accordance with the general principles described in Note 1.17 "Recognition and measurement of financial instruments". Foreign exchange derivatives are recognized in the balance sheet at their fair value at the end of each reporting period.

When the Group first adopted IFRS, it used the option available under IFRS 1 and transferred the cumulative translation differences existing at January 1, 2004 to consolidated reserves.

1.5 Intangible assets

1.5.1 Research and development costs (excluding software development costs)

In accordance with IAS 38 "Intangible Assets", research expenses are not capitalized.

Under IAS 38, development expenses must be recognized as intangible assets whenever specific conditions are met, related to technical feasibility and marketing and profitability prospects. Given the high level of uncertainty attached to development projects carried out by the Group, these recognition criteria are not met until the regulatory procedures required for the sale of the products concerned have been finalized. As most costs are incurred before that stage, development expenses are recognized in the income statement in the period during which they are incurred.

At December 31, 2011, research and development expenses within the scope of the business combination with the AES group were recognized at the fair value of projects identified in the acquisition balance sheet, in accordance with the revised version of IFRS 3. These expenses are amortized from the date of the business combination on a straight-line basis over their expected useful life.

Research and development expenditure incurred after the business combination date for both existing and new projects is recognized in accordance with IAS 38 as described previously, however, in practice, all subsequent costs have been expensed.

1.5.2 Other intangible assets

Other intangible assets mainly include patents, licenses and computer software. They all have finite useful lives and are initially recognized as follows:

- If purchased: at their purchase price.
- In the case of business combinations: at fair value, based on the discounted value of estimated future cash flows.
- If produced in-house: at the production cost incurred by the Group.

Costs directly attributable to the creation or improvement of software developed in-house are capitalized if it is considered probable that they will generate future economic benefits. Other development costs are expensed as incurred. In the case of software, only in-house and outsourced development costs related to organic analyses, programming, tests, trials and user documentation are capitalized.

Intangible assets are amortized in accordance with the expected pattern of consumption of future economic benefits embodied in the asset concerned, generally on a straight-line basis over periods of five to twenty years in the case of patents and licenses, ten years for major integrated management software (such as ERP systems), and three to six years for other computer software. Software is brought into service when it comes into operational effect in each subsidiary. This may be on a phased basis.

Intangible assets are carried at their initial cost less accumulated amortization and any accumulated impairment losses. Amortization is recognized in the income statement based on the assets' function. Impairment losses are recognized under "Non-recurring income and expenses from operations, net" if they meet the applicable definition (see Note 1.16.3). For ERP-type management software, any termination of a project or batch constitutes an indication that the asset is impaired.

The Group's application of IAS 23 "Borrowing Costs" led to the capitalization of borrowing costs totaling €0.4 million on investments in Brazil and China.

1.6 Goodwill

In accordance with the option available under IFRS 1 "First-time Adoption of IFRS", the carrying amount of goodwill was not restated in the opening IFRS balance sheet at January 1, 2004 and accumulated amortization in the balance sheet at that date was deducted from the gross value of the goodwill recognized.

The Group has applied the revised version of IFRS 3 "Business Combinations", on a prospective basis to business combinations occurring after January 1, 2010.

The principles presented below are those set out in the revised version of IFRS 3.

Goodwill represents the excess of the cost of a business combination (excluding acquisition-related costs) over the fair value of the Group's share of the acquiree's identifiable assets, liabilities and contingent liabilities on the acquisition date. Goodwill is measured in the acquiree's functional currency. Provisional values may be assigned to fair values and goodwill during a "measurement period" which may not exceed one year from the acquisition date. Any changes made to provisional values after the end of the measurement period are recognized in profit, including those concerning deferred tax assets.

The purchase price of a business combination includes the estimated impact of any contingent consideration. This consideration is measured by applying the criteria included in the acquisition agreement, such as sales or earnings targets, to forecasts that are deemed to be highly probable. It is then re-measured at the end of each reporting period, and any changes are recorded in profit after the acquisition date (including during the measurement period). The amount of contingent consideration is discounted if the impact is material and any discounting adjustments to the carrying amount of the liability are recognized in "Cost of net debt".

The Group has decided, on an exceptional basis, to use the previously applicable accounting treatment for contingent consideration related to equity interests held in the acquiree prior to first-time adoption of the revised version of IFRS 3 and the consequential amendments to IAS 27, i.e., with changes in contingent consideration recognized in goodwill.

For business combinations in which the Group holds less than 100% of the equity interest in the acquiree at the acquisition date, the non-controlling interest in the acquiree is measured on an acquisition-by-acquisition basis, either at fair value (full goodwill method) or at the non-controlling interest's proportionate share of the acquiree's net assets (partial goodwill method).

When the Group purchases an additional interest in an acquired entity after the acquisition date, the difference between the consideration paid and the Group's share in the acquiree's net assets is recognized directly in consolidated reserves. Similarly, if the Group sells an interest in an acquired entity without losing control the resulting impact is also recognized directly in consolidated reserves.

Goodwill is recognized on a separate line of the balance sheet at cost less any accumulated impairment losses. Any negative goodwill is recognized directly in profit during the year in which the business combination occurs.

In compliance with IFRS 3 "Business Combinations", goodwill is not amortized. Instead, it is tested at least once a year for impairment and whenever there is an indication it may be impaired. These impairment tests are carried out at the level of cash-generating units (CGUs) to which the goodwill is allocated at the acquisition date based on synergies expected to be derived by the Group (see Note 1.8). The methods used for performing the tests and recognizing any identified impairment losses are described in Note 1.8 below, "Impairment of non-current assets".

When they are for a material amount, goodwill impairment losses are recognized under "Non-recurring income and expenses from operations, net" if they meet the applicable definition (see Note 1.16.3). They may only be reversed when the asset is sold.

For transactions that were in progress at January 1, 2010 when the Group adopted the revised version of IFRS 3 and the consequential amendments to IAS 27, the Group has decided, on an exceptional basis, to use the previously applicable accounting treatment for contingent consideration related to equity interests held in the acquiree prior to the acquisition date for business combinations achieved in stages, i.e., with changes in contingent consideration recognized in goodwill.

1.7 Property, plant and equipment

As prescribed by IAS 16 "Property, Plant and Equipment", items of property, plant and equipment are initially recognized at their purchase or production cost or at their acquisition-date fair value if acquired as part of a business combination. They are not revalued and any revaluations carried out by Group companies in their individual accounts are eliminated when preparing the consolidated financial statements.

Property, plant and equipment is recorded using the component approach, under which each component of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the asset and which has a different useful life to that of the asset as a whole is recognized and depreciated separately. The only Group assets to which this method is applied are buildings.

The Group's application of IAS 23 "Borrowing Costs" did not lead to the capitalization of any borrowing costs within property, plant and equipment as the Group does not have a material level of debt related to these assets.

Routine maintenance and repair costs of property, plant and equipment are expensed as incurred. Other subsequent expenses are capitalized only if they satisfy the applicable recognition criteria such as for replacing an identified component.

Property, plant and equipment are carried at cost less accumulated depreciation and any accumulated impairment losses.

Items of property, plant and equipment are depreciated using the straight-line method, with their depreciable value corresponding to cost as they are not considered to have any material residual value.

The assets are depreciated over their useful lives as follows:

Category	Useful life
Machinery and equipment	3-10 years
Instruments*	3-5 years

** Instruments either placed with third parties or used in-house*

In the case of buildings, depreciation is calculated separately for each component as follows:

Category	Useful life
Shell	30-40 years
Finishing work, fixtures and fittings	10-20 years

The useful lives of items of property, plant and equipment are reviewed periodically and the impact of any adjustments is accounted for prospectively as a change in accounting estimates.

Impairment tests are carried out for property, plant and equipment whenever events or market developments indicate that an asset may have suffered an impairment. If an asset's recoverable amount (see Note 1.8) is less than its carrying amount, either its useful life is adjusted or an impairment loss is recorded in "Non-recurring income and expenses from operations, net", if the applicable definition is met (see Note 1.16.3).

Capital gains on intra-group sales of property, plant and equipment (mainly instruments) are eliminated in consolidation. The impact of this elimination (€8.5 million at December 31, 2011) is not deducted from property, plant and equipment but is included in "Deferred income".

Assets held for sale

In accordance with IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations", in 2009 the real estate assets of the Boxtel site were reclassified to "Assets held for sale" in the balance sheet. This was due to the fact that a property brokerage agreement was signed as part of the process to close this site and negotiations concerning the sale of the Boxtel site were still in progress at December 31, 2011.

These assets have not been depreciated since December 31, 2009 – the date on which they were classified as "Assets held for sale". They are measured at the lower of their carrying amount and fair value less costs to sell.

Finance leases

As lessee: Leases are classified as finance leases whenever they transfer to the lessee substantially all the risks and rewards incidental to ownership. Leases qualify as finance leases based on the substance of each contract, and notably when:

- ownership of the leased asset is transferred to the lessee at the end of the lease term;
- the lessee has the option to purchase the asset at a preferential price;
- the lease term covers the major part of the leased asset's economic life;
- the present value of the minimum lease payments amounts to at least substantially all of the fair value of the leased asset; and
- the leased assets are of such a specialized nature that only the lessee can use them without making major modifications.

Whenever the Group leases property under an agreement classified as a finance lease, the fair value of the asset concerned or, if lower, the present value of the minimum lease payments, is capitalized and depreciated over the asset's useful life. A corresponding liability is recognized in the balance sheet. Lease payments are apportioned between the finance charge and the reduction of the outstanding liability.

Other leases are classified as operating leases and the lease payments are expensed on a straight-line basis 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". The long-term portion of the lease payments due is recorded under "Other non-current assets" and the short-term portion is recognized under "Trade receivables". The corresponding finance income is recognized in the income statement during the period in which it is received, under "Other financial income and expenses, net".

1.8 Impairment of non-current assets

The Group systematically carries out annual impairment tests on goodwill and other intangible assets with an indefinite useful life (the Group did not have any such assets in the years presented in these financial statements).

Property, plant and equipment and intangible assets with a finite useful life are tested for impairment whenever there is an indication that they may be impaired.

The definition of cash-generating units (CGUs) has been revised to reflect the Group's development, in particular following the significant acquisitions made in 2008, and in the context of the implementation of IFRS 8. A CGU corresponds either to a legal entity or a product line (a group of property, plant and equipment – mainly production plants – and intangible assets – essentially technologies – which generate cash flows as a result of a product line or a set of product lines).

bioMérieux no longer has any goodwill for which impairment tests are carried out at Group level.

Impairment testing is used to determine the recoverable amount of a CGU or group of CGUs, which is measured at the higher of their value in use and fair value less costs to sell. In practice, the value in use of a CGU or group of CGUs is determined primarily on the basis of discounted cash flow projections covering a period of five years and a terminal value. Growth assumptions for the first five years are consistent with available market information and conservative assumptions have been used for determining the terminal value, including a growth rate to perpetuity typically corresponding to 2% and no more than 4%. The assumptions used for 2011 were unchanged from 2010.

Cash flow projections do not include any expansion investments or restructurings that have not already commenced.

The average cost of capital is calculated using a risk-free rate (French government OAT bond rate), the equity market risk premium and the beta ratio (which enables the overall equity market risk to be adjusted in relation to specific industry risk). In certain cases, a specific risk premium is included to reflect technological risk, for example. The weighted average cost of capital (WACC) determined by the Group is compared with the figure calculated by the analysts who track the Company’s stock. In accordance with these principles, the discount rates used for these calculations are based on the weighted average cost of capital (WACC) which ranged from 9.33% to 13% in 2011, compared with 9% and 12% in 2010. The discount rates used for the Theranostics CGU were 16.7% in 2011 and 15.4% in 2010. All of these rates are net of tax but applying the pre-tax WACC to pre-tax cash flows would give an identical result.

The projection period may be extended depending on the maturity of the businesses being reviewed and the discount rate may be adjusted to factor in specific risks. The business plans for bioTheranostics and the Molecular biology CGU have a specific 15-year projection period in order to take into account the particular circumstances of this company which operates in a fledgling market.

Tests were performed to assess the sensitivity of the recoverable amounts to variations in certain actuarial assumptions, primarily the discount rate (1% increase/decrease), and the growth rate to perpetuity (0.5% increase/decrease).

An impairment loss is recognized when the carrying amount of a CGU exceeds its recoverable amount, unless the corresponding assets’ identifiable fair value exceeds their carrying amount.

The Group used the following parameters when testing for impairment:

In millions of euros	Test margin[1]	Cash flow discount rate	Growth rate to perpetuity
Cash Generating Units			
Group product lines			
Industrial applications	**(2)**	9.3%	2.0%
- Bacteriology	**(2)**	9.3%	2.0%
- Biochemistry	**(3) & (4)**	9.3%	0.0%
- Molecular biology	**(2)**	13.0%	4.0%
- Immunoessay	**(2)**	9.3%	2.0%
Unit			
- bioTheranostics	**(2)**	16.7%	2.0%
- bioMérieux Hellas	**(2)**	25.0%	1.0%
- bioMérieux South Africa	**(2)**	9.3%	2.0%
- BTF	**(2)**	9.3%	2.0%

(1) Test margin = value in use - carrying amount

(2) Applying the following hypotheses in each of the impairment tests would not have resulted in the recognition of impairment losses on the assets tested:
- Increasing the WACC by 1 point, while holding all other variables constant.
- Decreasing the growth rate to perpetuity by 1 point, while holding all other variables constant.
- Decreasing the gross operating profit margin by 2 points, while holding all other variables constant.

No probable scenario that would be likely to lead to the recognition of impairment losses on the assets tested was identified by the Group.

(3) Based on a probable scenario analyzed during impairment testing in 2011, bioMérieux booked an impairment loss for an amount of €1 million on goodwill previously recognized on Biotrol, which is included in the Biochemistry CGU.

(4) Increasing the WACC by 1 point, or decreasing the gross operating profit margin by 5 points would have resulted in the recognition of additional impairment losses for a non-material amount of €0.3 million.

Impairment losses are recognized immediately in the income statement under “Non-recurring income and expenses from operations, net", if they meet the applicable definition (see Note 1.16.3). Goodwill impairment losses cannot be reversed.

1.9 Non-current financial assets

Non-current financial assets include investments 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 – and deposits and guarantees. They are recognized and measured in compliance with the rules described in Note 1.17. Capital gains and losses on the sale of securities are recognized in accordance with the FIFO (first-in-first-out) method.

1.10 Inventories

As required under IAS 2 "Inventories", inventories are measured at the lower of cost and net realizable value.

Inventories of raw materials, goods held for resale and consumables are measured at their purchase price plus related expenses using the FIFO method. Work-in-progress and finished products are measured at their standard production cost, adjusted for changes recorded during the manufacturing period of products on hand. Standard production cost is calculated assuming a normal capacity of production facilities and includes both direct and indirect manufacturing expenses.

The implementation of the revised IAS 23 "Borrowing Costs" did not result in any borrowing costs being included in the cost of inventories.

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

1.11 Cash and cash equivalents

Cash and cash equivalents includes cash and short-term highly liquid investments denominated in euros and subject to an insignificant risk of changes in value and counterparty default (e.g., money-market SICAV funds in euros).

Investments meeting these criteria are measured at the end of the reporting period at their fair value, with fair value gains or losses recognized in profit (see Note 1.17).

None of the Group's investments are pledged or subject to restrictions.

1.12 Employee benefits

1.12.1 Short-term employee benefits

Short-term employee benefits include wages, salaries and payroll taxes as well as paid vacation and performance-related bonuses. They are expensed during the period in which employees perform the corresponding services. Outstanding payments at the end of the reporting period are included in "Other operating payables".

As the Group's liability relating to the statutory training entitlement (*Droit Individuel de Formation* – DIF) applicable in French companies is not material, it is accounted for as an off-balance sheet commitment.

1.12.2 Post-employment benefits

These benefits notably correspond to pensions, contractual retirement payments and post-employment health insurance. They are covered either by defined contribution plans or defined benefit plans.

Defined contribution plans: Where required under local laws and practices, the Group pays salary-based contributions to pension and social security organizations. The Group's obligation is limited to paying the contributions, which are expensed in the period in which employees perform the corresponding services. Outstanding payments at the end of the reporting period are included in "Other operating payables".

Defined benefit plans correspond to all plans other than defined contribution plans. They concern:

- regular or supplementary pension plans (primarily in the United States, Germany and France) and contractual retirement payments (primarily in France and Japan);
- health insurance for retired employees.

The Group's commitments under defined benefit plans are estimated by independent actuaries.

Post-employment benefit obligations are calculated in accordance with the projected unit credit method, taking into consideration actuarial assumptions such as discount rates, the rate of future salary increases, employee turnover and mortality rates. The main assumptions used in 2010 and 2011 were as follows:

	bioMérieux SA	bioMérieux Inc.
Future salary increases		
2011	3.50%	4.00%
2010	3.50%	4.00%
Discount rate		
2011	4.30%	4.75%
2010	4.40%	5.30%
Expected return on plan assets		
2011	4.00%	8.00%
2010	4.00%	8.00%

For the purpose of determining the discount rate, the Group analyzed various market rates and, as prescribed by IAS 19, chose an adjusted average of the Iboxx Corporate AA and Bloomberg indices (Euro, Dollar and Pound Sterling) at December 31, 2011.

The expected rate of return on plan assets is estimated by independent actuaries based on forecasts and past returns on similar investments.

Actuarial gains and losses are deferred and amortized in accordance with the corridor method, based on the average remaining vesting period of the plan participants' entitlements.

Past service cost due to changes in benefit plans is spread over the average remaining vesting period.

Sensitivity tests are performed to measure the sensitivity of the Group's post-employment benefit obligation to changes in certain actuarial assumptions.

IFRIC 14 "The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction" is not relevant to the Group.

1.12.3 Other long-term benefits

Other long-term benefits include long-service awards and jubilee bonuses. The corresponding liabilities are recognized on an actuarial basis whenever they have a material impact. Actuarial gains and losses and past service cost are recognized immediately in the income statement.

1.13 Provisions, contingent liabilities and contingent assets

In accordance with IAS 37 "Provisions, Contingent Liabilities and Contingent Assets", provisions are recognized when the Group has a legal or constructive obligation towards a third party, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and no inflow of resources of an equivalent amount is expected in return, and when the amount of the obligation can be reliably estimated.

Provisions for restructuring costs are recognized only when the restructuring has been announced and the Group has drawn up or has started to implement a detailed formal plan. Restructuring provisions notably cover the cost of severance payments.

Provisions are discounted when the impact is material.

Contingent liabilities are disclosed in the notes to the financial statements, unless the probability of an outflow of resources embodying economic benefits is remote.

Contingent assets are disclosed in the notes to the financial statements where an inflow of economic benefits is probable.

1.14 Deferred taxes

Deferred taxes are recognized, using the liability method, for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. These differences arise in particular from:

- timing differences between the recognition of certain income and expense items for financial reporting and tax purposes (e.g., non-deductible provisions, employee profit sharing);
- consolidation adjustments (e.g., accelerated depreciation, provisions, elimination of internal gains included in inventories and non-current assets);
- forecast withholding tax on dividend payments planned for the next year.

Deferred taxes are determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realized or the deferred tax liability is settled. They are not discounted.

Deferred tax assets arising on timing differences, consolidation adjustments and tax losses carried forward are only recognized if it is sufficiently probable that they will be utilized in the near future (within a maximum of two years) based on currently-available forecasts.

Pending guidance from France's Accounting Standards Association (*Autorité des normes comptables* – ANC), research tax credits have been reclassified from income taxes to operating subsidies since 2010, in line with the recommendations issued by the AMF. They were previously treated as a deduction from income tax expense.

In France, local business tax (*taxe professionnelle*) has been abolished and since January 1, 2010 replaced by a new territorial economic tax (*Contribution Economique Territoriale* – CET). This new tax includes two contributions: one based on companies' value added (*Cotisation sur la Valeur Ajoutée des Entreprises* – CVAE) and the other based on the rental value of real estate used in the business (*Contribution Foncière des Entreprises* – CFE). Pending guidance from the ANC, and in accordance with the option set out in the statement issued by the CNC on January 14, 2010, the CVAE and CFE contributions are classified under operating expenses rather than income tax in view of the fact that the value added generated by the Group's French operations significantly exceeds their taxable profit.

1.15 Other non-operating receivables and payables

Other non-operating receivables and payables correspond to receivables and payables that do not form part of bioMérieux's normal business activities. They include receivables related to the disposal of non-current assets and amounts due to suppliers of non-current assets.

1.16 Presentation of the income statement

1.16.1 Revenue recognition

Revenue is accounted for in accordance with 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 products is recognized when all of the following criteria have been satisfied:

- the significant risks and rewards of ownership have been transferred to the buyer;
- the Group no longer has effective control over the goods sold;

– the revenue and the costs incurred or to be incurred in relation to the transaction can be measured reliably;

– it is probable that the economic benefits associated with the transaction will flow to the Group.

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

In the case of services (training, technical support, etc.), revenue is recognized only after the services have been rendered. 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 with terms equivalent to a sale, the goods concerned are accounted for as if they had been sold, as prescribed by IAS 17 "Leases" (see Note 1.7).

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

Other operating income

Ancillary revenue – which essentially consists of royalties received – is included in "Other operating income" and is recognized when earned. Since 2010, research tax credits have also been presented under "Other operating income" (see Note 1.14).

1.16.2 Classification of recurring expenses

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, all external expenses related to manufacturing (utilities, maintenance, tools, etc.), as well as indirect expenses (the Group's share of expenses such as purchasing, human resources and IT). Expenses relating to areas such as quality control, production quality assurance, engineering, business processes and logistics are included in production costs.

– Royalties paid in relation to marketed products.

– Distribution expenses, including shipping and warehousing, as well as the cost of shipping finished products to distribution centers or end customers.

– Depreciation of instruments placed with or leased to customers.

– Technical support expenses, including the cost of installing and maintaining instruments placed or sold, irrespective 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 movements in provisions for warranties granted at the time instruments are sold.

Selling and marketing expenses include expenses incurred by the strategy, marketing, sales and sales administration departments. They also include sales bonuses and commissions paid to employees in the Group's sales departments and to independent sales agents. Advertising and promotional costs are also classified as selling and marketing expenses.

General and administrative expenses comprise the cost of general management and support services (human resources, finance, IT, purchasing), excluding the portion of costs incurred by these departments that is allocated to the other departments that directly use their services. Insurance premiums are also included in general and administrative expenses.

Research and development expenses include all costs concerning in-house and outsourced research and development work on new products other than software (design costs) as well as expenses related to regulatory affairs, intellectual property, technological monitoring and research and development quality assurance. Research and development subsidies are deducted from research and development expenses.

Royalty payments (fixed or proportional) are included in the cost of sales of the corresponding products. If no product is marketed or marketable in the short term, these payments are classified as research and development expenses.

Variable compensation (performance related bonuses, commissions, incentives and profit-sharing) as well as share-based payments are included in the payroll expenses of the departments concerned.

Foreign exchange gains and losses are included in the income statement line corresponding to the nature of the transaction concerned (primarily net sales, cost of sales and financial expenses).

1.16.3 Non-recurring income and expenses from operations

Non-recurring income and expenses from operations are items that are material, unusual and non-recurring. They are presented on a separate line of the income statement in order to give a clearer picture of the Group's routine business performance. They chiefly include material amounts of net proceeds from disposals of non-current assets (other than instruments), restructuring costs and certain impairment losses (see Note 1.8).

Restructuring costs (which include the cost of severance payments) correspond to the expenses recognized when the Group officially announces the closure of a facility or a scaling down of operations in the ordinary course of business, as well as subsequent adjustments made to reflect the actual costs incurred.

1.16.4 Financial income and expenses

Financial income and expenses are shown on two separate lines:

- "Cost of net debt", which includes interest expense, fees and foreign exchange gains and losses arising on borrowings, as well as income generated by cash and cash equivalents.

- "Other financial income and expenses, net", which includes lease payments received on instruments sold under finance lease arrangements, the impact of disposals and write-downs of investments in non-consolidated companies, late-payment interest charged to customers, discounting gains and losses, and the ineffective portion of currency hedges on commercial transactions.

1.16.5 Income tax

The income tax expense for the period comprises current and deferred tax.

Tax credits other than research tax credits are deducted from income tax expense.

1.17 Recognition and measurement of financial instruments

Financial instruments include financial assets, financial liabilities and derivatives (swaps, forward contracts, etc.).

They are presented under several balance sheet headings: non-current financial assets, other non-current assets, trade receivables, other receivables and other liabilities (e.g., fair value gains and losses on derivatives), short- and long-term borrowings, trade payables, and cash and cash equivalents.

In compliance with the revised version of IAS 39 "Financial Instruments: Recognition and Measurement", financial instruments fall into five categories that do not correspond to specific balance-sheet headings. This classification is used as a basis for determining the methods used for the initial recognition of the Group’s financial instruments and their subsequent measurement at the end of each reporting period. The categories and methods are described below.

1.17.1 Held-to-maturity financial assets

Held-to-maturity financial assets consist solely of fixed income securities that the Group has the intention of holding to maturity. The Group does not currently own any financial instruments corresponding to this definition.

1.17.2 Financial assets and liabilities at fair value through profit or loss

This category comprises financial instruments held for the purpose of short-term trading as well as financial instruments designated by the Group as at fair value through profit or loss on initial recognition, as permitted under IAS 39.

The assets concerned correspond to:

- equity interests in companies listed on an active market (recognized under "Non-current financial assets" in the balance sheet) other than those classified as “available-for-sale financial assets” (see Note 1.17.4 below).

- "Cash and cash equivalents", including marketable securities (presented in the balance sheet under the specific heading of “Cash and cash equivalents”).

The Group does not currently hold any financial liabilities that fall within this category.

“Financial assets and liabilities at fair value through profit or loss" are initially recognized and subsequently remeasured at fair value (excluding transaction costs). For equities, fair value corresponds to the quoted market price at the end of the reporting period, and for marketable securities it is the securities’ net asset value. Changes in fair value are recognized in the income statement.

1.17.3 Loans, receivables and payables

Financial assets and liabilities classified in this category are measured either at cost or amortized cost.

“Assets and liabilities measured at cost" primarily correspond to deposits paid, trade receivables and trade payables. They are initially recognized at fair value, which, in the case of the Group, corresponds to their face value. At each year-end they are measured at their original carrying amount less any impairment losses, which represents a reasonable approximation of fair value.

“Assets and liabilities measured at amortized cost" primarily comprise short- and long-term borrowings, loans, and finance lease receivables reported on the balance sheet under "Other non-current assets" or "Trade receivables". These assets and liabilities are initially recognized at fair value, which, in the case of the Group, approximates their contractual face value. Their carrying amount at the year-end corresponds to their initial cost, less any principal repayments and any impairment losses. Their year-end carrying amount therefore 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 "available-for-sale financial assets". Items in this category mainly include shares in non-consolidated entities that are either 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 presented in the balance sheet under non-current financial assets.

1.17.4 Available-for-sale financial assets

Available-for-sale financial assets are recognized at fair value on their acquisition date, which generally approximates their purchase price. They are subsequently measured as follows:

- When the fair value of an asset can be reliably determined at the year-end, fair value changes are recognized directly within other comprehensive income. However, if a decline in the fair value of an available-for-sale financial asset provides evidence of a prolonged impairment in value, the impairment loss in excess of any fair value gains previously recorded in equity is recognized in profit.

- If fair value cannot be reliably determined, available-for-sale financial assets are measured at cost and are tested for impairment. An impairment loss is recorded when this cost amount exceeds the asset's estimated value at the year-end, determined based on appropriate financial criteria. Impairment losses are recognized in the income statement and can only be reversed when the shares are sold.

1.17.5 Foreign currency and interest rate derivatives

Foreign currency and interest-rate derivatives include instruments such as swaps, forward contracts and options and are initially recognized at fair value. They are subsequently measured at fair value at the year-end and are recorded in the balance sheet under "Non-operating receivables" and "Non-operating payables". Fair value is determined on the basis of information provided by the relevant financial institution at the year-end. Accounting for changes in their fair value depends on the type of derivative concerned and whether there is a hedging relationship, and if so what type of hedge is involved:

- 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 foreign currency receivables and payables) are recognized in full in the income statement on a symmetrical basis with the loss or gain on the hedged item.

- Fair value gains and losses on derivatives qualifying and used as cash flow hedges (e.g., hedges of future commercial transactions in foreign currencies and hedges of net investments in foreign operations) are recognized directly in other comprehensive income for the effective portion of the hedges, and in the income statement for their non-effective portion (mainly the time value of money in the case of forward currency transactions). Amounts that had been recognized under other comprehensive income are reclassified from equity to profit in the same period(s) during which the hedged forecast cash flows affect profit.

The foregoing rules are applied provided that the hedging relationship is clearly designated and documented at the time the hedge is set up, and that the effectiveness of the hedge can be demonstrated.

No financial assets were reclassified between the above categories in either 2011 or 2010.

Presentation of financial assets and liabilities at fair value through profit or loss

In accordance with the amendments to IFRS 7, financial instruments are presented under three categories (see Note 27.6), based on a fair value hierarchy comprising the following levels:

- Level 1 – quoted prices in active markets for identical assets or liabilities.

- Level 2 – valuation techniques whose inputs are based on observable data, such as prices of similar assets or liabilities or a rate that is quoted in an active market.

- Level 3 – valuation techniques whose inputs are wholly or partly based on unobservable data, such as prices in an inactive market or valuations based on multiples for unquoted equities.

1.18 Share-based payments

Share-based payments concern:

- the bioMérieux SA free share plans approved by shareholders at the Annual General Meetings of June 12, 2008, June 10, 2010 and June 12, 2011;

- the bioTheranostics stock option plan approved by that company's shareholders at its Annual General Meeting of September 24, 2008.

In accordance with IFRS 2 "Share-based Payment", the fair value of the benefits granted is expensed over the vesting period, with a corresponding increase in equity.

This fair value is based on the value of the underlying shares or options at the grant date i.e., the date on which the list of beneficiaries was approved by the Board of Directors. It is reviewed at the end of each reporting period based on the number of shares vested or acquired.

At the end of the vesting period, the full value of the benefit continues to be recognized in equity, irrespective of whether or not the shares have actually been allocated to the beneficiaries.

In application of IFRS 2, the corresponding tax saving recognized in the parent company financial statements is allocated in the consolidated financial statements to the year during which the share-based payment expense is recognized.

1.19 Earnings per share

Basic earnings per share is calculated by dividing profit attributable to owners of the parent by the weighted average number of shares outstanding during the period (excluding any treasury shares held for market-making purposes).

As bioMérieux SA has not issued any dilutive instruments, diluted earnings per share is identical to basic earnings per share.

1.20 Consolidated statement of cash flows

The majority of the consolidated statement of cash flows is presented in accordance with recommendation 2009-R-03 issued by the CNC on July 2, 2009.

It lists separately:

- cash flows from operating activities;

- cash flows from investing activities;

- cash flows from financing activities.

Cash flows from investing activities include the amount of net cash of companies acquired or sold on the date of their first-time consolidation or their derecognition as well as amounts due to suppliers of non-current assets and amounts receivable from the sale of non-current assets.

“Cash flows from operating activities before cost of net debt and income tax" corresponds to the aggregate of profit of consolidated companies, depreciation, amortization and provisions (except against current assets), share-based payment expense, unrealized gains and losses on changes in fair value of financial instruments, gains or losses on capital transactions, cost of net debt, current and deferred income tax expense and any impairment losses.

An alternative statement of cash flows highlighting certain key financial indicators which are important for investors and analysts (such as gross operating profit and net additions to depreciation and amortization) is presented for the first time just after the Group's existing consolidated statement of cash flows. Because EBITDA has not been defined under IFRS and may be calculated differently by different companies, and in accordance with recommendation 2010-11 issued by the AMF on November 17, 2010, the Group has provided both a definition of EBITDA and a table reconciling EBITDA to the amounts reported in the consolidated financial statements.

EBITDA is equal to the sum of operating profit before non-recurring items and net additions to depreciation and amortization.

Net cash and cash equivalents correspond to the net amount of the Group's debit and credit cash positions.

In millions of euros	2011	2010
Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA)		
Additive method		
- Profit for the year	**160.5**	**160.0**
- Non-recurring income and expenses	**12.2**	**9.6**
- Cost of net debt	**4.4**	**3.2**
- Other financial income and expenses	**3.3**	**-0.6**
- Current income tax expense	**77.2**	**81.4**
- Net additions to amortization and depreciation	**85.3**	**80.4**
EBITDA	**342.9**	**334.0**
Simplified additive method		
- Operating profit before non-recurring items	**257.6**	**253.6**
- Amortization and depreciation expense	**85.3**	**80.4**
EBITDA	**342.9**	**334.0**

1.21 Segment information

As indicated above, and pursuant to IFRS 8 "Operating Segments", the Group has one operating segment (the *in vitro* diagnostics segment) and a single geographic segment.

In accordance with IFRS 8, in Note 25 the Group has disclosed information on net sales and non-current assets broken down by geographic area which has been prepared using the same accounting policies as those applied to prepare the consolidated financial statements.

1.22 Treasury shares

The Company has signed a liquidity agreement with an investment firm, specifically for market-making purposes. It therefore sometimes holds a small number of its own shares in connection with this agreement. It also purchases treasury shares for the purpose of allocation under the share grant plans described in Note 18.

Treasury shares held under the liquidity agreement or for the purpose of allocation under share grant plans are recorded as a deduction from equity and the impact of all corresponding transactions are also recognized directly in equity (disposal gains and losses, impairment etc.).

2. Significant events and changes in the scope of consolidation in 2011

AES Chemunex

On July 22, 2011, bioMérieux SA acquired the entire share capital and voting rights of Skiva for a total price of €188 million, including acquisition fees. Skiva is the holding company of the AES Laboratoire group, a leading player specialized in microbiological testing. Acquisition fees totaling €3.6 million were expensed in full and the agreement does not include any provision for the payment of additional consideration.

AES Laboratoire group employs approximately 400 people and generated consolidated sales of around €76 million in 2010/2011 after taking into account the divestment of the Agrobio business.

Since the business combination date, after adjusting for acquisition-related items, AES Laboratoire group companies have contributed net sales of €30.6 million and operating profit of €2.9 million.

Based on the analysis of the acquisition price conducted in accordance with the revised version of IFRS 3, the Group recorded an amount of almost €60 million in net assets, mostly relating to technologies. Provisional residual goodwill totaling almost €125 million has now been recognized since the acquisition date. The AES group has been included in the Industry CGU for impairment testing purposes.

Argene

On July 19, 2011, bioMérieux acquired Argene, a French company specializing in molecular biology for immunocompromised patients, for an amount of €40 million (or €37.5 million after consideration of the company's level of debt). This acquisition will expand the Group's infectious disease diagnostics offering.

Since the business combination date, the Argene group has generated net sales of €5.4 million, however it has contributed a net loss of €1.8 million to consolidated EBIT. Acquisition-related fees for an amount of €0.2 million were booked in operating profit before non-recurring items.

The acquisition agreement provides for additional payments of up to €5 million based on sales targets for certain products to be met by December 31, 2012. However, the Group deems it unlikely that these targets will actually be met and no provision was set aside at December 31, 2011.

Once technologies and inventories had been measured, the fair value of Argene's net assets stood at €21 million and the Group recognized provisional goodwill of €19.3 million at December 31, 2011. The Argene group companies have been included in the Molecular biology CGU for impairment testing purposes.

Given the non-material impact of these acquisitions on the consolidated balance sheet and income statement, the Group has not prepared pro forma financial statements at December 31, 2011.

Greek State receivables

By way of a law passed in August 2010, the Greek government proposed settling the payments owed by the State for 2007, 2008 and 2009 in the form of zero-coupon government bonds with respective maturities of one, two and three years. bioMérieux agreed to this proposal for receivables totaling €9 million and obtained reimbursement of €2 million worth of Greek government bonds maturing on December 22, 2011.

In March 2012, Greece required holders of government bonds to swap them for other financial instruments with a 46.5% lower nominal value and with longer maturities (until 2042). In this context, the provision for impairment recognized at December 31, 2011 was increased to 71% for pre-2011 receivables.

As a result of the exceptional solvency problems in Greece, this provision was recognized in “Non-recurring income and expenses from operations, net” at December 31, 2011.

The Company's total sovereign debt exposure is €22 million and it is using litigation to recover other unpaid overdue amounts.

Partnership with Knome

bioMérieux and Knome have entered into a strategic partnership to develop next-generation, sequence-based *in vitro* diagnostics. Under the agreement, bioMérieux will have exclusive rights to license Knome's proprietary genome analysis platform for use in the *in vitro* diagnostics market. Knome will have access to bioMérieux's intellectual property in DNA extraction and sample preparation.

Following the acquisition of two separate USD 5 million equity interests in December 2010 and July 2011, bioMérieux now owns 12.1% of Knome.

3. Intangible assets

GROSS VALUE *In millions of euros*	Patents Technologies	Software	Other	Total
Total at December 31, 2009	**100.7**	**37.6**	**29.5**	**167.8**
Translation adjustments	7.4	1.3	1.0	9.7
Acquisitions/Increases	11.1	4.8	14.8	30.7
Changes in Group structure	0.2	0.0	2.9	3.1
Disposals/Decreases	(0.3)	(1.5)	0.1	(1.7)
Reclassifications	(0.7)	16.2	(15.0)	0.5
Total at December 31, 2010	**118.4**	**58.4**	**33.3**	**210.1**
Translation adjustments	2.9	0.9	0.1	3.9
Acquisitions/Increases	4.5	2.7	13.0	20.2
Changes in Group structure	55.8 [(a)]	0.0	0.0	55.8
Disposals/Decreases	(0.2)	(0.4)	(0.1)	(0.7)
Reclassifications	0.0	21.6	(21.9)	(0.3)
Total at December 31, 2011	**181.4**	**83.2**	**24.4**	**289.0**

AMORTIZATION AND IMPAIRMENT *In millions of euros*	Patents, technologies	Software	Other	Total
Total at December 31, 2009	**38.4**	**33.8**	**2.6**	**74.8**
Translation adjustments	1.8	0.9	0.0	2.7
Additions	6.4	4.7	0.1	11.2
Reversals/Disposals	(0.3)	(0.5)	0.1	(0.7)
Reclassifications	(0.7)	0.0	0.1	(0.6)
Total at December 31, 2010[(b)]	**45.6**	**38.9**	**2.9**	**87.4**
Translation adjustments	0.7	0.5	0.1	1.3
Additions	8.4	7.5	0.5	16.4
Reversals/Disposals	(0.1)	(0.3)	0.0	(0.4)
Reclassifications	0.0	0.0	(0.1)	(0.1)
Total at December 31, 2011[(b)]	**54.6**	**46.6**	**3.4**	**104.6**

NET VALUE *In millions of euros*	Patents Technologies	Software	Other	Total
Total at December 31, 2009	**62.3**	**3.8**	**26.9**	**93.0**
Total at December 31, 2010	**72.8**	**19.5**	**30.4**	**122.7**
Total at December 31, 2011	**126.8** [(c)]	**36.6**	**21.0**	**184.4**

[(a)] Including AES (€35.2 million) and Argène (€20.6 million).
[(b)] Including €4.1 million in impairment losses.
[(c)] Including bioTheranostics (€35.6 million), BTF (€9.7 million) and Bacterial Barcodes Inc. (€6.1 million).

4. Goodwill

BREAKDOWN *In millions of euros*	Gross value Dec. 31, 2011	Gross value Dec. 31, 2010	Impairment test level
AES (provisional goodwill)	125.8		Group product lines
AB bioMérieux (Sweden)	69.3	68.9	Group product lines
Organon Teknika	51.1	50.6	Group product lines
Argène (provisional goodwill)	19.3		Group product lines
bioTheranostics (U.S.)	17.0	16.4	Entity
PML (U.S.)	12.6	12.2	Group product lines
Bacterial Barcodes (U.S.)	7.9	8.3	Group product lines
BTF (Australia)	7.0	6.7	Group product lines
Biotrol	4.8	4.8	Group product lines
Dima	3.5	3.5	Group product lines
bioMérieux Inc. (Vitek)	2.7	2.6	Group product lines
bioMérieux South Africa	2.0	2.2	Entity
Micro Diagnostics (Australia)	2.0	1.9	Entity
MDI (U.S.)	1.9	1.9	Group product lines
bioMérieux Poland	1.8	1.8	Entity
bioMérieux Spain	1.8	1.8	Group product lines
bioMérieux Greece	1.7	1.7	Entity
Meikang	1.6	1.6	Group product lines
Zenka	1.4	1.3	Group product lines
bioMérieux Brazil	0.5	0.5	Entity
Total gross value	**335.3**	**188.7**	
Impairment of goodwill recognized on Biotrol	(1.0)		
Total net value	**334.3**	**188.7**	

MOVEMENTS *In millions of euros*	Gross value
December 31, 2009[(a)]	**166.9**
Translation adjustments	15.7
Changes in Group structure[(b)]	6.1
December 31, 2010[(a)]	**188.7**
Translation adjustments	1.6
Changes in Group structure[(c)]	145.0
Provision for impairment loss[(d)]	(1.0)
December 31, 2011	**334.3**

(a) The impairment tests carried out did not result in the recognition of any impairment losses for either 2011 or 2010.
(b) Goodwill recognized on the acquisitions of Dima (€3.5 million), Meikang (€1.5 million) and Zenka (€1.1 million).
(c) Goodwill recognized on the acquisitions of AES (€125.8 million) and Argene (€19.3 million).
(d) Based on the results of sensitivity tests carried out in accordance with the procedure described in Note 1.8 "Impairment of non-current assets", an impairment loss was recorded against goodwill previously recognized on the acquisition of Biotrol.

The acquisitions carried out in 2011 all concerned the purchase of the entire capital of the acquirees.

Tests were performed to assess the sensitivity of the recoverable amounts to variations in certain actuarial assumptions, primarily the discount rate (1% increase/decrease), and the growth rate to perpetuity (0.5% increase/decrease). No probable scenarios were identified that would give rise to the recognition of additional impairment loss provisions.

At December 31, 2011, goodwill recognized on the acquisitions of AES Chemunex and Argene was for provisional amounts only.

5. Property, plant and equipment – Finance lease receivables

5.1 Breakdown of property, plant and equipment

GROSS VALUE *In millions of euros*	Land	Buildings	Machinery & equipment	Capitalized instruments	Other	Assets under construction	Advances and downpayments	Total
Total at December 31, 2009	**20.2**	**235.5**	**208.1**	**308.3**	**72.5**	**23.6**	**4.6**	**872.8**
Translation adjustments	0.5	4.7	4.9	15.9	3.3	1.7		**31.0**
Changes in Group structure[a]		2.7	1.0		0.1			**3.8**
Acquisitions/Increases	0.2	7.0	10.7	36.0	3.9	27.4	5.9	**91.1**
Disposals/Decreases		(8.3)	(12.1)	(33.4)	(5.3)			**(59.1)**
Reclassifications	0.7	14.5	2.0	12.3 [b]	3.4	(19.6)	(2.3)	**11.0**
Total at December 31, 2010	**21.6**	**256.1**	**214.6**	**339.1**	**77.9**	**33.1**	**8.2**	**950.6**
Translation adjustments	0.1	2.7	2.3	(3.1)	0.5	0.2	0.1	**2.8**
Changes in Group structure[c]	1.1	7.3	6.8		6.4	1.0		**22.6**
Acquisitions/Increases		4.0	16.3	33.8	2.9	29.8	0.5	**87.3**
Disposals/Decreases		(1.4)	(14.1)	(34.8)	(2.0)	(0.3)		**(52.6)**
Reclassifications		10.9	19.2	0.3	2.0	(23.6)	(8.2)	**0.6**
Total at December 31, 2011	**22.8**	**279.6**	**245.1**	**335.3**	**87.7**	**40.2**	**0.6**	**1,011.3**

DEPRECIATION AND IMPAIRMENT *In millions of euros*	Land	Buildings	Machinery & equipment	Capitalized instruments	Other	Assets under construction	Advances and downpayments	Total
Total at December 31, 2009	**0.4**	**116.3**	**148.5**	**240.6**	**54.2**			**560.0**
Translation adjustments		2.1	3.2	11.7	2.3			**19.3**
Increases[d]	0.1	13.9	17.1	33.1	6.3			**70.5**
Disposals/Decreases		(8.6)	(11.2)	(27.1)	(4.9)			**(51.8)**
Reclassifications	0.2	1.5	(2.4)	12.4	0.8			**12.5**
Total at December 31, 2010	**0.7**	**125.2**	**155.2**	**270.7**	**58.7**			**610.5**
Translation adjustments		1.0	0.7	(1.7)	0.5			**0.5**
Changes in Group structure		2.2	4.4		3.6	0.2		**10.4**
Increases[d]	0.1	13.6	16.1	29.6	6.2	1.6		**67.2**
Disposals/Decreases		(1.2)	(13.1)	(28.5)	(1.7)	(0.2)		**(44.7)**
Reclassifications				0.1	0.3			**0.4**
Total at December 31, 2011	**0.8**	**140.8**	**163.3**	**270.2**	**67.6**	**1.6**		**644.3**

NET VALUE *In millions of euros*	Land	Buildings	Machinery & equipment	Capitalized instruments	Other	Assets under construction	Advances and downpayments	Total[g]
Total at December 31, 2009	**19.8**	**119.2**	**59.6**	**67.7**	**18.3**	**23.6**	**4.6**	**312.8**
Total at December 31, 2010	**20.9**	**130.9**	**59.4**	**68.4**	**19.2**	**33.1**	**8.2**	**340.1**
Total at December 31, 2011	**22.0**	**138.8** [e]	**81.8**	**65.1** [f]	**20.1**	**38.6**	**0.6**	**367.0**

(a) Acquisition of Meikang (€3.2 million), Zenka (€0.4 million) and Dima (€0.1 million).

(b) Including €11.8 million relating to presentation reclassifications in the opening balance sheet, with no impact on the carrying amount of the assets concerned.

(c) Acquisitions of AES (€20.3 million) and Argene (€2.3 million).

(d) Accumulated impairment losses totaled €1.1 million at December 31, 2010 and €1.4 million at December 31, 2011.

(e) Including buildings held by bioMérieux SA (€76.2 million), bioMérieux Inc (€31.4 million), bioMérieux Italy (€7.9 million), bioMérieux Shanghai Biotech (€6.5 million) and bioMérieux Brazil (€4 million).

(f) Most of the instruments are placed with customers outside the Group.

(g) A breakdown of property, plant and equipment acquired under finance leases is provided in Note 5.3.

5.2 Assets held for sale

ASSETS HELD FOR SALE Boxtel Site *In millions of euros*	Dec. 31, 2011	Dec. 31, 2010
Gross value	**31.3**	**31.3**
Accumulated depreciation	19.3	19.3
Total net value	**12.0**	**12.0**

In view of the repurchase option in progress, no depreciation was recognized on these assets in 2010 or 2011.

Negotiations are still under way concerning the sale of the Boxtel site.

5.3 Property, plant and equipment acquired under finance leases

Where an asset is leased under a finance lease that transfers to the Group substantially all the risks and rewards incidental to ownership of the leased asset, the asset is accounted for as property, plant and equipment as described in Note 1.7.

Total depreciation recorded against property, plant and equipment acquired under finance leases amounted to €0.5 million in 2011 and €0.8 million in 2010.

The corresponding finance lease liability for these capitalized assets – which is included in the balance sheet under borrowings – was €5.6 million at December 31, 2011 and €3.9 million at December 31, 2010 (see Note 15.5).

ASSETS HELD UNDER FINANCE LEASES RECOGNIZED AS PROPERTY, PLANT AND EQUIPMENT						
In millions of euros		Land	Buildings	Machinery and equipment	Other	Total
Dec. 31, 2010	Gross value	0.0	4.7	1.0	1.7	7.4
	Accumulated depreciation	0.0	(0.2)	(1.0)	(1.7)	(2.9)
	Net value	**0.0**	**4.5**	**0.0**	**0.0**	**4.5**
Dec. 31, 2011	Gross value	0.4	10.1	1.2	2.3	14.0
	Accumulated depreciation	0.0	(2.7)	(0.9)	(2.1)	(5.7)
	Net value	**0.4**	**7.4**	**0.3**	**0.2**	**8.3**

5.4 Finance lease receivables

Certain instruments are sold under finance lease arrangements (see Note 1.7). The usual lease term is five years and the interest rate applied is around 10%.

Finance lease receivables totaled €46.9 million at December 31, 2011.

Breakdown *In millions of euros*	Due within 1 year[a]	Due in 1 to 5 years[b]	Due beyond 5 years[b]	**TOTAL**
Gross value of finance lease receivables	18.8	34.5	0.2	**53.5**
Accrued interest	(3.2)	(3.2)	0.0	**(6.5)**
Present value of minimum future lease payments	15.6	31.3	0.2	**47.0**
Impairment losses	(0.1)			**(0.1)**
Net present value of minimum future lease payments	15.5	31.3	0.2	**46.9**

(a) Recognized as trade receivables (see Note 8)
(b) Recognized as other non-current assets

Receivables past due at the year-end which had not been written down represented a non-material amount.

6. Non-current financial assets

Net value *In millions of euros*	**Dec. 31, 2011**	**Dec. 31, 2010**
Loans and receivables	8.4 [a]	8.7
Available-for-sale financial assets	18.3	17.7
Financial assets at fair value through profit or loss	0.2	0.2
TOTAL	**26.9**	**26.6**

(a) Including €3 million to cover retirement benefit obligations in Germany and zero-coupon Greek government bonds.

MOVEMENTS *In millions of euros*	**Gross value**	**Impairment and changes in fair value**	**Net value**
December 31, 2009	**22.1**	**11.5**	**10.5**
Translation adjustments	0.5	0.1	0.4
Acquisitions/Increases	15.4 [a]	0.1	15.3
Disposals/Decreases	(2.1)	(0.9)	(1.2)
Reclassifications	1.6		1.6 [b]
December 31, 2010	**37.5**	**10.8**	**26.6**
Translation adjustments	0.0	0.2	(0.2)
Acquisitions/Increases	4.9 [c]	5.6 [d]	(0.7)
Disposals/Decreases	(0.7)	(0.1)	(0.6)
Reclassifications	1.7		1.7
December 31, 2011	**43.4**	**16.5**	**26.9** [e]

(a) Including acquisitions by bioMérieux SA of equity interests in Biocartis (€9 million) and Knome (€3.7 million).
(b) Including €1.8 million in zero-coupon Greek government bonds in settlement of receivables owed by the Greek State with a fair value of €1.4 million.
(c) Including acquisitions by bioMérieux SA of equity interests in Knome (€3.6 million) and advances and deposits on the books of AES (€0.5 million).
(d) Including fair value adjustments to Greek government bonds and impairment of AdvanDx and Avesthagen securities for amounts of €1.5 million and €1.4 million, respectively.
(e) Including zero-coupon Greek government bonds with a fair value of €1.5 million at December 31, 2011, received in settlement of receivables owed by the Greek State.

In millions of euros	% ownership	Carrying amount	Equity	
			Excluding profit/(loss) for the year	Profit/(loss) for the year
Available-for-sale financial assets				
Biocartis	6.3%	9.0	61.9 [(a)]	(37.1) [(a)]
Knome	12.2%	7.3	4.4 [(a)]	(1.4) [(a)]
Labtech	9.8%	1.3	9.1 [(b)]	1.0 [(b)]
Advandx	5.0%	0.5	0.7 [(a)]	(2.6) [(a)]
Avesthagen	3.6%		12.2 [(a)]	(7.3) [(a)]
InoDiag	0.6%		0.5 [(a)]	(0.3) [(a)]
Europroteome	8.8%		In liquidation	
ReLia	13.0%		1.4 [(c)]	(2.0) [(c)]
Other		0.2		
		18.3		
Financial assets at fair value through profit or loss				
Dynavax Technologies	0.1%	0.2	81.9 [(a)]	(43.2) [(a)]
Oscient Pharma	0.2%		In Chapter 11 bankruptcy proceedings	
		0.2		

(a) Most recent available data: year ended December 31, 2010.
(b) Most recent available data: year ended June 30, 2010.
(c) Most recent available data: year ended December 31, 2009.

7. Inventories and work-in-progress

In millions of euros	Dec. 31, 2011	Dec. 31, 2010
Raw materials	79.0	63.5
Work-in-progress	37.6	36.9
Finished products and goods held for resale	122.0	103.4
Total gross value	**238.6** [(a)]	**203.8**
Raw materials	(5.6)	(8.8)
Work-in-progress	(2.8)	(3.1)
Finished products and goods held for resale	(13.1)	(12.5)
Total impairment losses	**(21.5)**	**(24.3)**
Raw materials	73.5	54.8
Work-in-progress	34.8	33.8
Finished products and goods held for resale	108.9	90.9
Net value	**217.1** [(b)]	**179.5**

(a) 30% of which relates to instrumentation.
(b) No pledges of inventories had been granted at December 31, 2011.

8. Trade receivables

In millions of euros	Dec. 31, 2011	Dec. 31, 2010
Gross trade receivables[(a)]	470.2	420.4
Impairment losses[(b)]	(23.2)	(17.4)
Net value[(c)]	**447.1**	**403.0**

(a) Of the Group's trade receivables, 39% are due from government agencies and may be paid later than the date shown on the invoice.
(b) Impairment is recognized on a case-by-case basis by reference to various criteria including disputes, arrears, etc.

Past-due receivables owed by private-sector companies represented 16% of total outstanding trade receivables in 2011, down from 18% in 2010. The original maturities of the majority of these receivables were less than six months. They include the short-term portion of finance lease receivables (see Note 5.4).

Receivables owed by the Italian State (€49.7 million), the Spanish State (€33.8 million) and the Portuguese State (€12.9 million) have been written down respectively by €1.7 million, €1.3 million and €2.6 million.

Detailed disclosures concerning receivables owed by the Greek State are provided in Note 2 "Significant events and changes in the scope of consolidation in 2011".

9. Other receivables

In millions of euros	Dec. 31, 2011	Dec. 31, 2010
Advances and downpayments received	3.3	2.8
Pre-paid expenses	6.0	6.2
Other	41.2	39.1
Impairment losses	(0.1)	(0.1)
Net value of other operating receivables	**50.4** [(a)]	**48.0**
Current tax receivable	**19.6**	**2.9**
Gross value of non-operating receivables	1.0 [(b)]	0.8
Impairment losses		
Net value of non-operating receivables	**1.0**	**0.8**

(a) The majority of other operating receivables are due within one year.
(b) Including the fair value of derivative instruments: €0 for 2011 and 2010.

Other operating receivables include research tax credits, which have been reclassified as described in Note 1, "Summary of significant accounting policies".

Other receivables which are past due and not written down represented a non-material amount.

10. Cash and cash equivalents

Cash and cash equivalents includes available cash and short-term investments meeting the definition set out in Note 1.11. They broke down as follows at December 31, 2011 and 2010:

In millions of euros	**Dec. 31, 2011**	**Dec. 31, 2010**
Cash	42.2	35.6
Short-term investments	0.5	35.8
Cash and cash equivalents	**42.8**	**71.4**

The Group's main short-term investments were as follows in 2011 and 2010:

	2011	**2010**
Name	3-month SICAV CA AM	3-month SICAV CA AM
Amount	€0.4 million	€0.8 million
Type	Euro money-market fund	Euro money-market fund
ISIN code	FR0000296881	FR0000296881
Name		SICAV AM TRESO Eonia
Amount		€17.0 million
Type		Euro money-market fund
ISIN code		FR0007435920

The Group regularly reviews the investments made by each "SICAV" euro money-market fund as well as their past performance in order to ensure that they qualify as "cash and cash equivalents" in accordance with the recognition criteria in IAS 7.

The carrying amount of short-term investments corresponds to their market value. Changes in fair value at December 31, 2011 were not material, as investments were sold and bought back at the year-end in order to realize capital gains.

11. Share capital

The Company's share capital amounted to €12,029,370 at December 31, 2011 and was divided into 39,453,740 shares, of which 25,845,775 carried double voting rights. Following a decision taken by shareholders at the Shareholders' Meeting of March 19, 2001, the Company's bylaws no longer refer to a par value for its shares. No rights or securities with a dilutive impact on capital were outstanding at December 31, 2011.

There were no changes in the number of outstanding shares in 2011.

At December 31, 2011, the parent company held 19,600 of its own shares in connection with a liquidity agreement signed with an independent investment firm for market-making purposes (see Note 1.22). It also held 7,988 shares in treasury for allocation under the free share plans authorized at various Annual General Meetings (see Note 18). In 2011 the Company purchased 45,112 of its own shares and sold 37,712 in connection with the liquidity agreement, and allocated 41,012 shares to beneficiaries of share grant plans whose rights had vested.

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 use debt or equity financing are made on a case-by-case basis for each proposed transaction. The equity used by the Group for its own operations corresponds to its consolidated equity.

12. Change in cumulative translation adjustments (currency translation differences recorded in equity)

In millions of euros	Dollar[a]	Latin America	Europe[b]	Other	TOTAL
Cumulative translation adjustments at December 31, 2009	**(35.5)**	**0.9**	**(10.2)**	**1.0**	**(43.8)**
Translation differences arising on:					
- translating opening net assets and dividend payments at closing exchange rates	22.5	3.8	10.0	6.4	42.7
- translating income statement items at average exchange rates	(0.5)		2.2	0.5	2.2
Changes in Group structure		0.1			0.1
Total movements	22.0	3.8	12.2	6.9	44.9
Cumulative translation adjustments at December 31, 2010	**(13.5)**	**4.7**	**2.0**	**7.9**	**1.1**
Translation differences arising on:					
- translating opening net assets and dividend payments at closing exchange rates	(2.0)	(2.4)	(4.8)	1.4	(7.8)
- translating income statement items at average exchange rates	11.9		(0.1)	0.5	12.3
Total movements	9.9	(2.4)	(4.9)	1.9	4.5
Cumulative translation adjustments at December 31, 2011	**(3.6)**	**2.3**	**(2.9)**	**9.8**	**5.6** [c]

(a) Dollar and pegged currencies: includes the United States and China

(b) Including the Middle East and Africa.

(c) Excluding non-controlling interests, cumulative translation adjustments amounted to €5.5 million at December 31, 2011.

13. Provisions – Contingent assets and liabilities

13.1 Long- and short-term provisions

In millions of euros	Pension and other employee benefit obligations	Product warranties (a)	Restructuring	Other R&C	Total
December 31, 2009	**31.9**	**3.2**	**2.5** [(b)]	**14.1** [(c)]	**51.7** [(d)]
Additions	11.5	3.8	3.1	3.5	21.9
Reversals (used)	(10.9)	(3.7)	(2.5)	(5.2)	(22.3)
Reversals (surplus)				(3.7)	(3.7)
Net additions (reversals)	0.6	0.1	0.6	(5.4)	(4.1) [(e)]
Changes in Group structure				0.1	0.1
Reclassifications	(3.4) [(f)]			(0.6)	(4.0)
Translation adjustments	1.1	0.2	0.1	0.9	2.3
December 31, 2010	**30.2**	**3.5**	**3.2** [(b)]	**9.1** [(c)]	**46.0** [(d)]
Additions	11.1	4.4	0.6	7.3	23.4
Reversals (used)	(10.5)	(4.2)	(1.4)	(9.7)	(25.8)
Reversals (surplus)	0.0	0.0	0.0	(0.5)	(0.5)
Net additions (reversals)	0.6	0.2	(0.8)	(2.9)	(2.9) [(g)]
Changes in Group structure	0.3	0.2	0.0	0.5	1.0
Reclassifications	(0.1)	0.0	0.0	2.7	2.6
Translation adjustments	0.4	0.0	0.0	0.1	0.5
December 31, 2011	**31.4**	**3.9**	**2.4** [(b)]	**9.5** [(c)]	**47.2** [(d)]

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

(b) Including a provision relating to the closure of the Boxtel site, amounting to €0.6 million at December 31, 2011, €0.1 million at December 31, 2010 and €0.5 million at December 31, 2009.

(c) Including provisions for litigation in the amount of €4.8 million at December 31, 2011, €5 million at December 31, 2010 and €6.5 million at December 31, 2009. For confidentiality reasons, the breakdown between cases is not disclosed.

(d) Including short-term provisions totaling €14 million at December 31, 2011, €14.5 million at December 31, 2010 and €16 million at December 31, 2009.

(e) Including net additions of €2.5 million recorded within “Operating profit before non-recurring items" and net reversals of €1.6 million recognized in "Non-recurring income and expenses from operations, net”.

(f) Reclassification to borrowings of scheduled payments for bioMérieux Inc.

(g) Including net additions of €0.7 million recorded within “Operating profit before non-recurring items" and net reversals of €2.3 million recognized in "Non-recurring income and expenses from operations, net”.
Including a provision concerning the closure of the Portland site totaling €1.8 million at December 31, 2011 and €3.1 million at December 31, 2010.

13.2 Pension and other long-term benefit obligations

13.2.1 Defined benefit pension plans

13.2.1.1 Reconciliation of the net obligation with provisions recognized in the balance sheet

PROVISIONS FOR POST-EMPLOYMENT BENEFIT OBLIGATIONS *In millions of euros*		At December 31, 2011			
Company	**Type of obligation**	Present value of obligation	Fair value of plan assets[a]	Deferred actuarial gains and losses[b]	Provision
bioMérieux SA	Contractual retirement payments	18.1	12.2	0.3	**5.6**
U.S.	Pensions	121.1	74.4	39.9	**6.8**
Germany	Pensions	6.4	1.7	1.4	**3.3** [c]
South Korea	Pensions	1.0			**1.0**
UK	Pensions	2.0	1.2	0.1	**0.8**
Japan	Termination benefits	0.8			**0.8**
AES & Argène	Contractual retirement payments	0.6	0.3		**0.3**
		149.9	89.8	41.7	**18.5**

PROVISIONS FOR POST-EMPLOYMENT BENEFIT OBLIGATIONS *In millions of euros*		At December 31, 2010			
Company	**Type of obligation**	Present value of obligation	Fair value of plan assets[a]	Deferred actuarial gains and losses[b]	Provision
France	Contractual retirement payments	18.7	11.5	1.3	**5.9**
U.S.	Pensions	96.5	62.5	28.1	**5.9**
Germany	Pensions	6.4	1.7	1.4	**3.3** [c]
South Korea	Pensions	0.8			**0.8**
UK	Pensions	1.7	1.0	0.0	**0.7**
Japan	Termination benefits	0.6			**0.6**
		124.7	76.7	30.8	**17.2**

(a) Plan assets or scheduled payments.
(b) All past-service costs have been recognized.
(c) This amount is funded by investments that are not irrevocably allocated to post-employment benefit obligations and are therefore recognized in non-current financial assets (see Note 6).

13.2.1.2 Changes in the net obligation during the year

In millions of euros	U.S.	France	Germany	South Korea	Japan	UK	Total
Present value of defined benefit obligations							
At beginning of year	**96.5**	**18.7**	**6.4**	**0.8**	**0.7**	**1.7**	**124.7**
Net current service cost	4.6	0.9	0.0	0.2	0.1	0.1	5.9
Interest cost	5.1	0.7	0.3		0.0	0.1	6.2
Benefit payments	(1.3)	(1.2)	(0.2)		0.0		(2.8)
Past service cost							
Translation adjustments	4.7				0.1	0.1	4.8
Actuarial (gains) losses	11.6	(1.1)	(0.1)			0.1	10.4
Changes in Group structure		0.6					0.6
At end of year	**121.1**	**18.7**	**6.4**	**1.0**	**0.8**	**2.0**	**149.9**
Funded status							
At beginning of year	**62.5**	**11.9**	**1.7**	**0.0**	**0.0**	**1.0**	**77.1**
Employer contributions	6.8					0.1	6.8
Expected return on plan assets	4.5	0.4	0.1			0.1	5.0
Benefit payments	(1.3)		(0.1)				(1.4)
Translation adjustments	2.5					0.0	2.5
Actuarial (gains) losses	(0.5)	(0.1)					(0.6)
Changes in Group structure		0.3					
At end of year	**74.4**	**12.5**	**1.7**	**0.0**	**0.0**	**1.2**	**89.8**
Deferred actuarial gains or losses							
At beginning of year	**28.1**	**1.3**	**1.5**	**0.0**	**0.0**	**0.0**	**30.9**
Expenses recognized in 2011	(1.9)						(1.9)
New deferred items in 2011	12.1	(1.0)	(0.1)			0.1	11.1 [(a)]
Translation adjustments	1.7						1.7
At end of year	**39.9**	**0.3**	**1.4**	**0.0**	**0.0**	**0.1**	**41.7**

(a) Including €3.4 million in experience adjustments.

At December 31, 2011, a one-percent increase in the discount rate would have had a 16% (or €25.6 million) favorable impact on the Group's defined benefit obligations. This impact would have been deferred as actuarial gains and would not have immediately affected income.

There were no material changes in benefit plans in 2011.

13.2.1.3 Net expense for the year

In millions of euros	2011	2010
Net current service cost	5.7	6.8
Interest cost	6.2	5.6
Expected return on plan assets	(5.1)	(4.5)
Curtailments and settlements	0.0	0.0
Other	2.0	1.7
Total	**8.8**	**9.6**

13.2.1.4 Information on plan assets

The Group's plan assets broke down as follows at December 31, 2011 and 2010:

In millions of euros	Dec. 31, 2011			
	Equities	Bonds	Other	**TOTAL**
France	0.9	10.3	1.0	**12.2**
U.S.	0.0	58.3	9.1 [(a)]	**67.4**
Germany			1.7	**1.7**
UK	0.6	0.4	0.2	**1.2**
In millions of euros	**Dec. 31, 2010**			
	Equities	Bonds	Other	**TOTAL**
France	1.0	9.5	1.0	**11.5**
U.S.	33.5	22.3	6.7 [(a)]	**62.5**
Germany			1.7	**1.7**
UK	0.5	0.4	0.2	**1.1**

[(a)] Scheduled payment

The table below shows the actual return on plan assets in 2011 and 2010:

	2011 return	**2010 return**
France	3.0%	5.2%
U.S.	7.4%	8.3%
UK	8.3%	3.0%
Germany	4.8%	11.6%

13.2.1.5 Other information

The table below shows a five-year comparative analysis of certain data:

In millions of euros	**2011**	**2010[(a)]**	**2009[(a)]**	**2008[(a)]**	**2007[(a)]**
Present value of defined benefit obligation	149.9	122.1	97.2	81.9	76.1
Fair value of plan assets	82.8	75.7	58.3	47.3	52.2
Actuarial gains and losses as a % of the defined benefit obligation	6.9%	8.2%	10.4%	-1.5%	-1.2%
Actuarial gains and losses as a % of plan assets	-0.7%	0.4%	8.1%	-28.5%	-5.9%

[(a)] excluding the UK and South Korea

13.2.2 Other long-term employee benefits

OTHER LONG-TERM EMPLOYEE BENEFITS *In millions of euros*		At December 31, 2011			
		Present value of obligation	Fair value of plan assets	Deferred actuarial gains and losses	Provision
Company	**Type of obligation**				
France	Long service awards	7.1			**7.1**
France	Other obligations	0.1			0.1
U.S.	Post-employment health insurance	2.1		(0.1)	2.2
		2.2			**2.3**
Other	Pensions and other benefits				**3.6**
TOTAL PROVISION FOR OTHER LONG-TERM EMPLOYEE BENEFITS					**13.0**

At December 31, 2011, a one-percent increase in medical cost trend rates would not have significantly affected the value of the health insurance plan obligation in the United States or the corresponding income statement items.

OTHER LONG-TERM EMPLOYEE BENEFITS *In millions of euros*		At December 31, 2010			
		Present value of obligation	Fair value of plan assets	Deferred actuarial gains and losses	Provision
Company	**Type of obligation**				
France	Long service awards	7.2			**7.2**
France	Other obligations	0.1			0.1
U.S.	Post-employment health insurance	1.8		(0.4)	2.2
		1.9			**2.3**
Other	Pensions and other benefits				**5.1**
TOTAL PROVISION FOR OTHER LONG-TERM EMPLOYEE BENEFITS					**14.6**

13.3 Other provisions

13.3.1 Provisions for claims and litigation

The Company is involved in a certain number of claims arising in the ordinary course of business, the most significant of which is described below. bioMérieux believes that no claim or litigation will have a material adverse impact on its operations. When a risk is identified, a provision is recognized as soon as the risk can be reliably measured. The provision for claims and litigation covers all disputes in which the Group is involved and amounted to €4.8 million at December 31, 2011.

In particular, the Group is involved in litigation with two distributors over the termination of their contracts and it has set aside a provision for the probable amounts that it will have to pay based on the plaintiff's claims. A provision has also been booked for the return of unsold inventories based on the amount of customer credit notes due.

13.3.2 Restructuring provisions

13.3.2.1 Movements in restructuring provisions

As part of its measures to restructure its culture media business in the United States and Canada, the Group has decided to close the Portland site (in Oregon, U.S.) in June 2012. As a result, a €0.3 million impairment loss was recorded for non-transferable equipment and fixtures in the 2011 income statement together with a non-recurring expense of €1.6 million to cover the additional costs of transferring the activity from Portland to the Lombard (Inc) and La Balme sites. Similarly, discontinuing culture media for the routine clinical test business in North America generated expenses of €0.7 million in Canada related to sales contract indemnity costs and the destruction of inventories.

At December 31, 2010, restructuring provisions totaled €3.1 million.

13.3.2.2 Balance of restructuring provisions

At December 31, 2011, restructuring provisions totaled €2.4 million, of which €1.8 million related to the closure of the Portland site.

13.4 Contingent assets and liabilities

Contingent assets

Contingent assets at December 31, 2011 were not material.

Contingent liabilities

Following a tax audit carried out on the Group's operations in Italy, the transfer prices applied to the Italian subsidiary and the portion of shared costs allocated to it were challenged by the tax authorities.

The Company and its legal advisors are of the opinion that there are no valid grounds for this challenge and intend to strongly contest the findings of the tax authorities. The Company will use all possible means of recourse to defend its position. The duration and outcome of this dispute cannot be anticipated at this stage of the proceedings. An amicable resolution procedure in relation to this tax dispute is currently under way with the relevant French and Italian authorities.

No other significant contingent liabilities were identified at December 31, 2011.

14. Deferred tax

MOVEMENTS *In millions of euros*	Deferred tax assets	Deferred tax liabilities
December 31, 2009	**26.1**	**21.0**
Translation adjustments	2.0	1.3
Changes in Group structure	0.0	0.6 (a)
Movements recognized in profit	(2.1)	2.9
Recognition in reserves	0.5	0.0
Other movements	(1.6)	(1.0)
December 31, 2010	**24.9**	**24.8**
Translation adjustments	0.3	0.3
Changes in Group structure	2.1	16.9 (b)
Movements recognized in profit	1.8	0.3
Recognition in reserves	0.1	0.0
Other movements	(1.1)	(1.1)
December 31, 2011	**28.2**	**41.2**

(a) Including deferred taxes recognized in relation to the acquisitions of Meikang Biotech and Dima amounting to €0.5 million and €0.1 million respectively, and calculated based on the fair value of the acquired assets and assumed liabilities.

(b) Including deferred taxes recognized in relation to the acquisitions of AES and Argene amounting to €9.3 million and €7.8 million respectively, and calculated based on the fair value of the acquired assets and assumed liabilities.

The majority of the Group's deferred tax assets were generated in the United States, due to temporary tax differences arising as a result of certain provisions being non-deductible and the elimination of margins on inventories.

Breakdown of deferred tax assets *In millions of euros*	Provisions for pension benefit obligations	Elimination of margins on inventories and non-current assets	Other	**Total**
December 31, 2009	4.4	14.9	6.8	**26.1**
Movements during the period	0.1	(1.0)	(2.3)	**(3.2)**
Translation adjustments	0.2	0.8	1.0	**2.0**
December 31, 2010	4.6	14.8	5.5	**24.9**
Movements during the period	(0.1)	0.0	3.0	**2.9**
Translation adjustments	0.1	0.3	0.0	**0.3**
December 31, 2011	4.6	15.1	8.5	**28.2**

Deferred taxes relating to items recognized in equity (corresponding to fair value adjustments to financial instruments and deferred taxes relating to treasury shares) amounted to €1.5 million at December 31, 2011.

Deferred tax assets resulting from tax losses carried forward amounted to €1.7 million at December 31, 2011.

No deferred tax assets were recognized on €6.2 million worth of tax losses carried forward, representing a potential tax saving of €1.4 million. Furthermore, no deferred tax assets were recognized on consolidation adjustments, which amounted to €0.6 million at December 31, 2011 and represented a potential tax saving of €0.1 million.

Deferred tax liabilities primarily relate to the fair value recognition of the non-current assets acquired as part of the business combinations carried out with the following companies: AES (€9.3 million), Argene (€7.8 million), bioTheranostics (€9.3 million), bioMérieux Spain (merged with Biomedics: €2.6 million), BTF (€2.4 million) and Bacterial Barcodes (€1.8 million). At December 31, 2011 deferred tax liabilities also included €3.2 million in provisions for taxes on distributable reserves.

15. Net debt/(Net cash)

15.1 Debt refinancing

At December 31, 2011, the Group had a net cash position of €131.2 million after a €38.7 million dividend payout to bioMérieux SA shareholders.

bioMérieux SA has a seven-year syndicated loan of €260 million repayable in full at maturity (January 2013). The facility agreement contains default clauses (see Note 15.3).

€20 million had been drawn under this facility at December 31, 2011.

15.2 Maturities of borrowings

The maturity schedule below refers to balance sheet amounts. Repayments are not shown at their present value and interest not yet accrued is not included as most of the loans are at floating rates.

In millions of euros	Dec. 31, 2010	Increase/ (Decrease)	Changes in Group structure	% Change in statement of cash flows	Other movements[a]	Dec. 31, 2011
Cash	35.6	4.7	4.1	8.9	(2.2)	42.3
Cash equivalents	35.8	(35.9)	0.5	(35.3)		0.5
Cash and cash equivalents	**71.5**	**(31.1)**	**4.7**	**(26.4)**	**(2.2)**	**42.8**
Bank overdrafts and other unconfirmed debt	(37.4)	(25.5)	(0.4)	(25.9)	1.3	(62.0) [b]
Net cash and cash equivalents (A)	**34.0**	**(56.6)**	**4.3**	**(52.4)**	**(0.9)**	**(19.2)**
Committed debt (B)	**9.7**	**96.5**	**5.6**	**102.1**	**0.1**	**111.8**
o/w due beyond five years	*1.2*					*3.2*
1 to 5 years	*6.3*					*9.3* [c]
within 1 year	*2.2*					*99.2* [d]
Net debt (Net cash) (B) - (A)	**(24.3)**	**153.1**	**1.3**	**154.3**	**1.0**	**131.2**

(a) Impact of currency fluctuations and other movements.

(b) Including the balance of the current account with Institut Mérieux (€50.4 million).

(c) Including the balance of the employee profit-sharing account (€2.8 million). Finance lease liabilities of €4.5 million, including €3 million concerning office buildings in Italy.

(d) Including treasury notes (€40 million), syndicated credit facilities (€20 million), and finance lease liabilities (€1.2 million).

At December 31, 2011 the Group had not breached any of its repayment schedules.

At year-end, the Group has no liabilities in respect of borrowed securities or short sales.

No loan agreements were signed prior to December 31, 2011 concerning loans to be set up in 2011.

15.3 Debt covenants

The syndicated loan requires compliance with one financial ratio: net debt may not exceed three times EBITDA before acquisition expenses. This ratio – which is tested twice a year – was respected at December 31, 2011.

The Group's other term borrowings at December 31, 2011 primarily corresponded to treasury notes, an amount owed to Institut Mérieux, finance lease liabilities related to assets in Italy and the employee profit-sharing account. None of these forms of borrowings are subject to covenants based on financial ratios.

15.4 Interest rates

At December 31, 2011, all of the Group's gross borrowings were at floating rates (except for the employee profit-sharing account).

15.5 Borrowings corresponding to finance lease liabilities

15.5.1 Principal amount of the borrowings

In millions of euros	**Dec. 31, 2011**	**Dec. 31, 2010**
Due within 1 year	1.0	0.4
Due in 1 to 5 years	4.6	2.6
Due beyond 5 years	0.6	0.9
Total	**6.2**	**3.9**

15.5.2 Future lease payments (principal and interest)

In millions of euros	**Dec. 31, 2011**	**Dec. 31, 2010**
Minimum future payments	**7.0**	**4.5**
Due within 1 year	*1.2*	*0.6*
Due in 1 to 5 years	*5.1*	*3.0*
Due beyond 5 years	*0.7*	*0.9*
Less interest	*(0.8)*	*(0.6)*
Present value of future lease payments	**6.2**	**3.9**

15.6 Breakdown of net debt/(net cash) by currency

In millions of euros	**Dec. 31, 2011**	**Dec. 31, 2010**
Euro	139.5	(20.1)
Other		
US dollar	(28.6)	(15.2)
Swedish krona	(4.3)	(7.4)
South African rand	(1.6)	(1.7)
Polish zloty	(1.3)	(1.7)
Pound sterling	2.9	1.7
Japanese yen	7.5	10.9
Brazilian real	11.8	7.5
Other currencies	5.2	1.7
Total	**131.2**	**(24.4)**

15.7 Loan guarantees

None of the Group's assets have been pledged as collateral to a bank.

For subsidiaries using external funding, bioMérieux SA may be required to issue a first call guarantee to banks granting these facilities.

16. Trade and other payables

In millions of euros	Dec. 31, 2011	Dec. 31, 2010
Trade payables	**142.6**	**128.9**
Advances and downpayments received	1.7	2.4
Accrued payroll and other taxes	144.7	132.5
Deferred income	37.0	32.3
Other	15.5	18.0
Other operating payables	**198.9** [(a)]	**185.2**
Current tax payable	**27.3**	15.6
Due to suppliers of non-current assets	18.2	12.5
Other	9.5 [(b)]	12.6
Non-operating payables	**27.7** [(c)]	**25.1**

(a) Operating payables are generally due within one year, except for certain deferred income relating to maintenance contracts.

(b) Including €7.9 million corresponding to the fair value of derivatives at December 31, 2011 compared with €5 million at year-end 2010.

(c) The majority of non-operating liabilities are due within one year.

17. Personnel costs

In millions of euros	2011 2011	2010 2011
Wages and salaries	326.8 [(a)]	313.0
Payroll taxes	117.7	114.8
Employee profit-sharing [(b)]	11.6	13.7
Total	**456.2** [(c)]	**441.5**
Average number of employees	**6,535**	**6,365**
Number of employees at Dec. 31, 2011	**7,014**	**6,306**

(a) Including €2.3 million corresponding to the fair value of share-based payments (see Note 18.1).

(b) bioMérieux SA.

(c) Including €0.4 million corresponding to restructuring charges recognized in “Non-recurring income and expenses from operations, net”.

(d) Including €13.8 million in contributions to defined contribution pension plans (excluding Spain and Portugal, for which figures are not available).

18. Share-based payments

18.1 Share grant plans

Number of shares	Year in which plan opened			
	2008	2009	2010	2011
Initial number of options granted	25,000	52,256	252,851	51,567
Forfeited shares		3,194	100,069	724
Number of shares that vested in 2011		41,012		
Total number of vested shares	25,000	41,012		
Number of shares to be delivered at Dec. 31, 2011	0	8,050	152,782	50,843

An expense of €2.3 million was recognized under personnel costs in 2011 in relation to share-based payments (see Note 17).

In 2008, 2009, 2010 and 2011, the Board of Directors granted free shares to certain employees and corporate officers.

Under the terms of the different plans, the shares are subject to a vesting period of between two and four years.

Moreover, the free shares will only vest if certain performance conditions are met. These conditions are used to calculate the variable compensation of the Group's main senior executives and they are based either on net sales and operating profit or on specific objectives. In addition to the vesting period, the free shares are subject to a two-year lock-up period, however, this may be waived for shares granted to non-French tax residents provided that the shares concerned are subject to a four-year vesting period.

At December 31, 2011, bioMérieux SA held 7,988 of its own shares for allocation under the above-described share grant plans. The Company will have to purchase a further 203,687 shares to cover its commitments, the cost of which would be €11.3 million based on the share price at December 31, 2011.

18.2 Stock option plan

	Share grant plans
Company	bioTheranostics
Date of Shareholders' Meeting authorizing the plan	September 24, 2008
Maximum number of shares that may be granted	2,000,000
Beneficiaries	Corporate officers/employees/consultants
Vesting conditions	Continuous employment
Vesting period	Options vest over 4 years from the grant date – 25% at the end of each year (cliff vesting)
Option expiration date	10 years from the grant date
Subscription price per share	USD 3.00
Number of options granted in 2010	334,950
Total number of options granted at Dec. 31, 2010	1,690,300
Number of shares that may be subscribed at Dec. 31, 2010	514,525
Number of options exercised at Dec. 31, 2010	10
Number of shares subscribed at Dec. 31, 2010	0
Number of options forfeited in 2010	170,740
Total number of options forfeited at Dec. 31, 2010	392,490
Number of options outstanding at Dec. 31, 2010	702,190

bioTheranostics carried out a stock split in 2010. Consequently the number of stock options that may be granted pursuant to the authorization given by the Shareholders' Meeting of September 24, 2008 has been increased from 1 million to 2 million.

The employee benefit expense recognized in 2011 in relation to the stock option plan was not material.

The bioTheranostics' stock option plan has no material impact on the calculation of the Group's diluted earnings per share.

19. Other operating income

In millions of euros	**2011**	**2010**	**2009**
Net royalties received	7.5	9.9	11.8
Research tax credits	13.8	12.6	12.7
Other	(0.6)	0.2	0.7
Total	**20.7**	**22.7**	**25.2**

20. Operating lease expenses

In millions of euros	**2011**	**2010**
Operating lease expenses	22.1	22.0

21. Depreciation, amortization, provisions and impairment

In millions of euros	**2011**	**2010**
Depreciation and amortization of non-current assets	83.6	82.1
Provisions	(3.6)	(3.4)
Impairment of current assets	2.7	7.2
Impairment of non-current financial assets	5.4	(0.8)
Total	**88.0**	**85.1**

22. Financial income and expenses

22.1 Cost of net debt

In millions of euros	Income	Expenses	**2011**	**2010**
Finance costs	0.1 [(a)]	4.2	(4.1)	(2.8)
Foreign-exchange gains (losses)		0.3	(0.3)	(0.4)
Total	**0.1**	**4.5**	**(4.4)**	**(3.2)**

[(a)] Interest income on invested cash balances.

22.2 Other financial income and expenses

In millions of euros	Income	Expenses	2011	2010
Interest income on leased assets	3.8		3.8	4.6
Impairment/Disposals of shares in non-consolidated companies		2.9	(2.9)	0.1
Other	1.7	5.9	(4.2) [(a)]	(4.1) [(a)]
Total	**5.5**	**8.8**	**(3.3)**	**0.6**

(a) Including (in millions of euros):

Currency hedges on future commercial transactions (time value)	(5.7)	(5.2)
Late payment interest billed to customers	(1.7)	(1.1)

22.3 Foreign exchange gains and losses

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

The transaction exchange rate is the rate prevailing on the date the transaction takes place. The settlement exchange rate is either the rate in effect on the date of payment or the hedging rate (excluding time value) if a currency hedge was set up for the transaction.

Translation gains and losses on commercial transactions are recognized under the relevant headings in the income statement. The table below shows their income statement impact in 2010 and 2011:

In millions of euros	2011	2010
Sales	6.2	(10.3)
Purchases	0.7	(15.5)
Financial items	(0.3)	(0.2)
Total	**6.6**	**(26.0)**

23. Non-recurring income and expenses from operations

In millions of euros	Income	Expenses	2011	2010
Impairment of receivables owed by the Greek State		6.1	(6.1) [(a)]	(4.4) [(a)]
Restructuring	1.3	3.2	(1.8)	(5.7)
Gains (losses) on capital transactions	6.9	6.9	(0.1)	0.7
Acquisition-related costs: AES Laboratoire and Argene		3.7	(3.7)	(0.2)
Other	1.2	1.7	(0.5)	(0.2)
Total	**9.4**	**21.6**	**(12.2)**	**(9.8)**

(a) See Note 8.

24. Income tax

24.1 Analysis of income tax expense

In millions of euros	2011		2010	
	Tax	**Rate**	**Tax**	**Rate**
Theoretical tax at standard French tax rate[(a)]	**85.9**	**36.2%**	**83.1**	**34.4%**
- Impact of income tax at reduced tax rates and foreign tax rates	(4.9)	-2.0%	(1.8)	-0.7%
- Taxes on dividends	3.2	1.3%	3.3	1.3%
- Impact of permanent differences	(4.7)	-2.0%	(2.5)	-1.0%
- Deferred tax assets not recognized on tax losses carried forward	1.5	0.6%	1.6	0.7%
- Use of deferred tax assets not previously recognized	(3.3)	-1.4%	(1.4)	-0.6%
- Tax credits (other than research tax credits)	(0.7)	-0.3%	(1.0)	-0.4%
Actual income tax expense	**77.2**	**32.5%**	**81.4**	**33.7%**

(a) Standard French tax rate applied to the pre-tax profit of consolidated companies.

The basic corporate income tax rate in France is 33.33%. Act no. 99-1140 of December 29, 1999 on social security funding created a surtax that raised the legal rate by 1.1%. The amended 2011 Finance Act introduced a 5% income tax surcharge payable on profits in 2012 and 2013 and raising the income tax rate for 2011.

24.2 Breakdown of income tax expense

In millions of euros	2011	2010
Income tax on operating profit before non-recurring items	84.1	84.2
Income tax on other income and expenses from operations	(4.3)	(1.0)
Income tax on net financial income/(expense)	(2.6)	(1.8)
Total	**77.2**	**81.4**
Net income tax expense		
of which current income tax expense	78.7	76.3
of which net deferred income tax expense	(1.5)	5.1

25. Information by geographic region

The information by geographic region shown in the tables below has been prepared in accordance with the accounting principles used to prepare the consolidated financial statements.

Dec. 31, 2011 *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 location)	**755.5**	**320.4**	**225.3**	**126.0**		**1,427.2**
Net export sales from the region	774.2	329.9	211.8	111.3		1,427.2
Inter-region sales	161.3	252.0	13.8	1.6	(428.8)	0.0
Net sales generated by the region	**935.5**	**581.9**	**225.7**	**112.9**	**(428.8)**	**1,427.2**
Non-current assets						
Allocated assets	584.6	246.6	58.1	27.8		917.1
Unallocated assets						55.1
Consolidated assets	**584.6**	**246.6**	**58.1**	**27.8**		**972.2**

Dec. 31, 2010 *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 location)	**727.4**	**318.4**	**200.5**	**110.7**		**1,357.0**
Net export sales from the region	744.0	328.0	98.2	186.8		1,357.0
Inter-region sales	160.2	210.6	9.7	2.2	(382.7)	0.0
Net sales generated by the region	**904.2**	**538.6**	**108.0**	**188.9**	**(382.7)**	**1,357.0**
Non-current assets						
Allocated assets	365.6	235.7	52.3	26.0		679.6
Unallocated assets						51.6
Consolidated assets	**365.6**	**235.7**	**52.3**	**26.0**		**731.2**

None of the Group's customers represents over 10% of consolidated net sales.

The table below provides a breakdown of net sales by technology.

Net sales by technology *In millions of euros*	**2011**	2010	% change As reported	**% change** Like-for-Like
Clinical Applications	**1,177**	**1,142**	+3.1%	**+4.0%**
Microbiology	**737**	**694**	+6.2%	**+8.2%**
Immunoassays	**355**	**361**	-1.7%	**-0.6%**
Molecular biology	**69**	**70**	-1.1%	**-9.0%**
Other lines	**16**	**17**	-5.9%	**-12.5%**
Industrial Applications	**250**	**215**	+16.3%	**+4.5%**
TOTAL	**1,427**	**1,357**	+5.2%	**+4.1%**

26. Auditors' fees

In thousands of euros	2011							2010						
	Deloitte & Associés		DRC		Other		**Total**	Deloitte & Associés		CCA		Other		**Total**
Audit	**807**	***99%***	**120**	***100%***	**428**	***99%***	**1,355**	**803**	***99%***	**130**	***100%***	**445**	***96%***	**1,378**
- bioMérieux SA	147	*18%*	120	*100%*		*0%*	267	160	*20%*	130	*100%*		*0%*	290
- fully consolidated subsidiaries	660	*81%*			428	*99%*	1,088	643	*79%*			445	*96%*	1,088
Related assignments	6	*1%*			3	*1%*	**9**					17	*4%*	**17**
AUDIT	**813**	***100%***	**120**	***100%***	**431**	***100%***	**1,364**	**803**	***99%***	**130**	***100%***	**462**	***100%***	**1,395**
Legal, tax, labor-related services	9	*1%*					9	6	*1%*					6
Other							0							0
OTHER SERVICES	**9**	***1%***	**0**	***0%***	**0**	***0%***	**9**	**6**	***1%***	**0**	***0%***	**0**	***0%***	**6**
TOTAL	**822**	***100%***	**120**	***100%***	**431**	***100%***	**1,373**	**809**	***100%***	**130**	***100%***	**462**	***100%***	**1,401**

27. Risk management

27.1 Exchange rate risk

27.1.1 Group policy

Since more than half of the Group's operations are conducted outside the eurozone, its nets sales, earnings and assets and liabilities may be materially impacted by changes in exchange rates between the euro and other currencies. Net sales are particularly affected by euro/US dollar exchange rate variations (with about 27% of net sales in 2011 denominated in US dollars) and, more occasionally, by variations in the rate of the euro against other currencies.

However, some operating expenses, especially those incurred in the United States, are paid for in US dollars, mitigating the impact of fluctuations of the US dollar on operating income.

Other currencies represent 31% of the Company’s net sales. However, as costs denominated in other currencies are limited, the Company is exposed to the risk of a fall in these currencies. This exposure is spread over approximately 20 currencies, none of which accounts for more than 4% of the Group’s net sales. This exposure thus becomes significant if several of the currencies concerned fluctuate against the euro in the same direction, without any set-off.

The Group's current policy, which is subject to change, is to seek to hedge the impact of exchange rate fluctuations on budgeted profit. It uses hedging instruments, when they are available at a reasonable cost, in order to mitigate risks relating to currency fluctuations. Its current practice is to put in place global hedges covering similar risks. Hedge contracts are purchased to cover transactions included in the 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 corporate level for manufacturing entities.

Whenever possible, the Group hedges currency risks arising on debt in currencies other than those of the country in which operations are located, so as to offset any foreign currency translation risks.

In addition to having an impact on the Company's earnings, exchange rate fluctuations can affect its equity. Due to its worldwide presence, many of the Group’s assets and liabilities are recognized in dollars or in other currencies. To date, the Company does not hedge exchange rate risks on its net assets.

Hedges consist mainly of forward sales or purchases of foreign currencies (with maturities of less than 18 months at December 31, 2011). Detailed information on hedging transactions is provided in Note 27.1.3.

27.1.2 Currency exposure

Net sales

The table below shows the currencies in which net sales are generated by Group entities:

In millions of euros	**2011**	**%**	**2010**	**%**
Euro	**596**	***42%***	**562**	***41%***
Other				
US dollar[a]	384	*27%*	375	*28%*
Japanese yen	52	*4%*	44	*3%*
Brazilian real	52	*4%*	43	*3%*
Pound sterling	39	*3%*	35	*3%*
Canadian dollar	37	*3%*	38	*2%*
Australian dollar	33	*2%*	29	*2%*
Polish zloty	27	*2%*	28	*2%*
Other currencies	207	*14%*	203	*15%*
Sub-total	**831**	***58%***	**795**	***59%***
TOTAL	**1,427**	**100%**	**1,357**	**100%**
Sensitivity[b]	**(8)**		**(8)**	

(a) Dollar and pegged currencies: includes the United States and China.
(b) Impact on net sales of a one-percent increase in the euro exchange rate against all currencies.

Consolidated equity

A one-percent increase in the euro exchange rate against all currencies would have had the following effect:

In millions of euros	**2011**	**2010**	2009
Profit for the year	**(1.1)**	**(1.9)**	(1.4)
Equity[a]	**(5.3)**	**(4.2)**	(4.1)

(a) Translated at the year-end rate.

Exposure of assets and liabilities

The table below shows the exposure of the Group's principal companies (bioMérieux SA and bioMérieux Inc.) to foreign exchange risks at December 31, 2011:

In millions of currency units	USD	JPY	KRW	CAD	BRL
Assets denominated in foreign currencies	45.9	1,400	11,923	6.4	16
Liabilities denominated in foreign currencies	(6.5)	(4)	0	0	0
Net exchange exposure before hedging	**39.4**	**1,396**	**11,923**	**6.4**	**16**
Hedging	26.9	584	4,900	0.6	6
Net exchange exposure after hedging	**12.5**	**812**	**7,023**	**5.8**	**10**
In millions of euros					
Net exchange exposure after hedging	9.6	8.1	4.7	4.4	4.1
Sensitivity[(a)]	**(0.1)**	**0**	**0**	**0**	**0**

(a) Impact of a one-percent increase in the exchange rate on the net exchange rate exposure at December 31, 2011, taking into account fair value hedges.

27.1.3 Currency hedging instruments

bioMérieux uses hedging instruments to reduce currency risks that may have an impact on budgeted profit. Its general policy is to use global hedges covering similar risks. Hedge contracts are purchased to cover transactions included in the budget and not for speculative purposes.

Currency hedges in effect at December 31, 2011 were as follows:

Currency hedges at December 31, 2011 *In millions of euros*	Expiration date 2011		Notional amount 2011[(a)]	Market value 2011[(b)]
	<1 year	1 - 5 years		
Hedges of existing commercial transactions				
- Currency forward contracts	58.0	0.0	58.0	(1.8)
- Options	0.0	0.0	0.0	
Total	**58.0**	**0.0**	**58.0**	**(1.8)**
Hedges of future commercial transactions				
- Currency forward contracts	281.6	4.9	286.5	(4.9)
- Options	12.8	0.6	13.5	(0.1)
Total	**294.4**	**5.5**	**299.9**	**(5.0)**
Hedges of net investments in foreign operations				
- Currency forward contracts for 2011	30.3	0.0	30.3	(1.1)
- Currency forward contracts for 2012	0.0		0.0	
Total	**30.3**	**0.0**	**30.3**	**(1.1)**

(a) All of the Group's currency hedging instruments in place at December 31, 2011 had maturities of less than 18 months.

(b) Difference between the hedging rate and the market rate at December 31, 2011, including premiums paid/received.

The negative €5 million market value of hedges of future commercial transactions recorded in the balance sheet at December 31, 2011 included €0.3 million in premiums paid, €3.8 million in fair value losses recognized in other comprehensive income and €1.6 million in fair value losses recognized in profit.

The €1.1 million negative market value at December 31, 2011 of hedges of net investments in foreign operations corresponds to fair value losses recognized under other comprehensive income.

All of the currency forward contracts and options outstanding at December 31, 2011 had maturities of less than 18 months.

The effective portion of gains and losses on cash flow hedges recycled to profit from other comprehensive income amounted to a negative €4 million in 2011 versus a negative €1.9 million in 2010.

27.2 Credit risk

The Group is not exposed to significant credit risk. The carrying amount of its receivables reflects the fair value of the expected net cash flows to be collected. However, at December 31, 2011 the Group is exposed to counterparty risk on €100 million worth of receivables it holds with Southern European governments experiencing economic difficulties (Portugal, Italy, Spain and Greece). The impact of the related impairment loss provisions taken in 2011 and the Group's net exposure to receivables owed by the Greek State are disclosed in Note 8.

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 liquidity risk since its total current financial assets far exceed its total current financial liabilities and seasonal fluctuations do not have a material impact on the business.

Accordingly, the only maturity schedule disclosed pertains to net debt (see Note 16.2).

27.4 Interest-rate risk

Given the Company's net debt position of €133 million at December 31, 2011, its exposure to interest rate risks is not deemed material and has not been hedged. A 100 basis-point change in interest rates in 2011 would not have had a material impact on net financial expenses resulting from investments and borrowings.

27.5 Counterparty risk

The Group's financial transactions (credit facilities, financial market transactions, financial investments, etc.) are with leading banks and are spread among all of its banking partners in order to limit counterparty risk.

27.6 Financial instruments: financial assets and liabilities

The table below shows a breakdown by category of financial assets and liabilities (excluding accrued and receivable payroll and other taxes), as prescribed by IAS 39 "Financial Instruments: Recognition and Measurement" (see Note 1.17), and a comparison between their carrying amount and fair value:

				December 31, 2011		December 31, 2010	
Balance sheet heading	Note	Category of financial instrument	Fair value hierarchy level(**)	Carrying amount	Fair value	Carrying amount	Fair value
Assets:							
Non-current financial assets:	6			**26.9**	**26.6**	**26.6**	**26.6**
- Loans and receivables		C	N/A	8.4	8.7	8.7	8.7
- Available-for-sale financial assets		A	3	18.3	17.7	17.7	17.7
- Financial assets at fair value through profit or loss		B	1	0.2	0.2	0.2	0.2
Other non-current assets (long-term portion of finance lease receivables)	5.3	C	N/A	31.5	31.5	28.0	28.0
Trade receivables:	8			**447.1**	**447.1**	**403.0**	**403.0**
- Trade receivables		D	N/A	431.6	431.6	389.6	389.6
- Short-term portion of finance lease receivables	5.3	C	N/A	15.5	15.5	13.4	13.4
Other receivables:							
- Advances and downpayments	9	D	N/A	3.3	3.3	2.8	2.8
- Derivative instruments	9	(*)	2	**0.0**	**0.0**	**0.0**	**0.0**
- hedges of future commercial transactions	27.1.3			0.0	0.0	0.0	0.0
- hedges of net investments in foreign operations	26.1.3						
Cash and cash equivalents	10	B	1	42.4	42.4	71.4	71.4
Liabilities:							
Trade payables	16	D	N/A	142.6	142.6	128.9	128.9
Other payables:	16						
- Advances and downpayments received		D	N/A	1.7	1.7	2.4	2.4
- Other operating payables		D	N/A	15.5	15.5	18.0	18.0
- Due to suppliers of non-current assets		D	N/A	18.2	18.2	12.5	12.5
- Derivative instruments	22.2	(*)	2	**(0.9)**	**(0.9)**	**(4.9)**	**(4.9)**
- hedges of future commercial transactions	27.1.3			(5.0)	(5.0)	(4.6)	(4.6)
- hedges of net investments in foreign operations	27.1.3			(1.1)	(1.1)	(0.3)	(0.3)
Borrowings (short term and long term)	15.2	C	N/A	**174.0**	**174.0**	47.1	47.1

A: available-for-sale assets and liabilities.
B: assets and liabilities at fair value through profit or loss.
C: assets and liabilities measured at amortized cost.
D: assets and liabilities measured at cost.
(*) recognized in the balance sheet at fair value with changes in fair value recognized in profit or equity depending on the classification of the hedge (see Note 1.17).
(**) Level 1 in the fair value hierarchy: quoted prices.
Level 2 in the fair value hierarchy: directly observable market inputs other than Level 1 inputs.
Level 3 in the fair value hierarchy: inputs not based on observable market data.

No inter-category reclassifications were carried out in 2010 apart from the receivables owed by the Greek State that have been reclassified under government bonds (see Note 6).

Impairment losses recorded against financial assets in 2010 primarily corresponded to write-downs of trade receivables (see Note 8) and non-current financial assets (see Note 6).

Impairment losses and changes in fair value of financial assets were recognized solely in the income statement in 2011.

None of the Group's financial assets have been pledged as collateral.

Movements in financial instruments whose fair value was determined using Level 3 inputs were as follows in 2010 and 2011:

MOVEMENTS *In millions of euros*	**Available-for-sale financial assets**
December 31, 2009	**4.9**
Gains and losses recognized in profit	
Gains and losses recognized in equity	
Acquisitions	12.7
Disposals	
Changes in Group structure, translation adjustments and other	0.1
December 31, 2010	**17.7**
Gains and losses recognized in profit	
Gains and losses recognized in equity	
Acquisitions	3.6
Disposals	(3.0)
Changes in Group structure, translation adjustments and other	0.0
December 31, 2011	**18.3**

In 2010 all of the fair value losses arising on Available-for-sale financial assets were recognized in profit as the Group considered that the fall in the value of the securities concerned constituted a prolonged impairment of their fair value.

28. Off-balance sheet commitments

Outstanding commitments given or received at December 31, 2011 are described below:

28.1 Off-balance sheet commitments relating to Group companies

– When the Group acquired 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 net sales generated by products based on the Apibio technology (primarily MICAM and OLISA). This incentive mechanism is capped at €1.1 million. As bioMérieux did not generate any revenue from products incorporating this technology in 2011, no incentive payment was due for the year.

– The Company is subject to a number of earn-out clauses relating to acquisitions and disposals that it has carried out. At end-2010, it was not deemed probable that these clauses would be triggered, or the amount involved could not be reliably ascertained.

28.2 Off-balance sheet commitments relating to the Company's financing

Commitments related to borrowings are described in Note 15.3.

Commitments related to derivative instruments are described in Note 27.1.

28.2.1 Commitments given

Bank guarantees given by the Group in connection with bids lodged totaled €91 million at December 31, 2011.

28.2.2 Commitments received

bioMérieux SA has a syndicated loan of €260 million repayable in full at maturity in 2013 (see Note 15.1).

28.3 Off-balance sheet commitments relating to the Company's operating activities

28.3.1 Commitments given

- bioMérieux SA participates in a research program coordinated by Institut Mérieux, together with bioMérieux, Transgène, Genosafe and the Genethon association. The aim of this program is to develop a new generation of diagnoses and therapies focusing on cancers, infectious diseases and genetic disorders. Known under the acronym "ADNA" (for "Advanced Diagnostics for New Therapeutic Approaches"), the program receives financing from the French government's Industrial Innovation Agency (*Agence de l'Innovation Industrielle*), which merged with OSEO ANVAR in 2007. bioMérieux SA has agreed to carry out €86.8 million worth of research and development work as part of the program (and the addenda to the initial program) during the period from 2007 through 2017. In return, OSEO will pay bioMérieux subsidies and repayable grants of up to €16.1 million and €13.8 million, respectively. At end-2011, bioMérieux had received subsidies and repayable grants totaling €9 million and €0.4 million, respectively, as well as a cash advance of €3.1 million. If a project is successful, bioMérieux SA will have to reimburse the repayable grants proportionally to the related net sales generated (2%) and then pay 1% to 2% of net sales, depending on the project concerned, until 2027 or 2029. The public financing agreement was approved by the European authorities on October 22, 2008.

- bioMérieux Inc. and bioMérieux SA are parties to various agreements that provide for payments based on progress in corresponding research projects or a minimum volume of sales (€20.3 million).

- Real estate rent commitments given by Group companies amounted to €18.5 million at December 31, 2011, of which €12.9 million was payable beyond one year.

- The Group's obligations to its employees in terms of the statutory training entitlement provided for under French law (*Droit Individuel à la Formation*) were estimated to represent a maximum of 284,800 hours, broken down as follows: bioMérieux SA (259,248 hours); AES Chemunex (25,048 hours); AES Laboratoire Groupe (504 hours).

- As part of the share grant plan approved by the Board of Directors, bioMérieux SA will have to purchase 203,687 additional shares to cover its commitments, the cost of which would be €11.3 million based on the share price at December 31, 2011.

- Other commitments given (endorsements and guarantees other than real estate rent obligations) amounted to €2.6 million.

- When AES Laboratoire Groupe sold its controlling stake in Agro Bio to Qualtech on May 17, 2011, it granted a seller's warranty for an amount of €1.6 million valid through March 31, 2014. The amount of this warranty declines by one-third every twelve months.

28.3.2 Commitments received

- Other commitments received amounted to €2.3 million.

29. Transactions with related parties

29.1 Directors' and officers' compensation

The Company's directors and members of the Management Committee were paid an aggregate €10.6 million in compensation in 2011. This amount can be broken down as follows:

Compensation paid to senior executives	2011	2010
Fixed compensation	**3.7**	**3.7**
Variable compensation	**1.7**	**1.7**
Pension benefits	**0.1**	**0.4**
Benefits in-kind	**0.1**	**0.1**
Free shares	**2.2**	**2.8**
Directors' fees	**0.3**	**0.3**
Termination benefits	**2.5**	
TOTAL	**10.6**	**8.9**

29.2 Other transactions with non-consolidated affiliates

Institut Mérieux, which held 58.9% of bioMérieux SA's shares at December 31, 2011, provided consultancy and support services to bioMérieux SA and bioMérieux Inc. valued at €7.7 million for the year. Conversely, bioMérieux SA billed Institut Mérieux €0.7 million for expenses incurred on its behalf.

A cash pooling system has been put in place for which bioMérieux and Institut Mérieux set up cash borrowing and lending facilities during the year. bioMérieux paid €0.2 million in interest charges in 2011 in connection with amounts borrowed from the cash pool.

During 2011, the Group supplied €3.9 million worth of reagents and instruments to entities of the Mérieux NutriScience Corp. group, in which Institut Mérieux holds a majority interest.

ABL – which is wholly-owned by TSGH, itself 100% controlled by Institut Mérieux – is a bioMérieux Inc. subcontractor and billed a total of €0.4 million in 2011 in relation to services rendered. bioMérieux Inc. also provided services to ABL, which were valued at €2.5 million for the year.

Thera Conseil, which is 98.24%-owned by Institut Mérieux, billed bioMérieux SA €0.7 million for services in respect of 2011.

bioMérieux SA billed €0.5 million worth of services in 2011 to IMAccess, which is wholly-owned by Institut Mérieux.

Also during the year, bioMérieux SA contributed €1.3 million to the Christophe and Rodolphe Mérieux Foundation and €0.1 million to the Mérieux Foundation for humanitarian projects.

bioMérieux SA has entered into a number of research and development agreements with Transgène (in which Institut Mérieux holds a 55.2% equity interest through TSGH) under which bioMérieux SA received €0.3 million in fees in 2011.

bioMérieux Japan – which is 34%-owned by Sysmex under a joint venture agreement – paid Sysmex €8.6 million in commission on sales generated in 2011. In addition, bioMérieux Japan provided Sysmex with €8.3 million worth of instruments and reagents during the year.

30. Subsequent events

To the best of the Group's knowledge, no events have occurred since the reporting date that are likely to have a material impact on the consolidated financial statements for the year ended December 31, 2011, aside from the law passed by the Greek government on March 9, 2012 to convert government bonds into various types of financial instruments. The impacts of this law are disclosed in Note 2.

31. Consolidation

bioMérieux is a fully consolidated entity of Compagnie Mérieux Alliance (17 Rue Bourgelat, 69002 Lyon, France).

32. List of consolidated companies at December 31, 2011

		2011 (a)	2010 (b)
bioMérieux SA	69280 Marcy l'Étoile – France R.C.S. Lyon B 673 620 399	Parent company	
AB bioMérieux	Dalvägen 10 169 56 Solna, Stockholm – Sweden	100%	100%
AB Service S.A.R.L	Parc Technologique Delta Sud 09340 Verniolle – France	100%	
ABG Stella	1409 Foulk Road, Suite 102, P.O.Box 7108 Wilmington, DE 19803-0108 – U.S.	100%	100%
Adiagene SA	38 Rue de Paris 35170 Bruz – France	56%	
AES Canada Inc.	500 Place d'Armes, bureau 1925 Montreal H2Y2w2 – Canada	100%	
AES Chemunex GmbH	Wilhelm-Str. 49 74918 Angelbachtal – United Kingdom	100%	
AES Chemunex Inc.	Eight-A Corporate Ctr.1 Corporate Dr. Cranbury NJ08512 – U.S.	100%	
AES Chemunex Ltd	Endeavour House – Essex London CM24 1SJ – United Kingdom	100%	
AES Chemunex SA	Route de Dol 35270 Combourg – France	100%	
AES Laboratoire Group SAS	Route de Dol 35270 Combourg – France	100%	
AES Laboratoire Italia SRL	Via Pana, 56/b 35027 Noventa padovana – Italy	100%	
AES Chemunex España	Pol. Ind. Santa Margarida II – C/ A. Einstein 08223 Terrassa – Spain	100%	
Argène	Parc Technologique Delta Sud 09340 Verniolle – France	100%	
Argène SARL	Rue P.-E Brandt 4 2502 Bienne – Switzerland	100%	
Argène SRL	via Maurizio Gonzaga n. 7 20123 Milano – Italy	100%	
Argène Inc.	45 Ramsey Road Shirley, NY 11967 – U.S.	100%	
Bacterial Barcodes Inc.	425 River Road – Athens – GA 30602 – U.S.	100%	100%
Biolease SARL	Route de Dol 35270 Combourg – France	100%	
bioMérieux South Africa	7 Malibongwe Dr, Cnr Aimee St. Fontainebleau, Randburg, PO BOX 2316 Randburg 2125 – South Africa	100%	100%
bioMérieux Algeria	36 rue Ahmed Ouaked – 16302 Dely Ibrahim Algiers, Algeria	100%	100%
bioMérieux Germany	Weberstrasse 8 – D 72622 Nürtingen – Germany	100%	100%
bioMérieux Argentina	Av. Congreso 1745 – (C1428BUE) Capital federal – Buenos Aires – Argentina	100%	100%
bioMérieux Australia	Unit 25, Parkview Business Centre – 1 Maitland Place Baulkham Hills NSW 2153 – Australia	100%	100%
bioMérieux Austria	Eduard-Kittenberger-Gasse 97, A-1230 Wien – Austria	100%	100%
bioMérieux Belgium	Media Square – 18-19 Place des Carabiniers – 1030 Brussels – 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 (Quebec) – Canada	100%	100%
bioMérieux Chile	Seminario 131 – Providencia – Santiago – Chile	100%	100%

		2011[(a)]	2010
bioMérieux China	17/Floor, Yen Sheng Center, 64 Hoi Yuen Road, Kwun Tong – Kowloon – Hong Kong – China	100%	100%
bioMérieux Colombia	Carrera 7 no. 127–48 – Oficina 806 – Bogota DC – Colombia	100%	100%
bioMérieux Korea	7th floor Yoo Sung Building #830-67, Yeoksam-dong, Kangnam ku – Seoul – Korea	100%	100%
bioMérieux CZ	Hvezdova 1716/2b – Prague 4 – 140 78 Czech Republic	100%	100%
bioMérieux Denmark	Smedeholm 13C – 2730 Herlev – Denmark	100%	100%
bioMérieux Spain	Manuel Tovar 45 – 47 – 28034 Madrid – Spain	100%	100%
bioMérieux Finland	Rajatorpantie 41C – 01640 Vantaa – Finland	100%	100%
bioMérieux Greece	Papanikoli 70 – 15232 Halandri – Athens – Greece	100%	100%
bioMérieux Hong Kong Investment	17/Floor, Yen Sheng Center, 64 Hoi Yuen Road, Kwun Tong – Kowloon – Hong Kong – China	100%	100%
bioMérieux Hungary	Foti ut.56 – HU – 1047 Budapest – Hungary	100%	100%
bioMérieux Inc.	100 Rodolphe Street – Durham NC 27712 – U.S.	100%	100%
bioMérieux India	A–32, MohanCo-operative Ind. Estate – New Delhi 110 044 – India	100%	100%
bioMérieux International SAS (formerly Stella SAS)	69280 Marcy l'Étoile – France	100%	100%
bioMérieux Italy	Via di Campigliano, 58 – 50126 Ponte a Ema – Florence – Italy	100%	100%
bioMérieux Mexico	Chihuahua 88, col. Progreso – Mexico 01080, DF – Mexico	100%	100%
bioMérieux Middle East	DHCC – Building n°A/P 26 – Healthcare City – Dubai United Arab Emirates	100%	100%
bioMérieux Norway	Økernveien 145 – N-0580 Oslo – Norway	100%	100%
bioMérieux New Zealand	22/10 Airbourne Road – North Harbour – Auckland – New Zealand	100%	100%
bioMérieux Poland	ul. Zeromskiego 17 – Warsaw 01-882 – Poland	100%	100%
bioMérieux Portugal	Av. 25 de Abril de 1974, no. 23-3°– 2795-197 Linda a Velha – Portugal	100%	100%
bioMérieux United Kingdom	Grafton Way, Basingstoke – Hampshire RG 22 6HY – United Kingdom	100%	100%
bioMérieux Russia	Derbenevskaya ul. 20, str. 11 – Moscow 115 114 – Russia	100%	100%
bioMérieux Singapore	11 – Biopolis Way – Helios blk – 11#10-03 Singapore 138667	100%	100%
bioMérieux Sweden	Hantverksvagen 15 – 43633 Askim – Sweden	100%	100%
bioMérieux Switzerland	51 Avenue Blanc – Case Postale – 1211 Geneva 2 – Switzerland	100%	100%
bioMérieux Thailand	3195/9 Vibulthani Tower, 4th floor – Rama IV Road – Klongton – Klongtoey – Bangkok 10110 – Thailand	100%	100%
bioMérieux Turkey	Degirmen Sok. Nida Plaza Kat:6 – 34742 Kozyatagi – Istanbul – Turkey	100%	100%
bioTheranostics	11025 Roselle Street – Suite 200 – San Diego, CA 92121 – U.S.	100%	100%
BTF Pty Limited	Unit 1, 35-41 Waterloo Road – North Ryde NSW 2113 – Australia	100%	100%
Dima Gesellschaft für Diagnostika GmbH	Robert-Bosch-Breite 23 – 37079 Goettingen – Germany	100%	100%
PML Microbiologicals	27120 SW 95th Avenue – Wilsonville, OR 97070 – U.S.	100%	100%

		2011[(a)]	2010
Shangai bioMérieux Bio-engineering	Unit 02 to 05, 28/F, Hai Tong Securities Tower – 689 Guang Dong Road – Huangpu District – Shangai 200001 – China	60%	60%
SKIVA SAS	9 avenue Matignon 75008 Paris – France	100%	
SSC Europe	ul. Zeromskiego 17 – Warsaw 01–882 – Poland	100%	
Sysmex bioMérieux (formerly bioMérieux Japan)	Central Tower 8th – 1 2 2 Osaki Shinagawa–ku – Tokyo 141–0032 – Japan	66%	66%
bioMérieux Shanghai Biotech Co. Ltd (formerly Meikang)	No. 4633 Pusan Road, Kangqiao Industrial Park – Pudong District – Shanghai – 201315 – China	100%	100%
Shanghai Zenka Biotechnology Company Ltd	4/F Block 1 no. 74 – Qingchi Road – Changning District – Shanghai – China	100%	100%

20.1.2 PARENT COMPANY FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2011

The parent company financial statements for the years ended December 31, 2010 and December 31, 2009 are respectively presented in section 20.1.2 of the Registration Document filed with the AMF on April 26, 2011 under number D.11-0361 and section 5.5.II of the Registration Document filed on April 26, 2010 under number D.10-0322.

INCOME STATEMENT

In millions of euros	**2011**	**2010**
Sales of goods and finished products	669.7	661.2
Other income	73.7	68.5
Net sales (Note 21)	**743.4**	**729.7**
Production included in inventories (work-in-progress and finished products)	4.1	(5.5)
Capitalized production	3.3	4.5
Total production	**750.8**	**728.7**
Cost of material supplies and other external charges	(270.7)	(263.7)
Change in raw material and instrument inventories	(0.4)	(1.0)
External charges	(174.5)	(154.9)
Added value	**305.2**	**309.1**
Taxes other than income tax	(12.2)	(12.1)
Payroll and benefits (Note 22)	(201.3)	(193.2)
Gross operating profit	**91.7**	**103.8**
Depreciation, amortization and provisions	(24.7)	(37.6)
Other operating income/(expense)	(29.1)	(15.7)
Operating profit	**37.9**	**50.5**
Net financial expense (Note 25)	(6.6)	(2.0)
Net investment income	74.0	105.3
Profit before non-recurring items and tax	**105.3**	**153.8**
Net non-recurring income/(expense) (Note 27)	(2.3)	6.7
Employee profit sharing	(0.6)	(4.1)
Income tax (Note 28)	1.1	(6.2)
Profit for the year	**103.5**	**150.2**
Earnings per share[(a)]	**2.62**	**3.81**

[(a)] As the Company has not issued any dilutive instruments, diluted earnings per share is identical to basic earnings per share.

BALANCE SHEET

Assets *In millions of euros*	Net Dec. 31, 2011	Net Dec. 31, 2010
Fixed assets		
. Intangible assets (Note 3)	26.9	25.8
. Property, plant and equipment (Note 4)	150.0	149.5
. Financial fixed assets (Note 5)	429.9	232.4
Total fixed assets	**606.8**	**407.7**
Current assets		
. Inventories and work-in-progress (Note 6)	99.6	93.8
. Trade receivables (Note 7)	234.3	214.6
. Other operating receivables (Note 8)	21.8	21.5
. Non-operating receivables (Note 8)	18.6	8.4
. Cash and cash equivalents (Note 10)	83.1	102.3
Total current assets	**457.4**	**440.6**
Unrealized foreign exchange losses (Note 12)	**0.7**	**1.3**
Total assets	***1,064.9***	***849.6***
Shareholders' equity and liabilities	**Dec. 31, 2011**	**Dec. 31, 2010**
Shareholders' equity (Note 13.2)		
. Share capital (Note 13.1)	12.0	12.0
. Additional paid-in capital	63.5	63.5
. Retained earnings	434.8	323.2
. Statutory provisions and grants (Note 14)	32.7	30.5
. Profit for the year attributable to owners of the parent	103.5	150.3
Total shareholders' equity	**646.5**	**579.5**
Provisions (Note 15)	**19.7**	**22.4**
Liabilities		
. Borrowings (Note 16.2)	166.3	40.6
. Trade payables (Note 17)	123.9	108.1
. Other operating payables (Note 17)	91.1	88.4
. Non-operating payables (Note 17)	16.0	9.5
Total liabilities	**397.3**	**246.6**
Unrealized foreign exchange gains (Note 18)	**1.4**	**1.1**
Total shareholders' equity and liabilities	***1,064.9***	***849.6***

STATEMENT OF CHANGES IN NET DEBT

In millions of euros	**2011**	**2010**
Profit for the year	103.5	150.3
Depreciation, amortization and provisions, net	45.9	55.0
Gains and losses on capital transactions	0.1	0.7
Cash flow from operating activities	**149.5**	**206.0**
Change in inventories	(3.8)	6.4
Increase in trade receivables	(19.7)	(11.9)
Net change in trade payables and other operating working capital	19.2	(16.8)
Operating working capital requirement	**(4.3)**	**(22.3)**
Change in income tax payable	(10.2)	9.4
Other non-operating working capital	0.3	3.1
Total change in working capital requirement	**(14.2)**	**(9.8)**
Net cash generated from operating activities	**135.3**	**196.2**
Capital expenditures	(35.4)	(39.5)
Disposals of property, plant and equipment	1.4	1.6
Decrease in payables on fixed assets	6.1	(1.0)
Investments	(224.6) [(a)]	(16.9) [(b)]
Change in other financial fixed assets	11.0	31.4 [(c)]
Net cash used in investing activities	**(241.5)**	**(24.4)**
Dividends paid	(38.7) [(d)]	(36.3)
Net cash used in shareholders' equity	**(38.7)**	**(36.3)**
Change in net debt (excluding exchange rate impact)	**144.9**	**135.5**
Breakdown of change in net debt		
Net debt at beginning of year	(61.7)	74.1
Impact of changes in exchange rates on net debt	0.0	(0.1)
Change in net debt:	**144.9**	**(135.7)**
- Confirmed debt	*126.7*	*(111.4)*
- Cash and bank overdrafts	*18.2*	*(24.2)*
Net debt at end of year (Note 16.2)	**83.2**	**(61.7)**

(a) Including acquisition of interests and capital increases at AES (€183.5 million), Argene (€37.5 million) and Knome (€3.6 million).
(b) Including acquisition of interests in Biocartis (€9 million) and Knome (€3.7 million).
(c) Including ABG Stella dividends receivable (€11 million).
(d) Dividend approved by the Shareholders' Meeting of June 15, 2011.

1. Highlights of the year

1.1. Movements in equity interests

On July 14, 2011, bioMérieux SA increased its equity interest in Knome, acquiring additional shares in the company for €3.6 million (USD 5 million). bioMérieux now holds 12.2 % of Knome.

On July 22, 2011, bioMérieux acquired the entire share capital and voting rights of Skiva for a fixed price of €183 million excluding acquisition fees. Skiva is the holding company of the AES Laboratoire group, a leading player specialized in industrial microbiological testing. As a result of this acquisition, bioMérieux indirectly holds the entire share capital of AES Laboratoire. In 2010-2011, Skiva's consolidated net sales represented €76 million, and the headcount was approximately 400.

On July 19, 2011, the Company acquired the entire share capital of AB Services SAS, the holding company of Argene, a French firm specializing in molecular biology. As a result of this transaction, bioMérieux SA recognized securities totaling €37.5 million in its financial statements. Argene has over 20 years' experience in the field of virology diagnostics and 70 employees. In 2010, the company's sales amounted to €10 million, with molecular diagnostics representing three-quarters of its business. Argene generates 50% of its sales outside France and has direct distribution subsidiaries in Switzerland, Italy and the United States.

In connection with its acquisition of Argene, bioMérieux SA entered into a new agreement with Biocartis extending the partnership to incorporate the diagnosis of viruses affecting immunocompromised patients. This transaction led to an upfront payment of €2 million.

1.2. Transfers

During 2011, Lyfocult's production was transferred from bioMérieux Inc. to the La Balme site. The acquisition cost of the patent and trademark was €1.2 million, and the cost of the transfer was €0.6 million.

1.3. Opus share ownership plan

In 2011, the Company renewed the employee share ownership plan open to all of its personnel worldwide. The plan entitles employees to purchase bioMérieux shares on preferential terms based on a matching contribution mechanism. For bioMérieux SA, eligible employees were entitled to invest their 2010 profit-sharing income in the Opus Classic fund, set up in 2004 following bioMérieux's IPO. In all, 53% of bioMérieux SA's employees participated in this plan, to which the Company contributed €1.1 million.

1.4. bioMérieux Greece

At December 31, 2011, bioMérieux SA booked a provision to cover the risk that it may be required to grant financial assistance to its Greek subsidiary. The provision totaled €5.7 million and is intended to cover the subsidiary's negative net equity should the amounts due from the Greek government not be paid. The Company recognized an impairment loss in respect of the securities for €4.1 million.

2. Notes to the financial statements and summary of significant accounting policies

The financial statements have been prepared in accordance with Regulation no. 99-03 of the French Accounting Rules Board (*Comité de la Réglementation Comptable* – CRC) of April 29, 1999.

2.1. Investment grants

Investment grants are recognized in equity. The Company has elected to spread an investment grant in respect of an amortizable fixed asset over several periods. Investment grants are reversed over the same period and in the same pattern as the value of the asset acquired or created as a result of the grant.

2.2. Intangible assets

Intangible assets consist of patents and licenses, most of which are amortized over a period of five years, as well as software which is amortized over three to six years, depending on its expected useful life.

These assets are measured at cost (purchase price and incidental costs, excluding 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.

2.3. Property, plant and equipment

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

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

The only Company assets to which this method is applied are buildings.

Items of property, plant and equipment are depreciated using the straight-line method over their useful lives as follows:

Machinery and equipment	3-10 years
Instruments*	3-5 years

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

In the case of buildings, depreciation is calculated separately for each component as follows:

Shell	30-40 years
Finishing work, fixtures and fittings	10-20 years

At the time the new rule was applied to assets, in 2005, a retrospective calculation showed that there had been an overall excess depreciation, estimated at €4.4 million at the start of the period, which led to the following entries:

Net reversal of depreciation	€(4.4) million
Accelerated depreciation allowances	€7.7 million
Balance brought forward	€(3.3) million

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

2.4. Financial fixed assets

Long-term investments are recognized at their purchase price.

An impairment loss is recognized against investments whenever their value in use is less than their acquisition cost. Value in use is estimated by taking into account net sales, borrowings and any technology and real estate assets owned by the entity concerned.

Other investments 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 year.

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

2.5. Inventories

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

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

2.6. Receivables

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

2.7. Cash and cash equivalents

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

Short-term investments include 7,988 treasury shares purchased in 2008 and 2011 in connection with share grant plans further to the Extraordinary Shareholders' Meetings of June 9, 2005 and June 12, 2008. As prescribed by the French National Accounting Board in its November 6, 2008 notice, treasury shares allocated to existing plans are not written down to reflect market prices.

2.8. Provisions

Contingency and loss provisions are recognized in accordance with French accounting rules applicable to liabilities (CRC notice 2000-06).

2.9. Post-employment benefits

The Company has not opted to recognize liabilities with respect to post-employment benefits. However, these obligations are measured in accordance with the actuarial and accounting principles prescribed by IAS 19.

2.10. Translation adjustments

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

Receivables and payables denominated in foreign currency are translated at the closing rate or at the hedging rate, where applicable. Any differences resulting from this valuation are recognized under unrealized foreign exchange gains and losses. Provisions are set aside for unrealized foreign exchange losses and are recognized in profit (sales and purchases) whenever the receivable or payable is related to a commercial transaction.

Unrealized foreign exchange gains and losses are offset insofar as they concern the same currency and third party and have similar maturities.

2.11. 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 products 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 Company no longer has effective control over the goods sold;

– the revenue and the costs incurred or to be incurred in relation to the transaction can be measured reliably;

– it is probable that the economic benefits associated with the transaction will flow to the Company.

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

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

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

2.12. Dividends received

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

2.13. Expense transfers

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

2.14. Research and development expenses

Research and development expenses are recognized in the year in which they are incurred.

2.15. Earnings per share

Basic earnings per share is calculated by dividing profit for the period by the weighted average number of shares outstanding during the period.

2.16. Financial instruments

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

2.17. Statement of changes in net debt

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

It lists separately:

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

Cash flow for the period corresponds to the aggregate of profit, depreciation and amortization, net additions to provisions (impairment and contingencies and losses), less capital gains or losses on disposals of fixed assets.

2.18. Consolidated financial statements

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

The Company is a fully consolidated subsidiary of Compagnie Mérieux Alliance SAS (17 rue Bourgelat, 69002 Lyon, France).

2.19. Tax consolidation

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

3. Intangible assets

BREAKDOWN *In millions of euros*	**Gross value**	**Amortization and impairment**	**Net value Dec. 31, 2011**	**Net value Dec. 31, 2010**
Patents, technologies	1.6	1.6		9.9
Software	30.4	25.9	4.5	4.1
Acquired goodwill	11.3		11.3	11.3
Advances and downpayments	5.1		5.1	0.6
Other	36.5	30.5	6.0	
Total	**84.9**	**58.0**	**26.9**	**25.8**

MOVEMENTS *In millions of euros*	**Gross value**	**Amortization and impairment**	**Net value**
December 31, 2009	**75.4**	**45.1**	**30.4**
Acquisitions/Increases	3.2	6.8	(3.6)
Disposals/Decreases	(1.3)	(0.3)	(1.0)
December 31, 2010	**77.3**	**51.6**	**25.7**
Acquisitions/Increases	8.7	6.4	2.3
Disposals/Decreases	(1.1)		(1.1)
December 31, 2011	**84.9**	**58.0**	**26.9**

4. Property, plant and equipment

BREAKDOWN *In millions of euros*	Gross value	Amortization and impairment	Net value Dec. 31, 2011	Net value Dec. 31, 2010
Land	9.8	0.5	9.3	9.3
Buildings	163.2	86.8	76.4	83.6
Machinery and equipment	137.5	97.9	39.6	33.4
Capitalized instruments	37.3	31.4	5.9 [(a)]	7.1 [(a)]
Other fixed assets	25.0	19.4	5.6	5.8
Fixed assets in progress	14.8	1.6	13.2	1.6
Advances and downpayments				8.7
Total	**387.6**	**237.6**	**150.0**	**149.5**

[(a)] Most instruments are installed at customers' sites outside the Group.

MOVEMENTS *In millions of euros*	Gross value	Amortization and impairment	Net value
December 31, 2009	**363.5**	**221.2**	**142.3**
Acquisitions/Increases	32.3	24.5	7.8
Disposals/Decreases	(23.2)	(22.6)	(0.6)
December 31, 2010	**372.6**	**223.1**	**149.5**
Acquisitions/Increases	26.8	26.0	0.8
Disposals/Decreases	(11.8)	(11.5)	(0.3)
December 31, 2011	**387.6**	**237.6**	**150.0**

5. Financial fixed assets

BREAKDOWN *In millions of euros*	Gross value	Provisions	Net value Dec. 31, 2011	Net value Dec. 31, 2010
Investments	530.2	108.4	421.8	211.8
Other financial fixed assets	5.8	5.7	0.1	1.5
Related receivables	6.1		6.1	17.0
Other	2.0 [(a)]	0.1	1.9	2.0
Total	**544.1**	**114.2**	**429.9**	**232.4**

[(a)] Including 19,600 treasury shares with a value of €1.2 million and 17 Sicav Amundi Tréso Insti fund shares with a value of €0.4 million held on December 31, 2011 under an agreement with Crédit Agricole Cheuvreux (see Note 2.4).

MOVEMENTS *In millions of euros*	Gross value	Provisions	Net value
December 31, 2009	**345.9**	**71.9**	**274.0**
Acquisitions/Increases	28.0	30.0	(2.0)
Disposals/Decreases	(43.4)	(3.8)	(39.6)
December 31, 2010	**330.5**	**98.1**	**232.4**
Acquisitions/Increases	224.6	16.2	208.4
Disposals/Decreases	(11.0) [(a)]	(0.1)	(10.9)
December 31, 2011	**544.1**	**114.2** [(b)]	**429.9**

[(a)] Including the reversal of ABG Stella dividends receivable in the amount of €(11) million.
[(b)] Including impairment of bioMérieux BV shares for €53.3 million and of AB bioMérieux shares for €40.6 million.

5.1. Subsidiaries and investments at December 31, 2011

See table overleaf.

	Share capital (in millions of currency units)		Net equity except share capital (in millions of currency units)	Percentage ownership	Carrying amount of shares held before impairment (in millions of euros)	Carrying amount of shares held after impairment (in millions of euros)	Outstanding loans and advances granted by the Company (in millions of euros)	Prior year net sales (in millions of currency units)	Prior year profit or loss (in millions of currency units)	Dividends received by the Company during the year (in millions of euros)	Notes
A – SUBSIDIARIES (More than 50%-owned by bioMérieux):											
. AB bioMérieux	SEK	0.2	92.6	100.0%	68.7	28.6		0.0	48.1	9.9	01/01/11 - 12/31/11
. ABG Stella	USD	0.0	449.7	100.0%	55.5	55.5		769.1	136.6	60.0	01/01/11 - 12/31/11
. bioMérieux West Africa	ZAR	50.0	50.0	100.0%	50.0	50.0		187.0	17.8		01/01/11 - 12/31/11
. bioMérieux Argentina	ARS	0.5	26.2	100.0%	5.4	5.4		89.9	3.1		01/01/11 - 12/31/11
. bioMérieux Colombia	COP	0.5	9.7	100.0%	2.2	2.2		37.8	0.0		01/01/11 - 12/31/11
. bioMérieux Brazil	BRL	48.8	(7.3)	100.0%	24.0	24.0		126.3	3.5		01/01/11 - 12/31/11
. bioMérieux Germany	EUR	3.5	6.7	100.0%	3.8	3.8	7.2	75.2	2.3	1.8	01/01/11 - 12/31/11
. bioMérieux Austria	EUR	0.1	0.7	100.0%	0.1	0.1	0.6	17.7	0.7	0.7	01/01/11 - 12/31/11
. bioMérieux Belgium	EUR	0.3	2.3	100.0%	0.3	0.3	0.2	24.0	0.9	1.3	01/01/11 - 12/31/11
. bioMérieux Chile	CLP	1,686.6	1,922.4	100.0%	3.1	3.1		8433.8	413.6	0.3	01/01/11 - 12/31/11
. bioMérieux Korea	KRW	1,000.0	3,437.4	100.0%	0.7	0.7		38,231.7	1,824.2	1.1	01/01/11 - 12/31/11
. bioMérieux Denmark	DKK	0.5	4.1	100.0%	0.5	0.5		55.1	1.0	0.3	01/01/11 - 12/31/11
. bioMérieux Finland	EUR	0.0	0.2	100.0%	0.1	0.1		5.1	0.2	0.2	01/01/11 - 12/31/11
. bioMérieux Greece	EUR	2.0	(2.0)	100.0%	4.1	0.0		13.2	(0.5)		01/01/11 - 12/31/11
. bioMérieux Benelux BV	EUR	0.0	1.3	100.0%	0.1	0.1	2.2	35.3	0.0	2.0	01/01/11 - 12/31/11
. bioMérieux China	HKD	1.5	171.5	100.0%	4.6	4.6		752.8	44.7		01/01/11 - 12/31/11
. bioMérieux Hungary	HUF	3.0	26.8	100.0%	0.0	0.0		5.4	5.2		01/01/11 - 12/31/11
. bioMérieux HK Investment Ltd	HKD	68.8	(13.2)	100.0%	6.1	6.1	10.6	0.0	(2.7)		01/01/11 - 12/31/11
. bioMérieux India	INR	60.8	112.9	100.0%	1.4	1.4		1,545.8	54.0		01/01/11 - 12/31/11
. bioMérieux Italy	EUR	9.0	37.5	100.0%	12.8	12.8	13.4	114.2	9.5	1.5	01/01/11 - 12/31/11
. bioMérieux Japan	JPY	0.5	(0.8)	66.0%	3.9	3.9		5.7	0.3		01/01/11 - 12/31/11
. bioMérieux Spain	EUR	0.2	23.1	100.0%	0.3	0.3	14.0	64.9	2.5		01/01/11 - 12/31/11
. bioMérieux Middle East	AED	0.1	(0.1)	100.0%	0.0	0.0	0.6	0.0	0.2		01/01/11 - 12/31/11
. bioMérieux Norway	NOK	2.8	1.9	100.0%	0.3	0.3		47.4	1.7	0.3	01/01/11 - 12/31/11
. bioMérieux Poland	PLN	0.4	30.9	100.0%	1.5	1.5		112.8	5.5	3.0	01/01/11 - 12/31/11
. bioMérieux Portugal	EUR	1.6	8.4	100.0%	2.0	2.0	8.1	17.4	0.4		01/01/11 - 12/31/11
. bioMérieux Czech Republic	CZK	0.2	13.4	100.0%	0.0	0.0	0.1	111.4	6.1		01/01/11 - 12/31/11
. bioMérieux Russia Old	RUB	0.3	(1.8)	100.0%	0.2	0.0		0.0	(0.2)		01/01/11 - 12/31/11
. bioMérieux Russia	RUB	55.7	(124.9)	100.0%	1.3	1.3		348.2	(49.9)		01/01/11 - 12/31/11
. bioMérieux Sweden	SEK	0.5	5.2	100.0%	0.2	0.2		162.8	1.5		01/01/11 - 12/31/11
. bioMérieux Switzerland	CHF	0.4	1.9	100.0%	0.6	0.6	0.5	27.3	1.0	1.5	01/01/11 - 12/31/11
. bioMérieux Thailand	THB	35.0	54.7	100.0%	0.9	0.9		229.3	16.3	0.5	01/01/11 - 12/31/11
. bioMérieux Turkey	EUR	3.3	32.2	100.0%	2.7	2.7		58.1	7.7	1.2	01/01/11 - 12/31/11
. bioMérieux England	GBP	0.0	6.0	100.0%	1.2	1.2	2.9	38.9	0.9	1.0	01/01/11 - 12/31/11
. bioMérieux BV	EUR	22.7	(23.7)	100.0%	53.3	0.0	11.7	0.0	(0.6)		01/01/11 - 12/31/11
. bioMérieux Singapore	SGD	0.1	1.5	100.0%	0.1	0.1		4.3	0.4		01/01/11 - 12/31/11
. bioMérieux International SAS	EUR	0.0	0.9	100.0%	0.0	0.0		0.0	0.2		01/01/11 - 12/31/11
. BTF	AUD	4.1	3.3	100.0%	13.6	13.6		10.1	3.4	2.7	01/01/11 - 12/31/11
. South Africa	ZAR	50.0	36.8	100.0%	5.4	5.4		131.0	0.2	0.9	01/01/11 - 12/31/11
. bioMérieux Algeria	DZD	58.0	(4.5)	100.0%	0.6	0.6		0.0	3.8		01/01/11 - 12/31/11
. Skiva	EUR	87.0	25.1	100.0%	183.5	183.5	1.2	0.0	0.7		
. AB Services	EUR	0.3	0.8	100.0%	0.0	0.0		0.0	0.0		
. Argene	EUR	1.0	3.0	27.5%	37.5	37.5		4.8	0.5		
TOTAL SUBSIDIARIES					**502.8**	**405.1**					

	Share capital (in millions of currency units)		Retained earnings before appropriation of profit (in millions of currency units)	Percentage ownership	Carrying amount of shares held before impairment (in millions of euros)	Carrying amount of shares held after impairment (in millions of euros)	Outstanding loans and advances granted by the Company (in millions of euros)	Prior year net sales (in millions of currency units)	Prior year profit or loss (in millions of currency units)	Dividends received by the Company during the year (in millions of euros)	Notes
B – INVESTMENTS (5%-50%-owned by bioMérieux)											
. Théra Conseil	EUR	0.3	0.3	1.8%	0.0	0.0		1.3	0.0		01/01/10 - 12/31/10
. Inodiag	EUR	0.9	(0.8)	0.6%	0.9	0.0		0.1	(0.3)		01/01/10 - 12/31/10
. GeNeuro	CHF	0.4	2.6	9.8%	0.1	0.1		0.2	(6.5)		01/01/10 - 12/31/10
. Relia Diagnostic Systems Inc.	USD	0	(12.8)	13.0%	6.8	0.0		0.7	(2.8)		01/01/10 - 12/31/10
. Labtech Ltd	AUD	0	3.3	9.8%	1.3	0.6		3.9	1.5		01/01/10 - 12/31/10
. Knome	USD	0.0	4.0	12.2%	7.3	3.7		0.8	(1.9)		01/01/10 - 12/31/10
. Biocartis	CHF	0.6	25.5	6.3%	9.0	9.0		0.2	(51.3)		01/01/10 - 12/31/10
TOTAL INVESTMENTS					**25.4**	**13.4**					
C – OTHER SECURITIES											
. Europroteome AG	EUR			8.8%	2.0	0.0					In liquidation
. Dynavax	USD	0.1	52	0.1%	0.8	0.2		24.0	(57.3)		01/01/10 - 12/31/10
. Oscient Pharma	USD			0.2%	3.5	0.0		0	0		In liquidation
. Avesthagen	INR	74.3	218.5	3.6%	1.4	1.4		0	(440.8)		01/04/10 - 03/31/11
TOTAL OTHER					**7.7**	**1.6**					
GRAND TOTAL					**535.9**	**420.1**					

6. Inventories and work-in-progress

In millions of euros	Dec. 31, 2011	Dec. 31, 2010
Raw materials	29.4	30.2
Work-in-progress	29.2	31.7
Finished products and goods held for resale	50.1	42.9
Total gross value	**108.7**[(a)]	**104.9**
Impairment losses	(9.1)	(11.1)
Total net value	**99.6**	**93.8**

[(a)] 11.87% of which relating to instrumentation.

7. Trade receivables

In millions of euros	Dec. 31, 2011	Dec. 31, 2010
Gross trade receivables	235.6	216.0
Impairment losses	(1.3)	(1.4)
Net value	**234.3**	**214.6**

7.1. Receivables recognized in more than one asset item

Receivables represented by bills of exchange *In millions of euros*	Dec. 31, 2011	Dec. 31, 2010
Trade receivables	**0.1**	**0.2**

8. Other receivables

In millions of euros	Dec. 31, 2011	Dec. 31, 2010
Advances and downpayments	1.5	1.1
Pre-paid expenses	1.3	2.5
Other operating receivables	19.0	17.9
Total gross value	**21.8**	**21.5**
Net value of operating receivables	**21.8**	**21.5**
Other non-operating receivables	18.6	8.4
Total gross value	**18.6**	**8.4**
Net value of non-operating receivables	**18.6**	**8.4**

8.1. Breakdown of deferred expenses

In millions of euros	Dec. 31, 2011	Dec. 31, 2010
Relating to purchases	0.7	
Relating to external services and other	0.1	2.1
Relating to other operating expenses	0.5	0.4
Total	**1.3**	**2.5**

9. Maturities of trade and other receivables

Net value (In millions of euros)	Dec. 31, 2011	Dec. 31, 2010
Trade receivables	**234.3**	**214.6**
- Due in less than 1 year	233.6	210.3
- Due in more than 1 year	0.7	4.3
Other operating receivables	**21.8**	**21.5**
- Due in less than 1 year	21.7	20.9
- Due in more than 1 year	0.1	0.6
Non-operating receivables	**18.6**	**8.4**
- Due in less than 1 year	18.6	8.4

10. Cash and cash equivalents

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

In millions of euros	Dec. 31, 2011	Dec. 31, 2010
Short-term investments[(a)]	0.6	18.0
Cash pooling	77.1	82.6
Cash at bank and in hand	5.4	1.7
Total	**83.1**	**102.3**

[(a)] Short-term investments can be analyzed as follows:

	2011	2010
Investment	7,988 treasury shares	19,000 treasury shares
Net amount	€0.6 million	€1.0 million
Type	Equities	Equities
ISIN code	FR0010096479	FR0010096479
Investment		Sicav Amundi Treso Eonia
Amount		€17 million
Type		Euro money-market fund
ISIN code		FR0007435920

10.1. Share grant plan

Number of shares	Year in which plan opened			
	2008	**2009**	**2010**	**2011**
Initial number of options granted	25,000	52,256	252,851	51,567
Forfeited shares		3,194	100,069	724
Number of shares that vested in 2011		41,012		
Total number of vested shares	25,000	41,012		
Number of shares to be delivered as of Dec. 31, 2011	0	8,050	152,782	50,843

An expense of €1.5 million was recognized under personnel costs in 2011 in relation to share-based payments, of which €0.7 million was rebilled to subsidiaries.

The lock-up period may be waived for shares granted to non-French tax residents provided that the shares concerned are subject to a four-year vesting period.

At December 31, 2011, bioMérieux SA held 7,988 of its own shares for allocation under the above-described share grant plans. The Company will have to purchase a further 203,687 shares to cover its commitments, the cost of which would be €11.3 million based on the share price at December 31, 2011.

11. Valuation of fungible current assets

There is no material difference between the value of fungible current assets as shown in the balance sheet and their market value.

12. Unrealized foreign exchange losses

In millions of euros	**Dec. 31, 2011**	**Dec. 31, 2010**
On operating payables	0.1	0.1
On borrowings	0.1	
On operating receivables	0.5	1.2
Total	**0.7**	**1.3**

13. Shareholders' equity

13.1. Share capital

The Company's share capital amounted to €12,029,370 at December 31, 2011 and was divided into 39,453,740 shares with a total of 65,299,515 voting rights (i.e., 25,845,775 shares carried double voting rights). Following a decision taken by shareholders at the Shareholders' Meeting of March 19, 2001, the Company's bylaws no longer refer to a par value for its shares. No rights or securities with a dilutive impact on capital were outstanding at December 31, 2011.

At December 31, 2011, the Company held:

– 19,600 treasury shares under a liquidity agreement with an outside service provider (see Note 5). During 2011, the Company bought back 45,112 of its own shares and sold 37,712.

– 7,988 treasury shares set aside for free share grants. During 2011, the Company purchased 30,000 shares and delivered 41,012.

13.2. Statement of changes in shareholders' equity

In millions of euros	Share capital	Additional paid-in capital	Retained earnings	Statutory provisions	Grants	Total
December 31, 2009	**12.0**	**63.5**	**359.5**	**29.4**	**0.1**	**464.5**
Profit for the year			150.3			150.3
Dividends paid			(36.3)			(36.3)
Other movements				1.0		1.0
December 31, 2010	**12.0**	**63.5**	**473.5**	**30.4**	**0.1**	**579.5**
Profit for the year			103.5			103.5
Dividends paid			(38.7)			(38.7)
Other movements				2.3	(0.1)	2.2
December 31, 2011	**12.0**	**63.5**	**538.3**	**32.7**	**0.0**	**646.5**

14. Statutory provisions

In millions of euros	Accelerated amortization	Provisions for price increases	Total
December 31, 2009	**27.9**	**1.6**	**29.5**
Additions	6.6	0.2	6.8
Reversals	(5.5)	(0.3)	(5.8)
December 31, 2010	**29.0**	**1.5**	**30.5**
Additions	7.8	0.1	7.9
Reversals	(5.5)	(0.2)	(5.7)
December 31, 2011	**31.3**	**1.4**	**32.7**

15. Provisions

In millions of euros	Other employee benefits	Product warranties[(a)]	Other provisions	Total
December 31, 2009	**7.3**	**0.6**	**21.8**	**29.7**
Additions	0.5	0.6	9.2	10.3
Reversals (used)	(0.4)	(0.6)	(13.0)	(14.0)
Reversals (surplus)			(3.6)	(3.6)
Net additions (reversals)	0.1	0.0	(7.4)	(7.3)
December 31, 2010	**7.4**	**0.6**	**14.4**	**22.4**
Additions	0.8	0.7	8.8	10.3
Reversals (used)	(1.1)	(0.6)	(10.4)	(12.1)
Reversals (surplus)			(0.9)	(0.9)
Net additions (reversals)	(0.3)	0.1	(2.5)	(2.7)
December 31, 2011	**7.1**	**0.7**	**11.9**[(b)]	**19.7**

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

(b) Including provisions for litigation in the amount of €0.3 million. For confidentiality reasons, the breakdown between cases is not disclosed.

15.1. Provisions for pensions and other post-employment benefits

These provisions include €7.1 million for long-term employment bonuses. The actuarial assumptions used to calculate this amount take into consideration the length of service, employee turnover and life expectancy, an annual salary increase of 3.5% and a discount rate of 4.3%.

15.2. Provisions for claims and litigation

The Company is involved in a certain number of claims and litigation arising in the ordinary course of business. bioMérieux believes that no claim or litigation will have a material adverse impact on its operations. When a risk is identified, a provision is recognized as soon as the risk can be reliably measured. The provision for claims and litigation includes the Hemolab Maroc dispute and amounted to €0.2 million at December 31, 2011.

16. Net debt

16.1. Debt refinancing

bioMérieux SA has a seven-year syndicated loan of €260 million, repayable in full at maturity (January 2013). The facility agreement contains default clauses.

At December 31, 2011, €20 million had been drawn under this credit facility.

16.2. Maturities of borrowings

In millions of euros	Dec. 31, 2011	Dec. 31, 2010
Due beyond 5 years		0.3
Due in 1 to 5 years	3.2	3.3
Total long-term borrowings	**3.2**	**3.6**
Due within 1 year	163.1[(a)]	37.0
Total borrowings	**166.3**	**40.6**
Short-term investments[(b)]	(0.7)	(18.0)
Cash at bank and in hand	(82.5)[(c)]	(84.3)
Net debt	**83.1**	**(61.7)**

(a) Including cash pooling in the amount of €100.7 million.
(b) The carrying amount of short-term investments corresponds to their market value, except for treasury shares which are measured at historic cost.
(a) Including cash pooling in the amount of €77.1 million.

17. Trade and other payables

In millions of euros	Dec. 31, 2011	Dec. 31, 2010
Trade payables	**123.9**	**108.1**
Accrued payroll and other taxes	76.9	75.5
Deferred income	2.7	3.5
Other	11.5	9.4
Other operating payables	**91.1**	**88.4**
Due to suppliers of fixed assets	16.0	9.5
Non-operating payables	**16.0**	**9.5**

17.1. Payables recognized in more than one balance sheet item

Liabilities represented by bills of exchange *In millions of euros*	Dec. 31, 2011	Dec. 31, 2010
Trade payables		4.4
Other		0.1
Total	**0.0**	**4.5**

17.2. Deferred income

Deferred income primarily concerns equipment rental and maintenance contracts for which invoices were issued in advance.

17.3. Maturities of trade payables and other payables

In millions of euros	Dec. 31, 2010	Dec. 31, 2010
Trade payables		
Due within 1 year	123.9	108.1
Total	**123.9**	**108.1**
Other operating payables		
Due within 1 year	91.1	88.4
Total	**91.1**	**88.4**
Non-operating payables		
Due within 1 year	16.0	9.5
Total	**16.0**	**9.5**

17.4. Breakdown of accrued expenses

In millions of euros	Dec. 31, 2011	Dec. 31, 2010
Miscellaneous borrowings	0.6	
Trade payables	47.6	42.7
Accrued payroll and other taxes	61.2	60.6
Other operating payables	5.5	4.4
Due to suppliers of fixed assets	5.1	1.0
Total	**120.0**	**108.7**

18. Unrealized foreign exchange gains

In millions of euros	Dec. 31, 2011	Dec. 31, 2010
On operating payables		0.1
On operating receivables	1.3	1.0
On borrowings	0.1	
Total	**1.4**	**1.1**

19. Balance sheet items relating to affiliated companies

In millions of euros	Dec. 31, 2011	Dec. 31, 2010
Total financial fixed assets	**536.3**	**322.7**
Operating receivables	157.7	148.2
Non-operating receivables		
Total receivables	**157.7**	**148.2**
Total cash and cash equivalents[(a)]	**77.1**	**82.6**
Operating payables	65.9	23.9
Non-operating payables		0.3
Borrowings[(b)]	100.7	34.1
Total payables	**166.6**	**58.3**

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

20. Financial commitments

20.1. Commitments given

In millions of euros	Dec. 31, 2011	Dec. 31, 2010
Endorsements and guarantees, of which affiliated companies for €67.0 million	77.8	65.5
Finance and capital leases	0.3	0.3
Total	**78.1**	**65.8**

20.2. Commitments received

In millions of euros	Dec. 31, 2011	Dec. 31, 2010
Endorsements and guarantees, of which affiliated companies for €0 million	0.7	
Credit facilities with a syndicate of banks and not drawn at end-December 2011.	240.0	260.0
Total	**240.7**	**260.0**

20.3. Hedging instruments

20.3.1. Exchange rate risk

Hedging instruments are used to hedge trade and financial receivables and payables.

Unrealized foreign exchange gains and losses on hedging instruments, measured on the basis of trading prices at December 31, 2011, are recognized in the balance sheet whenever they are in a hedging relationship with receivables or payables.

Hedges in effect on December 31, 2011 were as follows:

– Forward sales of €46.1 million to hedge trade receivables.

– Forward sales of €25.0 million to hedge financial receivables.

– Forward purchases of €56.4 million to hedge borrowings.

In addition, the Company entered into currency hedges to cover its 2012 budget positions, with an aggregate net value of €190.2 million.

Based on their market value at December 31, 2011, all of these hedges taken together represented an unrealized loss of €6.6 million.

The Company also hedges the earnings of foreign subsidiaries. These hedges totaled €29.3 million and gave rise to the recognition of an unrealized loss of €1.1 million at December 31, 2011.

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

	2011		2010	
	In millions of euros	%	In millions of euros	%
Euro	**453.6**	***61%***	**451.1**	***62%***
Other				
US dollar	110.0	*15%*	114.1	*16%*
Pound sterling	20.1	*3%*	20.7	*3%*
Polish zloty	17.0	*2%*	17.8	*2%*
Swedish krona	16.3	*2%*	13.8	*2%*
Swiss franc	15.7	*2%*	14.2	*2%*
Rupee	14.2	*2%*	14.6	*2%*
Turkish lira	13.3	*2%*	14.5	*2%*
Other currencies	83.1	*11%*	68.9	*9%*
Total	**743.4**	***100%***	**729.7**	***100%***

20.3.2. Interest rate risk

There were no interest rate swaps outstanding at December 31, 2011.

20.4. Information concerning finance leases

Real estate rent commitments amounted to €0.3 million at December 31, 2011, of which €0.1 million payable beyond one year.

20.5. Supplementary pensions, severance and related benefits

The Company's projected benefit obligation at December 31, 2011 was valued by actuaries, based on:

- expected employee turnover and mortality rates;
- estimated annual salary increases of 3.5%;
- an assumed retirement age of 64 to 65 for employees with sufficient service to entitle them to full pension benefits;
- a discount rate of 4.3%.

The Company's projected benefit obligation was measured at €18.1 million. A portion of the obligation is covered by an insurance fund into which the Company pays annual premiums. No provision has been recognized in the annual financial statements for the unfunded balance of €5.9 million.

The benefit obligation can be analyzed as follows at December 31, 2011:

Contractual retirement payments	€18.0 million
Other obligations	€0.1 million

20.6. Material off-balance sheet commitments and transactions

20.6.1. Commitments

- When the Group acquired 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 products based on the Apibio technology (primarily MICAM and OLISA). This incentive mechanism is capped at €1.1 million. As bioMérieux did not generate any revenue from products incorporating this technology in 2011, no incentive payment was due for the year.
- As part of the share grant plan set by the Board of Directors, the Company will have to purchase 147,310 shares to cover its commitments, the cost of which would be €8.1 million based on the share price at December 31, 2011.
- The Company is subject to a number of earn-out clauses relating to acquisitions and disposals that it has carried out. At end-2011, it was not deemed probable that these clauses would be triggered, or the amount involved could not be reliably ascertained.

20.6.2. Other off-balance sheet transactions

- At December 31, 2011, commitments given in respect of various research agreements amounted to €32.3 million.
- bioMérieux SA participates in a research program coordinated by Institut Mérieux, together with bioMérieux, Transgène, Genosafe and the Genethon association. The aim of this program is to develop a new generation of diagnoses and therapies focusing on cancers, infectious diseases and genetic disorders. Known under the acronym "ADNA" (for "Advanced Diagnostics for New therapeutic Approaches"), the program receives financing from the French government's Industrial Innovation Agency (*Agence de l'Innovation Industrielle*), which merged with OSEO ANVAR in 2007. bioMérieux SA has agreed to carry out €86.8 million worth of research and development work as part of the program during the period from 2007 through 2017. In return, bioMérieux SA will receive subsidies and repayable grants of up to €16.1 million and €13.8 million, respectively. If a project is successful, bioMérieux SA will have to reimburse the repayable grants proportionally to the related net sales generated (2%) and then pay 1% to 2% of net sales, depending on the project concerned, until 2027 or 2029. The public financing agreement was approved by the European authorities on October 22, 2008.

– bioMérieux SA's obligations to its employees in terms of the statutory training entitlement provided for under French law (*Droit Individuel à la Formation*) were estimated to represent a maximum of 259,248 hours.

20.7. Transactions with related parties

– Institut Mérieux, which held 58.9% of bioMérieux SA's shares at December 31, 2011, provided consultancy and support services to bioMérieux SA valued at €4.9 million for the year. Conversely, bioMérieux SA billed Institut Mérieux €0.7 million for expenses incurred on its behalf.

– A cash pooling system has been put in place for which bioMérieux SA and Institut Mérieux set up cash borrowing and lending facilities during the year. bioMérieux SA paid €0.2 million in interest charges in 2011 in connection with amounts borrowed from the cash pool.

– During 2011, the Company supplied €1.1 million worth of services, reagents and instruments to entities of the Mérieux NutriScience Corp. group, in which Institut Mérieux holds a majority interest.

– Théra Conseil, which is 98.24%-owned by Institut Mérieux, billed bioMérieux SA €0.7 million for services in 2011.

– bioMérieux SA billed €0.5 million worth of services in 2011 to IMAccess, which is wholly-owned by Institut Mérieux.

– Also during the year, bioMérieux SA contributed €1.3 million to the Christophe and Rodolphe Mérieux Foundation and €0.1 million to the Mérieux Foundation for humanitarian projects.

– bioMérieux SA has entered into a number of research and development agreements with Transgène (in which Institut Mérieux holds a 55.2% equity interest through TSGH) under which the Company received €0.3 million in fees for 2011.

21. Breakdown of net sales

In millions of euros	**France**	**Export**	**Total 2011**	**Total 2010**
Sales	10.3	70.2	80.5	89.3
Sold production (goods)	140.2	436.8	576.9	559.1
Sold production (services)	15.7	70.3	86.0	81.3
Total	**166.1**	**577.3**	**743.4**	**729.7**

21.1. Net sales by geographic area

In millions of euros	**2011**	**2010**
France	171.4	177.7
Europe	328.4	330.0
South America	40.5	38.5
North America	68.5	54.9
Asia-Pacific	77.2	71.5
Other	57.4	57.1
Total	**743.4**	**729.7**

22. Personnel costs

In millions of euros	2011	2010
Wages and salaries	126.4	120.1
Incentive plan	9.4	8.5
Payroll taxes	65.5	64.6
Total	**201.3**	**193.2**
Employee profit sharing	0.6	4.1
Total	**201.9**	**197.3**
Average number of employees	**2,686**	**2,675**
Number of employees at Dec. 31	**2,745**	**2,655**

22.1. Breakdown of headcount

In FTEs	2011	2010
Average number of employees		
Managers	1,180	1,144
Supervisors	44	45
Employees	58	71
Technicians	976	982
Workers	429	433
Total	**2,686**	**2,675**
Number of employees at Dec. 31		
Managers	1,200	1,162
Supervisors	47	45
Employees	53	65
Technicians	999	966
Workers	447	417
Total	**2,745**	**2,655**

23. Directors' and officers' compensation

Compensation paid to Company officers and directors for 2011 consisted of directors' fees of €0.3 million paid to the members of the Board of Directors, and fixed and variable compensation in the amount of €1.4 million.

24. Research and development expenses

Research and development expenses for 2011 amounted to €97.4 million.

25. Net financial expense

25.1. Breakdown of net financial expense

In millions of euros	2011	2010
Net financial expense	0.1	(0.3)
Impairment of investments and other	(16.1)[a]	(27.1)[b]
Debt waiver		(7.5)
Provisions for contingencies and losses	(5.8)	
Dividends	90.1	139.9
Foreign exchange gains (losses)	(0.9)	(1.7)
Total	**67.4**	**103.3**

(a) Including net additions to impairment on shares of subsidiaries and on other investments for €14.3 million and €1.8 million, respectively.

(b) Including net additions to impairment on shares of subsidiaries for €27.2 million, and net reversals of impairment on other investments for €0.1 million.

25.2. Foreign exchange gains and losses

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

Translation gains and losses on commercial transactions are recognized under the relevant headings in the income statement. The table below shows their income statement impact in 2010 and 2011:

In millions of euros	2011	2010
Sales	5.5	(9.6)
Cost of material supplies and other external charges	(1.8)	(1.5)
Financial items	(0.9)	(1.7)
Total	**2.8**	**(12.8)**

26. Affiliated companies: financial income and expenses

In millions of euros	2011	2010
Impairment of investments	(14.3)	(27.1)
Financial expenses[a]	(6.6)	(7.8)
Dividends received	90.0	139.9
Revenues from receivables on investments	1.4	0.8
Other financial income	0.9	0.3
Total	**71.4**	**106.1**

(a) Financial expenses include a provision for debt waivers in the amount of €5.7 million in 2011, and debt waivers for a negative €7.5 million in 2010

27. Non-recurring income and expenses

In millions of euros	Income	Expenses	Net 2011	Net 2010
Disposals of fixed assets	1.4	1.5	(0.1)	(0.8)
Statutory provisions	5.8	8.0	(2.2)	(1.0)
Other non-recurring income and expenses	3.3	3.3		8.5 [(a)]
Total	**10.5**	**12.8**	**(2.3)**	**6.7**

[(a)] Including reversals of provisions for restructuring at bioMérieux BV in the amount of €8.4 million.

28. Income taxes

At December 31, 2011, the Company recognized various tax benefits totaling €13.5 million, including a research tax credit for an estimated €11.4 million. The net income tax benefit totaled €1.1 million in 2011, versus a net tax expense of €6.2 million one year earlier.

28.1. Breakdown of corporate income tax

In millions of euros	2011		
	Before tax	Tax	After tax
Recurring income	105.2		105.2
Non-recurring income and expenses	(2.2)	(1.2)	(3.4)
Employee profit sharing	(0.6)	1.4	0.8
Prior-year tax adjustment and other		0.9	0.9
Profit for the year	**102.4**	**1.1**	**103.5**

28.2. Profit for the year excluding valuation allowances

In millions of euros	2011	2010
Profit for the year	103.5	150.3
Income tax	1.2	(6.1)
Profit before tax	102.3	156.4
Total valuation allowances	(2.2)	(1.0)
Profit before tax and excluding valuation allowances	**104.5**	**157.4**
Income tax	1.2	(6.1)
Income tax on valuation allowances at 36.16% in 2011 (34.43% in 2010)	(0.8)	(0.3)
Net tax income (expense)	**0.4**	**(6.4)**
Profit for the year excluding valuation allowances	**104.9**	**151.0**

28.3. Change in future tax liabilities

In millions of euros	**2011** Tax rate 36.16%	**2010** Tax rate 34.43%
Accelerated depreciation, amortization and statutory provisions	11.8	10.5
Provision for accrued receivables, treasury shares	0.3	
Total deferred tax liabilities	**12.1**	**10.5**
Non-deductible provisions and expenses	(3.5)	(1.7)
Unrealized foreign exchange gains	(0.5)	(0.4)
Amortization of acquisition costs	(1.2)	(0.1)
Total deferred tax assets	**(5.2)**	**(2.2)**
Total deferred tax expense	**6.9**	**8.3**

20.2 PRO FORMA FINANCIAL INFORMATION

N/A

20.3 FINANCIAL STATEMENTS

See sections 20.1.1 and 20.1.2.

20.4 AUDITING OF HISTORICAL ANNUAL FINANCIAL INFORMATION

The Statutory Auditors' reports on the consolidated financial statements for the years ended December 31, 2010 and December 31, 2009 are respectively presented in section 20.4.1 of the Registration Document filed with the AMF on April 26, 2011 under number D.11-0361 and section 5.4 of the Registration Document filed on April 26, 2010 under number D.10-0322.

The Statutory Auditors' reports on the parent company financial statements for the years ended December 31, 2010 and December 31, 2009 are respectively presented in section 20.4.2 of the Registration Document filed with the AMF on April 26, 2011 under number D.11-0361 and section 5.6 of the Registration Document filed on April 26, 2010 under number D.10-0322.

20.4.1 STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

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 readers. The Statutory Auditors' report includes information specifically required by French law in such reports, whether modified or not. This information is presented below the 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.

To the Shareholders,

In compliance with the assignment entrusted to us by your Annual General Meeting, we hereby report to you, for the year ended December 31, 2011, on:

- the audit of the accompanying consolidated financial statements of bioMérieux;
- the justification of our assessments;
- the specific verification required by law.

These consolidated financial statements have been approved by the Board of Directors. Our role is to express an opinion on these consolidated financial statements, based on our audit.

Opinion on the consolidated financial statements

We conducted our audit in accordance with professional standards applicable in France. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group at December 31, 2011 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

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 described in Notes 1.12 and 13.2 to the consolidated financial statements, the provisions intended to cover the Group's pension benefits obligations are calculated based on actuarial estimates made by experts appointed by Group companies. Our work consisted in examining the financial information used, assessing the assumptions adopted and verifying that Notes 1.12 and 13.2 to the consolidated financial statements provide appropriate disclosure.

- As described in Note 1.8 to the consolidated financial statements, the Company carries out annual impairment tests on goodwill. We examined the methods used to implement the impairment tests as well as the financial information and assumptions used by the Company and verified that Notes 1.8 and 4 to the consolidated financial statements provide appropriate disclosure.

- The Group records provisions for litigation and restructuring, as described in Notes 1.13 and 13.3 to the consolidated financial statements. Our work consisted in assessing the financial information and assumptions on which these estimates are based, reviewing the calculations made by the Company and examining the procedures implemented by management for approving these estimates. On this basis, we assessed the reasonableness of these estimates.

These assessments were made as part of our audit of the consolidated financial statements taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

Specific verification

As required by law and in accordance with professional standards applicable in France, we have also verified the information presented in the Group's management report.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

Lyon and Villeurbanne, April 23, 2012
The Statutory Auditors

DIAGNOSTIC REVISION CONSEIL	DELOITTE & ASSOCIÉS
Hubert de Rocquigny du Fayel	Olivier Rosier

20.4.2 STATUTORY AUDITORS' REPORT ON THE ANNUAL FINANCIAL STATEMENTS

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 readers. The Statutory Auditors' report includes information specifically required by French law in such reports, whether modified or not. This information is presented below the 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 financial statements. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Shareholders,

In compliance with the assignment entrusted to us by your Annual General Meeting, we hereby report to you, for the year ended December 31, 2011, on:

– the audit of the accompanying financial statements of bioMérieux SA;

– the justification of our assessments;

– the specific verifications and information required by law.

These financial statements have been approved by the Board of Directors. Our role is to express an opinion on these financial statements, based on our audit.

Opinion on the financial statements

We conducted our audit in accordance with professional standards applicable in France. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company at December 31, 2011 and of the results of its operations for the year then ended in accordance with French accounting principles.

Justification of our assessments

Due to the sovereign debt crisis that has hit a number of eurozone countries, the accounting estimates required for the preparation of the financial statements were made in an uncertain economic environment with monetary and liquidity ramifications. In this uncertain environment as regards the economic and financial outlook, and 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 described in Note 2.4 to the financial statements, the Company recognizes impairment losses against investments whose carrying amount exceeds their value in use. Our work consisted in assessing the assumptions and financial information used by the Company to value these investments and reviewing the calculations made.

– The Company also records provisions for claims and litigation, as described in Notes 2.8, 15.2 and 15.3 to the financial statements. Our work consisted in assessing the financial information and assumptions on which these estimates are based, reviewing the calculations made by the Company and examining the procedures implemented by management for approving these estimates.

On this basis, we assessed the reasonableness of these estimates.

These assessments were made as part 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.

Specific verifications and information

In accordance with professional standards applicable in France, we have also performed the specific verifications required by French law.

We have no matters to report as to 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.

Concerning the information given in accordance with the requirements of article L.225-02-1 of the French Commercial Code relating to remuneration and benefits received by corporate officers and any other commitments made in their favor, we have verified its consistency with the financial statements, or with the underlying financial information used to prepare these financial statements and, where applicable, with the information obtained by your Company from companies controlling it or controlled by it. Based on this work, we attest to the accuracy and fair presentation of this information.

In accordance with French law, we have verified that the required information concerning the purchase of investments and controlling interests, reciprocal shareholdings and the identity of shareholders and holders of voting rights has been properly disclosed in the management report.

Lyon and Villeurbanne, April 23, 2012
The Statutory Auditors

DELOITTE & ASSOCIÉS	DIAGNOSTIC REVISION CONSEIL – DRC
Olivier Rosier	Hubert de Rocquigny du Fayel

20.5 AGE OF LATEST FINANCIAL INFORMATION

December 31, 2011

20.6 INTERIM FINANCIAL INFORMATION

20.6.1 QUARTERLY FINANCIAL INFORMATION

Quarterly financial information for the three months ended March 31, 2012

20.6.2 OTHER INTERIM FINANCIAL INFORMATION

N/A

20.7 DIVIDEND POLICY

20.7.1 DISTRIBUTION POLICY

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

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

At the Annual General Meeting to be held on May 30, 2012, the Board of Directors will recommend approval of a dividend of €0.98 per share, representing a total of €38.7 million which will be paid in June 2012.

20.7.2 PAST DIVIDENDS PER SHARE

Dividends per share for the past three years

The table below presents the dividends paid by the Company for each of the past three years.

The Company did not receive any dividends on treasury shares held on the ex-dividend date and the corresponding amounts are allocated to retained earnings.

Year	Total dividend (in euros)[(a)]	Dividend per share (in euros)[(a)]
2010	38,664,665	0.98
2009	36,297,441	0.92
2008	31,957,529	0.81

(a) The Company did not receive any dividends on treasury shares held on the ex-dividend date and the corresponding amounts were allocated to "Retained earnings". Individuals domiciled in France for tax purposes in accordance with paragraph 2 of article 158.3 of the French Tax Code (*Code général des impôts*) benefit from a tax deduction on the annual dividend.

20.8 LEGAL AND ARBITRATION PROCEEDINGS

The Company is involved in a certain number of claims and litigation arising in the ordinary course of business. bioMérieux believes that no claim or litigation will have an adverse impact on its operations. The Company is not involved in litigation considered to be material, with the exception of the proceedings described in Notes 13.3.1 and 13.4 to the 2011 consolidated financial statements (section 20.1.1) and in section 4.1.2.3 of this Registration Document.

20.9 SIGNIFICANT CHANGE IN FINANCIAL OR TRADING POSITION

To the best of the Company's knowledge, no significant change in its financial or trading position has occurred since the end of 2011, with the exception of the information described in section 12.1 of this Registration Document.

21 ADDITIONAL INFORMATION

21.1 SHARE CAPITAL

21.1.1 ISSUED CAPITAL

Number of shares issued: 39,453,740 (all Company shares are of the same class).

Issued capital: €12,029,370, fully paid up.

The Annual General Meeting of March 19, 2001 decided that there would no longer be any reference to par value in the Company's bylaws.

21.1.2 SHARES NOT REPRESENTING CAPITAL

On the filing date of this Registration Document, no securities that did not represent capital were outstanding.

21.1.3 SHARE BUYBACK PROGRAM

The Ordinary and Extraordinary Shareholders' Meetings of June 10, 2010 and June 15, 2011 authorized the Board of Directors, until the Company's Annual General Meeting called to approve the financial statements for year ended 2011, to be held on May 30, 2012, to buy back shares of the Company in accordance with articles L.225-209 *et seq.* of the French Commercial Code (*Code de commerce*).

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

In accordance with these authorizations, the Company can purchase its shares under the share buyback program, depending on prevailing market conditions, in order to (i) maintain a liquid market in the Company's shares through market-making transactions carried out by an independent investment firm under a liquidity agreement that complies with the AMAFI code of ethics approved by the French financial markets authority (*Autorité des marchés financiers* – AMF); (ii) deliver shares upon the exercise of rights attached to the issue of securities granting access to Company shares and stock option plans, or in connection with share grants to employees and corporate officers of the Company or companies within the same Group, or the allocation or transfer of shares to employees under profit-sharing plans, employee share-ownership plans or employee savings plans; (iii) hold shares for subsequent delivery as payment or exchange in connection with external growth transactions; and (iv) reduce the Company's capital by way of cancellation of shares.

Pursuant to the eleventh resolution of the Ordinary and Extraordinary Shareholders' Meeting of June 15, 2011, the Board of Directors was also authorized, until the next Annual General Meeting called to approve the financial statements for the year ended 2011, to reduce the capital by canceling some or all of the shares purchased under the share buyback program.

At December 31, 2011, the Company held 27,588 shares, i.e., 0.07% of the share capital.

Summary of transactions in treasury shares from January 1, 2011 through December 31, 2011 under a liquidity agreement

Pursuant to the authorizations granted by the Ordinary and Extraordinary Shareholders' Meetings of June 10, 2010 and June 15, 2011, as well as the ensuing share buyback programs, and under the liquidity agreement complying with the AMAFI code of ethics approved by the AMF entered into with the Company, Crédit Agricole Cheuvreux, in its capacity as investment firm, performed the following transactions in the period from January 1, 2011 through December 31, 2011:

Shares purchased	45,112
Average purchase price	€69.62
Shares sold	37,712
Average selling price	€73.59
Fees and commissions	0
Treasury shares held at December 31, 2011	19,600
Value of shares held at the end of the year based on their average purchase price	€1,364,552
Carrying amount at December 31, 2011	€1,114,174
Nominal value of shares	N/A
Purpose of transactions	Maintaining an orderly market
Percentage of treasury shares held at year-end	0.05%

The shares purchased by Crédit Agricole Cheuvreux were acquired exclusively to maintain a liquid market in the Company's shares through market-making transactions carried out by an independent investment firm under a liquidity agreement that complies with the AMAFI code of ethics approved by the AMF.

Summary of transactions in treasury shares between January 1, 2011 and December 31, 2011 under an agency agreement entered into with Natixis with the sole objective of delivering shares upon the exercise of rights in connection with share grants to employees of the Company or companies within the Group, pursuant to the authorizations granted by the Annual General Meeting.

Shares purchased	30,000
Average purchase price	80.72
Shares sold	0
Average selling price	N/A
Treasury shares held at December 31, 2011	7,988
Value of shares held at the end of the year based on their average purchase price	€644,791
Carrying amount at December 31, 2011	€648,255
Nominal value of shares	N/A
Purpose of transactions	Delivery of shares upon the exercise of rights pertaining to share grants to employees
Percentage of treasury shares held at year-end	0.02%

Use of derivatives

The Company did not use derivatives as part of this share buyback program and furthermore, there were no open positions to buy or sell derivatives at the filing date of this Registration Document.

21.1.4 OTHER SECURITIES

The Company did not issue any securities other than the shares described in section 21.1.1. Free shares were also allocated (see section 17.2).

21.1.5 ACQUISITION RIGHTS

Changes in share capital and voting rights attached to shares

Any changes in the share capital or voting rights attached to shares are governed by French law, as the bylaws do not any contain specific provisions in this respect.

Authorized unissued capital

Authorizations adopted by the Annual General Meetings of June 10, 2010 and June 15, 2011:

Table summarizing valid authorizations

Relevant securities	Date and duration of the authorization	Maximum nominal amount of capital increase	Amount authorized and used
Grant of shares (existing or to be issued)	AGM of June 10, 2010 38 months, i.e., until August 10, 2013	0.95% of share capital (as of the implementation of the authorization)	252,167 shares[(a)] (0.64% of share capital)
Stock options	AGM of June 10, 2010 38 months, i.e., until August 10, 2013	10% of share capital (as of the implementation of the authorization)	N/A
Issue with pre-emptive subscription rights Capital increase with pre-emptive subscription rights through the issue of shares or securities	AGM of June 15, 2011 26 months, i.e., until August 15, 2013	35% of share capital as of the date of the 2011 AGM, including a maximum of €500 million for debt securities	N/A
Issue without pre-emptive subscription rights Capital increase without pre-emptive subscription rights through the issue of shares or securities	AGM of June 15, 2011 26 months, i.e., until August 15, 2013	35% of share capital as of the date of the 2011 AGM[(b)], including a maximum of €500 million for debt securities[(c)]	N/A
Capital increase without pre-emptive subscription rights as part of an offer provided for in article L.411–2 II of the French Monetary and Financial Code (*Code monétaire et financier*)	AGM of June 15, 2011 26 months, i.e., until August 15, 2013	20% of share capital as of the date of the 2011 AGM[(b)] including a maximum of €500 million for debt securities[(c)]	N/A
Capital increase through the capitalization of additional paid-in capital, reserves, profits or other items	AGM of June 15, 2011 26 months, i.e., until August 15, 2013	Within the limit of the amount of additional paid-in capital, reserves and profits at the date of issue	N/A
Increase in the number of shares issued in the event of a capital increase	AGM of June 15, 2011 26 months, i.e., until August 15, 2013	15% of the initial issue decided within the framework of authorizations granted of up to 35% of share capital	N/A
Capital increase without pre-emptive subscription rights as remuneration for contributions in kind made to the Company	AGM of June 15, 2011 26 months, i.e., until August 15, 2013	10% of share capital (as of the date of the 2011 AGM)[(b)]	N/A
Capital increase reserved for employees enrolled in a company savings plan (PEE)	AGM of June 15, 2011 26 months, i.e., until August 15, 2013	5% of share capital (as of the implementation of the authorization)	N/A

(a) Board of Directors' meetings of June 10, 2010, March 8, 2011 and June 15, 2011.

(b) This percentage must be offset against the total authorized capital increase of 35%.

(c) This amount must be offset against the aggregate capital increase through the issue of debt securities totaling €500 million.

Other securities granting access to the share capital

There are currently no other securities granting access to the Company's share capital.

21.1.6 OPTION ON THE SHARE CAPITAL OF ANY GROUP MEMBER

N/A

21.1.7 HISTORY OF SHARE CAPITAL

There have been no changes to the share capital over the last three years.

21.1.8 PLEDGING OF SHARES

The Company had not been notified of any pledged shares at the filing date of this Registration Document.

21.1.9 THE BIOMÉRIEUX SHARE IN 2011

bioMérieux equity market

bioMérieux shares have been traded publicly since July 6, 2004 on the CAC Mid 60®, SBF 120®, CAC Mid & Small®, CAC All-Tradable® and CAC All-Share® French market indices. They are listed on compartment "A" of the Eurolist market and are eligible for deferred settlement service (*Service de Règlement Différé* – SRD).

bioMérieux is also included in the Gaia Index 2011/2012 and the Ethibel Excellence index.

At end-December 2011, the closing share price for bioMérieux was €55.24 and the Company's market capitalization was €2.2 billion. In 2011, 18,279,447 of the Company's shares were traded on NYSE Euronext.

bioMérieux share price (Code: BIM - ISIN Code: FR0010096479)

Period	High (in €)	Low (in €)	Closing price (in €)
2008	80.00	45.97	60.00
2009	84.30	52.60	81.68
2010	92.40	66.95	73.82
January 2011	81.38	73.95	79.72
February 2011	82.48	76.50	77.15
March 2011	78.80	71.06	74.01
April 2011	75.46	70.60	73.45
May 2011	84.00	73.49	81.64
June 2011	83.78	76.42	80.06
July 2011	83.39	76.40	77.10
August 2011	78.27	65.10	74.63
September 2011	75.19	62.10	65.50
October 2011	66.63	59.50	62.87
November 2011	65.08	58.32	59.94
December 2011	62.76	53.25	55.24
January 2012	65.21	54.50	64.29
February 2012	67.20	61.60	62.66
March 2012	64.02	57.25	59.07

Source: Euronext

21.2 ARTICLES OF INCORPORATION AND BYLAWS

21.2.1 CORPORATE PURPOSE (ARTICLE 2 OF THE BYLAWS)

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

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

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

- participate, either directly or indirectly, in all business and manufacturing transactions related in any way whatsoever to the abovementioned purposes or likely to promote them, either through the creation of new companies, the contribution, subscription or purchase of securities or company rights, through mergers, alliances, joint holdings, or by any other means;

- perform all transactions in its line of business, either alone and on its own behalf or on behalf of a third party, on commission, as a broker, for a fee, on a cost basis, as representative or proxy for any entity or in any other capacity and;

- generally, perform all business, manufacturing, financial or other transactions directly or indirectly related to the above purposes or to any similar purposes, including the development of ways to expand, promote, advertize, trade or transport raw materials, semi-finished or finished products, as well as the ability to purchase, acquire, hold, transfer, lease, mortgage or dispose of goods, whether movable or immovable, tangible or intangible, related to the above purposes or likely to develop them.

21.2.2 PROVISIONS RELATING TO THE ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES (ARTICLES 11 TO 17 OF THE BYLAWS AND INTERNAL RULES OF THE BOARD OF DIRECTORS)

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

The Board of Directors elects a Chairman from among its members. The Chairman must be a natural person, failing which his/her appointment will be deemed invalid. The Board of Directors sets the Chairman's compensation.

The Board of Directors may also appoint one or more Vice-Chairmen from 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 four years, expiring at the end of the Ordinary Shareholders' Meeting called during the year in which the term of the director in question expires to approve the financial statements for the year then ended. All directors are eligible for reelection.

The internal rules of the Board of Directors require each member of the Board of Directors to hold a minimum of ten Company shares for the duration of his/her term of office.

The Shareholders' Meeting may decide to allocate a fixed annual sum to the Board of Directors as directors' fees, until a later Shareholders' Meeting decides otherwise.

Directors' fees are allocated among the members of the Board as the latter deems appropriate. Directors who are members of Board committees receive higher fees than other directors.
The Company's Chief Executive Officer is the Chairman of the Board of Directors.

For more information see the Chairman's Report in Appendix 1 of the Registration Document.

21.2.3 RIGHTS AND PRIVILEGES ATTACHED TO SHARES

Appropriation of profits (articles 10, 22 and 23 of the bylaws)

Each share entitles its holder to a proportionate share of profits corresponding to the percentage of capital it represents.

Profit for the year, less any accumulated losses, is subject to a deduction of (i) at least five percent allocated to the legal reserve, a deduction which ceases to be mandatory once the reserve represents one-tenth of the share capital but becomes mandatory again if the legal reserve falls to below one-tenth of the share capital for any reason, and (ii) any amount to be set aside as reserves as required by law.

The balance, plus any retained earnings, represents distributable profit that the Shareholders' Meeting may, on recommendation of the Board of Directors, distribute in whole or in part as dividends, or 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 Shareholders' Meeting may decide to use the reserves at its disposal to pay a dividend on shares. 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 profits or reserves, other than the legal reserve, to pay off some or all of the shares and to repay them up to their par value.

The terms of payment of dividends are set by the Shareholders' Meeting or failing that by the Board of Directors. Dividends must be paid no more than nine months after the year end, 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.

Attendance at Shareholders' Meetings (article 19 of the bylaws)

All shareholders are entitled to take part in Ordinary and Extraordinary Shareholders' Meetings and in deliberations, either in person or by proxy, as provided by law.

Shareholders may be represented at all meetings, in accordance with applicable laws and regulations. They may also vote by mail by way of a form, which can be obtained under the conditions outlined in the convening notice, in accordance with applicable laws and regulations. Proxy or voting forms of shareholders attending meetings in person will be declared null and void.

Shareholders may take part in meetings by videoconference or by other means of telecommunication in accordance with the terms of applicable laws and regulations referred to in the published notice of meeting or the convening notice.

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

Voting rights (article 20 of the bylaws)

Voting rights attached to shares are proportionate to the fraction of capital represented and each share entitles its holder to at least one vote.

All paid-up shares, given the proportion of share capital they represent and irrespective of their class, which have been held in registered form by the same shareholder for five years or more, confer voting rights equal to twice that 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. Registered shares are not stripped of voting rights and the five-year period continues to run following transfers by inheritance, the liquidation of community property between spouses and *inter vivos* gifts made to a spouse or relatives entitled to inherit.

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

In the event of a capital increase through the capitalization of reserves, profits or paid-in capital, new shares awarded in respect of existing shares carrying double voting rights will also have double voting rights from the date of issue.
The system of double voting rights was introduced by decision of the Extraordinary Shareholders' Meeting of March 30, 1999.

Form of shares and identification of shareholders (article 8 of the bylaws)

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

The Company may apply statutory and regulatory provisions relating to the identification of holders of securities granting immediate or future voting rights at Shareholders' Meetings.

21.2.4 CHANGES IN SHAREHOLDERS' RIGHTS

Changes in shareholders' rights are subject to the provisions of applicable law, as the bylaws do not contain any specific provisions in this regard.

21.2.5 CONVENING OF SHAREHOLDERS' MEETINGS

Shareholders' Meetings are called and deliberate in accordance with the law.

Shareholders' Meetings take place either at the Company's registered office or at another location indicated in the convening notice. The Board of Directors can decide, upon issuing the convening notice, to publicly hold the entire meeting by videoconference and/or by other means of telecommunication, in accordance with the law. Where applicable, this decision is made known in the published notice of meeting or the convening notice.

The Company publishes a notice in the French bulletin of mandatory legal notices (BALO) containing the text of the resolutions which will be presented at the Shareholders' Meeting in accordance with the law.

Shareholders' Meetings are called by a notice published in the BALO and in a newspaper authorized to publish legal notices in the same *département* as the Company's registered office, within the timeframe provided for by law.

Holders of shares in registered form who have held said shares for at least one month at the date of publication of the convening notice are convened by ordinary letter; they may request to receive notice by registered letter if they provide the Company with the amount of postage required.

All shareholders are entitled to take part in Ordinary and Extraordinary Shareholders' Meetings and in deliberations, either in person or by proxy, as provided by law.

Shareholders may be represented by their spouse or by another shareholder at all meetings.

21.2.6 PROVISIONS DELAYING A CHANGE OF CONTROL

– Ownership structure: see section 18.1.

– Bylaw restrictions on the exercise of voting rights and share transfers: see section 21.2.7.

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

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

– Powers granted to the Board of Directors to buy back shares: the Annual General Meeting of June 15, 2011 granted the Board of Directors the necessary powers to launch a share buyback program, to set the terms and conditions thereof and to use this authorization solely for the purposes of:

  - maintaining a liquid market in the Company's shares through market-making transactions carried out by an investment firm;
  - delivering shares upon the exercise of rights attached to the issue of securities granting access to Company shares and stock option plans, or in connection with share awards to employees and corporate officers of the Company or companies within the same Group, or the allocation or transfer of shares to employees under profit-sharing plans, employee share ownership plans or employee savings plans;
  - holding shares for their subsequent delivery as payment or exchange in connection with external growth transactions; and
  - reducing the Company's share capital by way of cancellation of shares.

  In particular, the Board of Directors is authorized to buy back the Company's own shares, subject to the statutory cap of 10% of its share capital, it being specified that the maximum percentage of shares bought by the Company with a view to holding and subsequently delivering same as payment or exchange in connection with a merger, spinoff or contribution transaction is capped at 5%, as provided by law.

– Authorizations and powers

  The table of authorizations and powers granted by the Annual General Meeting to the Board of Directors regarding the issuance of shares appears in section 21.1.5.

– Voting rights

  Article 20 of the bylaws of the Company provides that all paid-up shares, given the proportion of share capital they represent and irrespective 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.

– Termination benefits payable to the Chairman and Chief Executive Officer in the event of a forced departure resulting from a change of strategy or control: see section 15.1.

– Change-of-control clauses

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

Nature of agreement	Contracting party	Purpose
Loan agreement	BNP Paribas, Calyon, Natexis Banques Populaires, Société Générale	Syndicated loan of €260 million, expiring in 2013
License agreement	Gen-Probe	Ribosomal RNA
License agreement	Roche Diagnostics	NT-pro-BNP
License agreement	Chiron	HIV
License agreement	B.R.A.H.M.S. AG	PCT
License agreement	Paul Sabatier University/Pr. Serre	Filaggrine
Cross-licensing agreement	Knome Inc.	Sample prep. technology
License agreement	Wellcome Trust Limited	B-Raf gene mutation in cancer patients
License agreement	Biocartis SA	New PCR Apollo platform

bioMérieux is not aware of any other factors likely to have an impact in the event of a public offering of its securities, as provided for in article L.225-100-3 of the French Commercial Code.

21.2.7 DISCLOSURE THRESHOLD

Crossing of thresholds (article 10 of the bylaws)

Shareholders have a legal obligation to notify the Company and the AMF when a legal threshold is crossed, specifying in particular their fractional ownership of the Company's shares and voting rights, within the legal deadline.

Furthermore, article 10 of the Company's bylaws requires individuals or legal entities, acting alone or in concert, who directly or indirectly own (within the meaning of articles L.233-7 *et seq.* of the French Commercial Code) 1% of the Company's capital or voting rights, and thereafter for each additional 1%, to report to the Company by registered letter with acknowledgment of receipt, within five trading days of the date the threshold was crossed, the total number of shares and voting rights held, as well as the number of securities carrying an immediate or future entitlement to shares and the potential voting rights attached thereto.

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

In the event of failure to comply with these requirements, the shares in excess of the relevant threshold will be stripped of voting rights for all Shareholders' Meetings held within the two-year period from the date when the omission is remedied, at the request of one or more shareholders holding at least 5% of the Company's capital or voting rights, as evidenced in the minutes of the Shareholders' Meeting.

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

22 MATERIAL CONTRACTS

The Company has not entered into any material contracts over the last two years other than those entered into in the ordinary course of business.

23 THIRD-PARTY INFORMATION

23.1 EXPERT STATEMENT OR REPORT

N/A

23.2 INFORMATION FROM A THIRD PARTY

N/A

24 DOCUMENTS ON DISPLAY

During the period of validity of this Registration Document, the Company's articles of incorporation and bylaws, as well as the minutes of Shareholders' Meetings, the Company's historical financial information for each of the two years preceding the publication of this Registration Document, the Statutory Auditors' reports and all other Company documents may be consulted at the Company's registered office in Marcy l'Étoile, Rhône, France.

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

25 INFORMATION ON INVESTMENTS

The list of subsidiaries and investments is presented in Note 5.1 to the 2011 parent company financial statements.

APPENDICES

APPENDIX 1

Report of the Chairman of the Board of Directors on (1) the composition of the Board of Directors (2) the conditions governing the preparation and organization of the Board of Directors' work and (3) internal control and risk management procedures

This report was submitted to the Audit Committee and approved by the Board of Directors on March 13, 2012.

1. COMPOSITION OF THE BOARD OF DIRECTORS AND APPLICATION OF THE PRINCIPLE OF GENDER EQUALITY

1.1 - Composition and organization

The Company is incorporated as a French joint stock company (*société anonyme*) with a Board of Directors.

The Board of Directors has chosen to entrust the General Management to the Chairman of the Board of Directors who also holds the position of Chief Executive Officer of the Company and to appoint a Chief Operating Officer who is also a director.

Jean-Luc Belingard has held the position of Chairman and Chief Executive Officer since January 1, 2011. Alexandre Mérieux holds the position of Chief Operating Officer. They will remain in office until the expiration of their terms of office as directors, i.e., at the close of the Annual General Meeting to be held in 2014 to approve the financial statements for the year ending December 31, 2013.

At December 31, 2011, the Board of Directors comprised nine directors, including three independent directors. All the terms of office expire in 2014, except that of Christian Bréchot which expires in 2012.

The Company's bylaws provide that the Board of Directors may be assisted by up to three non-voting members (*censeurs*). Harold Boël was appointed as such at the Annual General Meeting of June 10, 2010, for a three-year term expiring at the close of the Annual General Meeting to be held in 2013 to approve the financial statements for the year ending December 31, 2012.

Four representatives of the Works Council may attend Board of Directors' meetings.

On March 15, 2004, the Company's Board of Directors adopted internal rules defining its operating procedures, in addition to legal and regulatory requirements and the provisions of the Company's bylaws. These internal rules were updated in 2007, 2009 and 2010 to reflect new legal provisions and the recommendations of the AFEP-MEDEF Corporate Governance Code. All Board members have agreed to comply with the internal rules.

The internal rules provide that directors must first ensure that they are fully informed of the general and specific obligations attached to their duties and are familiar with securities regulations pertaining to breaches of exchange regulations before accepting their duties. They must familiarize themselves and comply with the laws and regulations, the bylaws, the Board of Directors' internal rules and any additional information that the Board of Directors may provide to them.

The internal rules provide that directors:

(i) represent all the shareholders, even though they are shareholders themselves holding at least ten shares, and must act in the Company's interests in all circumstances;

(ii) must inform the Board of any actual or potential conflict of interest and abstain from voting on the issues concerned;

(iii) undertake to devote the necessary time and attention to their duties;

(iv) must be diligent and participate in all meetings of the Board of Directors and, if applicable, of the committees on which they serve;

(v) are bound by a strict duty of confidentiality beyond the exercise of discretion required by law with respect to non-public information acquired in connection with their role as directors;

(vi) are bound by a duty of loyalty; and

(vii) must trade in the Company's shares only in compliance with the Code of Conduct adopted by the Company.

1.2 - Independent directors

The Board of Directors' internal rules provide that directors are deemed to be independent when they have no direct or indirect relationship of any kind with the Company, the Group or the Management, which could impair their freedom of judgment.

In light of this definition, in 2011, the Board of Directors comprised three independent directors out of nine members:

- Groupe Industriel Marcel Dassault, represented by Benoît Habert;
- Michele Palladino;
- Michel Angé.

1.3 - Application of the principle of gender equality in the board room

At its meeting of March 13, 2012, the Board of Directors recommended that the shareholders appoint Marie-Hélène Habert as a director for a four-year term at the 2012 Annual General Meeting.

2. PREPARATION AND ORGANIZATION OF THE BOARD OF DIRECTORS' WORK

2.1 - Legal framework of corporate governance

The Company complies with applicable corporate governance requirements. It refers to the AFEP-MEDEF Corporate Governance Code which summarizes current corporate governance principles. This code may be viewed online (French only) on the MEDEF website (http://www.code-afep-medef.com). The provisions of the code that have not been applied and the reasons for such non-compliance are described below.

Directors' terms of office

The majority of the directors' terms of office expire at the same time. In light of the Company's background (seven of the current nine directors were appointed in 2004 and their terms of office renewed upon expiration), the terms of office of directors cannot be staggered.

Composition of the Board of Directors

At the Annual General Meeting to be held in May 2012, the Board of Directors will recommend that the shareholders appoint a female director.

The Audit Committee and its duties

The risks and off-balance sheet commitments are listed in the notes to the financial statements. They are not subject to a presentation by the Chief Financial Officer as they are not material.

Assessment of the Board of Directors

The Board of Directors assesses the performance of General Management independently and collectively.

2.2 - The Board of Directors' work

The Board of Directors is responsible for defining and implementing the Company's strategies. It has powers to act on all questions concerning the smooth running of the Company and settles all matters affecting the Company by its deliberations, within the limits of the corporate purpose and subject to the powers expressly granted to Shareholders' Meetings. The Board of Directors carries out all controls and procedures that it deems appropriate.

The Board of Directors' internal rules provide that the Board of Directors must decide on (i) the approval of the strategic plans of the Company and its subsidiaries, (ii) the approval of the annual budget and, on a quarterly basis, its implementation, and (iii) the authorization of all key transactions (acquisitions, exchanges, transactions, granting of security interests, financing by any means, etc.) of more than €30 million not provided for in the strategic plan or the budget.

The internal rules also provide that the Board of Directors must be notified of any significant event affecting the operation of the Company and more specifically its financial and cash position and commitments.

In 2011, the Board of Directors of the Company met five times. All directors were present or represented at each meeting as evidenced by the duly signed attendance register. In 2011, the Board of Directors:

- analyzed the quarterly reviews of the Company's operations and affairs and major projects;
- approved the parent company financial statements and the consolidated financial statements for the year ended December 31, 2010, prepared the Annual General Meeting, and approved the various reports required by law;
- approved the interim financial statements and the related report;
- approved the proposed budget for 2012;
- approved the related-party agreements;
- assessed the way in which the Board of Directors operates and its composition;
- discussed the Company's policy in terms of compensation and equality in the workplace;
- submitted to the shareholders for approval the appointment of a new Statutory Auditor and deputy Statutory Auditor;
- authorized and recorded sureties, endorsements and guarantees, and granted powers to the Chairman and Chief Executive Officer for 2012;
- authorized acquisitions of interest and cooperation agreements;
- authorized acquisitions, including AES Laboratoire and Argene;
- changed the composition of the Human Resources, Appointment and Compensation Committee;
- changed the rules governing the distribution of directors' fees;
- set up employee share ownership plans;
- implemented a new share buyback program.

As stipulated in the internal rules, the Board of Directors devotes an agenda item, each year, to the Board's operations in order to (i) evaluate the quality and effectiveness of the Board's discussions, (ii) assess the Board of Directors' actual roles and duties, (iii) analyze the reasons for any shortcomings as perceived by the Chairman, directors or shareholders, and (iv) analyze the independence criteria applicable to directors.

At its meeting of June 15, 2011, the Board of Directors carried out a self-assessment using a questionnaire in which each director was able to state his opinion. The analysis of the responses received, which were discussed by the Board of Directors, showed that a large majority of directors believe that the Board's responsibilities and duties were fulfilled and that the quality, frequency and effectiveness of its meetings were adequate. The information disclosed to the Board of Directors is deemed appropriate and provided in due course, particularly information on risks related to the Company's business and directors' insider status. Directors believe they are fully independent vis-a-vis General Management and able to speak freely.

The main area of improvement would be more diversified sources of information and more frequent participation of the Management Committee's members in Board meetings.

2.3 - Special committees of the Board of Directors

The Board of Directors' internal rules provide that the Board of Directors may set up one or more permanent or temporary 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 act in a consultative capacity. The Board of Directors determines at its own discretion how to follow up on the findings reported by the committees. The directors remain free to vote as they choose and are not bound by the committees' studies, investigations or reports, nor by any recommendations they may issue.

2.3.1 - Audit Committee

Composition of the Audit Committee

The Audit Committee was set up on December 20, 2002. It comprises three members appointed by the Board of Directors from among its members who are not members of the Company's Management. It comprises a majority of independent directors and at least one member with expertise in finance and accounting.

At December 31, 2011, the Audit Committee comprised the following three members: Michel Angé, Benoît Habert and Georges Hibon. Michel Angé and Benoît Habert are independent directors within the meaning of the Board of Directors' internal rules. Two-thirds of the Audit Committee are independent members. Michel Angé chairs the Audit Committee.

Role and operation of the Audit Committee

The committee meets (including by 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 Audit Committee appoints a chairman from among its members, who may hold a directorship but no management position within the Company or the Group. The Audit Committee invites members of the Finance Department, General Management, Internal Audit, Investor Relations or the Statutory Auditors depending on agenda items to be considered.

The Audit Committee's work

Pursuant to the Board of Directors' internal rules, the Audit Committee's duties are to assist the Board of Directors. It is primarily responsible for monitoring (i) the preparation of financial information, (ii) the effectiveness of internal control and risk management systems, (iii) the audit of the parent company financial statements and consolidated financial statements by the Statutory Auditors, and (iv) the independence of the Statutory Auditors. It also reviews the Company's draft financial press releases in particular relating to the interim financial statements and quarterly sales.

In 2011, the Audit Committee met seven times. All its members attended all the meetings except for one absence at one meeting. It reviewed press releases relating to fourth-quarter 2010 sales, the annual financial statements for 2010, and first- second- and third-quarter 2011 sales. It also reviewed the interim and annual financial statements and related reports. The committee also reviewed the Chairman's report on internal control procedures and the main disputes, risks and off-balance sheet commitments. It oversaw the selection process for the new Statutory Auditors and deputy Statutory Auditors replacing the Statutory Auditors whose terms of office expire in 2012. It conducted a summary review of internal control and risk management procedures.

In accordance with its operating rules, the Audit Committee reported to the Board of Directors on the performance of its duties and presented the observations that it deemed appropriate.

2.3.2 - Human Resources, Appointment and Compensation Committee

Composition of the Human Resources, Appointment and Compensation Committee

Pursuant to the Board of Directors' internal rules, the Human Resources, Appointment and Compensation Committee comprises three members appointed by the Board of Directors from among its members. It consists of a majority of independent directors.

The Board of Directors set up the Compensation Committee on March 15, 2004 and changed the committee's roles and responsibilities on September 3, 2010 by including human resources functions. It became the Human Resources, Appointment and Compensation Committee.

On December 31, 2011, the Human Resources, Appointment and Compensation Committee comprised Michel Angé, Michele Palladino and Alain Mérieux. Michele Palladino and Michel Angé are independent directors within the meaning of the Board of Directors' internal rules. Two-thirds of the Human Resources, Appointment and Compensation Committee are independent members. Alain Mérieux chairs this committee.

Role and operation of the Human Resources, Appointment and Compensation Committee

The Human Resources, Appointment and Compensation Committee meets at least once a year. Meetings are called by the Chairman of the Board of Directors.

With respect to appointments, the committee is responsible for making recommendations on the composition of the Board after considering all relevant information before making a decision, i.e., balanced Board membership to reflect the Company's shareholding structure, identifying possible candidates, renewal of terms of office. The committee must establish procedures for the selection of independent directors and review potential candidates before making any decisions.

The committee must establish a succession plan for executive corporate officers to fill any unforeseen vacancy.

With respect to the compensation of the Company's corporate officers, the committee is primarily responsible for: (i) making recommendations to the Board of Directors concerning the fixed and variable compensation, supplementary and specific pension and personal protection plans, benefits-in-kind and other financial benefits to which the Chairman and Chief Executive Officer and, if applicable, the Chief Operating Officer, may be entitled, (ii) recommending to the Board an overall amount of directors' fees, as well as rules governing the distribution of such fees and the individual amounts payable to each director based on their attendance record at Board meetings and committee meetings, and (iii) proposing to the Board of Directors, where applicable, the rules governing the variable portion of corporate officers' compensation and ensuring that these rules are applied. The Human Resources, Appointment and Compensation Committee is also informed on the compensation policy applicable to the main non-officer executives.

With respect to stock options and share grants, the committee submits to the Board of Directors its observations regarding the Company's stock option and free share plans proposed by the Chairman and Chief Executive Officer and, if applicable, the Chief Operating Officer, and makes recommendations on the different categories of beneficiaries. The options granted to corporate officers are examined on a case-by-case basis by the committee.

In 2011, the Human Resources, Appointment and Compensation Committee met twice, with all its members attending. The main topics discussed at meetings were the compensation policy, share grants and the employee share ownership plan.

In accordance with its operating rules, the committee reported to the Board of Directors on the performance of its duties and provided the Board with all useful information.

2.4 - General Management

2.4.1 - Role of General Management

The Chairman and Chief Executive Officer has the broadest powers to act in all circumstances on behalf of the Company. He exercises his powers within the limits of the corporate purpose and subject to the powers expressly granted by law to Shareholders' Meetings and to Board of Directors' meetings. He represents the Company in its dealings with third parties.

The Board of Directors has not imposed any specific limits on the powers of the Chief Executive Officer, with the exception of certain provisions of its internal rules that require the Chief Executive Officer to refer the following matters to the Board: (i) the approval of the strategic plans of the Company and its subsidiaries, (ii) the approval of the annual budget and, on a quarterly basis, its implementation, and (iii) the authorization of all key transactions (acquisitions, exchanges, transactions, granting of security interests, financing by any means, etc.) of more than €30 million not provided for in the strategic plan or the budget.

Two committees assist bioMérieux's General Management in the performance of its duties.

2.4.2 - General Management committees

Strategy Committee

This committee currently comprises three members (Alain Mérieux, Alexandre Mérieux and Jean Luc Belingard). It proposes medium- and long-term strategic objectives for the Group, focusing in particular on (i) business development objectives, (ii) scientific and technological options, (iii) geographical expansion policies, (iv) strategic alliances and partnerships, and (v) communication and management policies relating to the Group's image.

Management Committee

In 2011, the new General Management adapted the Management Committee's operation.

This committee, chaired by Jean-Luc Belingard (CEO), is comprised of Thierry Bernard (Corporate Vice President, Global Commercial Operations), Michel Baguenault (Corporate Vice President, Human Resources), François Lacoste (Corporate Vice President, Immunoassay Unit), Richard Ding (Corporate Vice President, Business Development and Chief Executive Officer, bioTheranostics, Inc.), Jean-Marc Durano (Corporate Vice President, Industrial Microbiology Unit), Alexandre Mérieux (Corporate Vice President, Microbiology Unit), Marc Mackowiak (Chief Executive Officer, bioMérieux, Inc.), Henri Thomasson (Chief Financial and Legal Officer), Steve Harbin (Corporate Vice President, Manufacturing and Supply Operations, Quality Management, Regulatory Affairs & Information Systems), Alain Pluquet (Corporate Vice President, Innovation and Systems Unit).

Alain Pluquet, the Group's Chief Technology Officer, was appointed Corporate Vice President of the new Innovation and Systems Unit. In June 2011, he joined the Management Committee in such capacity.

The committee is responsible for implementing decisions made by the Board of Directors regarding the Company's general strategy. It meets once a month. At each meeting, the committee reviews the Company's operations, human resources issues, strategy implementation and research and development portfolio management. The committee is responsible for overseeing strategic projects, deciding on priorities and implementing the necessary resources within the Company's various departments, such as deciding on significant capital expenditure (property, plant and equipment or intangible assets).

As it is involved in compliance, the Management Committee is notified of business activities' compliance with ethical standards and legal requirements by the Ethics and Compliance Committee (see section 3.3.1).

The Management Committee is assisted by the Project Approval Committee.

Project Approval Committee

This committee, composed of the members of the Management Committee, meets every quarter. It chooses new projects, selects project teams and allocates resources. It oversees the progress of the projects up to the marketing of the relevant product.

2.5 - Compensation and information governed by article L.225-100-3 of the French Commercial Code (*Code de commerce*)

Details of the compensation policy and the amounts of compensation paid to directors, the Chairman and Chief Executive Officer and the Chief Operating Officer are set out in section 15.1 of the 2011 Registration Document.

Information provided for under article L.225-100-3 of the French Commercial Code (information on factors likely to have an impact in the event of a public offer) is set out in the management report in Appendix 4 of the 2011 Registration Document.

2.6 - Shareholder participation in Shareholders' Meetings

The procedure for calling and participating in Shareholders' Meetings is set out in articles 19 and 20 of the bylaws.

3. INTERNAL CONTROL AND RISK MANAGEMENT PROCEDURES

3.1 - General organization of internal control procedures

Objectives, scope and reference framework

Internal control is a process implemented by the Board of Directors, senior management and employees designed to provide reasonable assurance – which cannot be considered as an absolute assurance – that the following objectives are achieved:

- consistency of operations with General Management's directives;
- reliability of financial information;
- compliance with applicable laws and regulations;
- management and control of operational and financial risks.

The Group's internal control system is based on:

- the Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO);
- the AMF's Reference Framework on internal control and risk management systems;
- recommendations published by the AMF.

The internal control system applies to all the companies included in the Group's scope of consolidation.

3.2 - Persons and departments in charge of internal control

General Management

General Management and the Board of Directors, through the Audit Committee, oversee and supervise the internal control system. For this purpose, General Management relies on audits as described below (see section 3.4 Implementation and monitoring of the internal control system).

Finance Department

Under the authority of the Chief Financial and Legal Officer, who is a member of the Management Committee, the Finance Department directly oversees Group-level functions (management control, reporting and consolidation, cash management, finance and tax) and indirectly oversees the administrative and financial functions of each Group entity.

Quality Management Systems Department

The Quality Management Systems Department (Global QMS), which reports to the Manufacturing and Supply Operations, Quality Management, Regulatory Affairs and Information Systems Department, is responsible for ensuring that:

- the processes used to design, produce, distribute, install and maintain bioMérieux products comply with customers' needs and regulatory requirements;
- the quality management system used by all bioMérieux Group entities is effective;
- customer complaints are followed up and monitoring systems are put in place.

This department implements steps and measures required to apply the rules necessary to achieve quality objectives, or to ensure that all of the Company's personnel apply such rules. It also authorizes the marketing of products, decides on information to be released to customers and, if necessary, initiates corrective actions to be taken, including product recalls.

A post market surveillance procedure is also implemented to assess product compliance, performance and suitability. This assessment which is largely documented is discussed with and validated by several operational departments (Marketing, R&D, Manufacturing, Customer Service).

Health, Safety and Environment (HSE) Department

The HSE Department prepares, supports and monitors the application of the health, safety and environmental policy.

A health, safety and environmental policy has been drawn up as part of bioMérieux's quality strategy. It provides for several measures relating in particular to (i) the prevention of occupational accidents and illnesses which are monitored through specific indicators, (ii) improving energy efficiency and the preservation of natural resources and the environment, (iii) restricting access to various sites, as well as sensitive premises and information. This policy is implemented by the management of each entity which, within its scope of responsibility, ensures the protection of persons and assets and minimizes the impact of bioMérieux’s activities on the environment.

Information Systems Department

The Information Systems Department is responsible for:

- supporting bioMérieux’s business strategy and systems by providing services and products that meet the needs of users of information systems in compliance with applicable laws and regulations;
- ensuring the availability, continuity and quality of the applications provided;
- managing and protecting information in terms of confidentiality and integrity, in accordance with security levels; and
- providing technical and functional support to customers within the Group.

In order to achieve these objectives, the department operates out of two facilities in France and the United States and relies on a network of IT correspondents in certain Group subsidiaries and an external service provider for service desk (a call center for computer incidents).

The Company has devised a security policy which protects it against major IT risks.

An IT governance procedure is used to define the responsibilities in the day-to-day use and IT management of existing applications. The main systems are reviewed by the Management Committee.

Legal Affairs and Industrial Property Department

The Legal Affairs and Industrial Property Department oversees bioMérieux's relations with external third parties (suppliers, customers, partners, governments, etc.) and the management of corporate governance, while ensuring compliance with applicable rules and regulations and the protection of the Company's interests. It organizes the protection and valuation of scientific innovations created by bioMérieux, in liaison with the Departments concerned. In order to achieve these objectives, the department operates from two main centers in France and in the United States and relies on a network of consultants in other parts of the world. It is organized by business function and by geographic area.

Global Compliance Officer

The Global Compliance Officer reports to the Chairman and Chief Executive Officer, and is responsible for establishing, promoting and monitoring the implementation of all compliance and ethical standards in accordance with applicable laws and the Company's Code of Conduct (see section 3.3.1).

The Global Compliance Officer also leads the Ethics and Compliance Program (see section 3.3.1).

3.3 - Internal control process

3.3.1 - Internal control environment

bioMérieux's internal control environment is based on the following:

Ethics and Compliance Program

The intent of this program, launched at the end of September 2011, is to ensure policies and practices that clearly convey, both internally and publicly, bioMérieux's commitment to an organizational culture of ethics and integrity. The program strives to promote ethical conduct in all business dealings; provide training for employees on ethical standards and the laws that apply to them; and, provide an opportunity for employees to voice their concerns and ask questions.

The Global Compliance Officer (GCO), leads the Ethics and Compliance Program, supported by the Ethics and Compliance Committee made up of representatives from several functions across the organization including: Global Operations, Finance, HR, Regulatory and Legal Affairs, R&D, IS, Communications and Audit.

The GCO and the Ethics and Compliance Committee will report regularly on the Company's compliance with and implementation of the program to the Management Committee and periodically to the Board of Directors.

The Ethics and Compliance Program is based on:

bioMérieux's values

The Group's values take the form of convictions and rules of conduct aimed at guiding the employees on a daily basis.

Code of Conduct

The Group's Code of Conduct sets out the rules of conduct and integrity applicable to all of its employees. All the employees have received a copy of the code which focuses on the following issues:

- compliance with the law;
- health, safety and the environment;
- conflicts of interest;
- professional ethics and integrity;
- safeguarding and appropriate use of assets; and
- social responsibility.

Rules of ethics applicable to the financial markets

Employees likely to hold inside information have signed the Company's rules regarding securities transactions and have agreed to comply with French regulations on insider trading and failure to meet inside trading obligations.

The Code of Conduct also sets out these rules. Online training has also been given to certain employees.

Internal control of subsidiaries

The Chief Executive Officers and Chief Financial Officers of each entity are responsible for internal control within their organization and undertake to implement an effective system.

Integrated management software application

The Company has begun to rollout an Integrated Management Software application (formerly ERP) across all Group entities. The ensuing standardized procedures facilitate the implementation of a more effective internal control system.

Quality Manual

The Corporate Quality Manual describes the corporate quality management system. This system applies to all the Company's activities, from the design of products to their delivery and installation, including after-sales service.

In addition to this Quality Corporate Manual, each subsidiary, production site and R&D site has a local Quality Manual describing provisions that are specific to its activities.

These manuals are used as permanent reference documents for the implementation, management and improvement of the Quality Management System, as well as for relations between bioMérieux and its customers.

Regulatory standards

All bioMérieux products are designed, manufactured and delivered in accordance with applicable quality standards.

The quality management system for the design, manufacture and delivery of products is designed in conformity with ISO 9001 certification, and ISO 13485 certification for *in vitro* diagnostics, implemented voluntarily or as required by regulations.

All products for clinical applications are manufactured on ISO 9001 certified sites. The main manufacturing sites are also ISO 13485 certified.

3.3.2 - Risk management and monitoring

The main risks to which the Group is exposed, including the different types of risk, their impact and how they are monitored, are described in Chapter 4 of this Registration Document.

The Group has set up a Risk Forum under the authority of the Manufacturing and Supply Operations, Quality Management, Regulatory Affairs & Information Systems Department. This Risk Forum meets on a quarterly basis for the purposes of:

- validating the Group's risk mapping process;
- implementing overall risk management and risk assessment procedures;
- monitoring these risks and the corresponding action plans;
- defining a crisis management process;
- informing the Management Committee of any significant risk for the Company.

3.3.3 - Control activities

Control activities are put in place by the corporate and operational departments based on Group procedures.

The persons and Departments in charge of internal control (see section 3.2 Persons and Departments in charge of internal control) play a decisive role in control activities.

3.3.4 - Information and communication

The Group has various written procedures (project management, investment management, processing of financial information, etc.), in French and in English which are accessible via its intranet and/or specific servers.

3.4 - Implementation and monitoring of the internal control system

General Management and the Board of Directors, through the Audit Committee, manage and monitor the internal control system (their roles and operations are detailed in the first part of this report).

For this purpose, they rely on audits as described below.

Internal Audit Department

The Internal Audit Department reports to the General Management and the Audit Committee. It is made up of a core team of three individuals who rely on internal resources (about thirty employees). The Internal Audit Department conducts audits to ensure that the procedures defined by the Group are properly applied by the subsidiaries and group-level departments, thereby contributing to continuously improve operating processes through risk analyses, internal audits and advisory services.

This department is governed by an Internal Audit Charter that sets out its role and duties, the scope of its authority and powers and the methodology used. The methodology complies with professional standards.

The Internal Audit Department draws up an annual audit plan, which is updated each quarter, based on a risk map.

The Internal Audit Department prepares a summary of the audits conducted, which is then presented to the Audit Committee every year and to the Management Committee on a regular basis.

Quality Management System (QMS) Department

The quality assurance departments, which are integrated into functions and business lines, conduct periodic audits to assess the implementation of good practices and ensure compliance with procedures and regulations in their field of expertise.

These audits are conducted at the Company’s sites or at its subsidiaries’ premises by internal quality auditors, based on a program drawn up each year.

External audits

The Company is subject to various types of external audits as described below.

The Statutory Auditors, i.e., Deloitte et Associés and its network and Diagnostic Révision Conseil (DRC), audit the consolidated financial statements and the parent company financial statements as well as the individual financial statements of most Group companies. For the other subsidiaries, the Statutory Auditors rely on the work carried out by these companies’ external auditors.

In addition to the reports required by law, the audits by the independent auditors are summarized in a report that covers material audit findings and the manner in which they have been resolved, as well as recommendations regarding the Group's internal control procedures. These recommendations are reviewed with the management of the subsidiaries concerned and their implementation is monitored.

The analysis and assessment of the Company's internal control systems are carried out in consultation with the Statutory Auditors, who are informed of the results of the work carried out by the internal audit team.

The regulatory authorities carry out audits and inspections at the Company's sites, as described in section 6.3.5 of the 2011 Registration Document.

The Company's pharmaceutical customers also conduct a large number of quality audits to verify the compliance of bioMérieux's quality assurance system with BPF and GMP requirements which are imposed on manufacturers of drugs that use bioMérieux products for their quality control processes.

3.5 - Internal control process relating to the preparation and processing of accounting and financial information

3.5.1 - Definition and objectives

Accounting and financial internal control is a key component of the internal control process. It applies to all Group processes relating to the preparation and reporting of accounting and financial information and ensures that such information is reliable and complies with statutory and regulatory requirements.

Like internal control in general, it relies on a global system which includes the design and implementation of the Group's information system as well as monitoring and control policies and procedures.

Accounting and financial internal controls are designed to ensure:

- the compliance of accounting and financial reporting with applicable rules;
- the application of the instructions and objectives issued by General Management;
- the safeguarding of assets;
- the prevention and detection, insofar as possible, of fraud or errors in accounting and financial information;
- the reliability of information circulated and used internally for monitoring or control purposes, insofar as it contributes to the preparation of the published accounting and financial information; and
- the reliability of the published financial statements and of other information provided to the market.

3.5.2 - Organization and parties involved

Finance Department

Accounting/Finance

bioMérieux has issued a "manual of accounting and consolidation principles" for use by the Group's entities. It lists the principal items in the consolidated financial statements and specifies their contents, as well as the valuation methods to be used.

For bioMérieux SA and its principal subsidiaries, the accounting procedures required by the application of those principles and local regulations when recognizing ordinary and recurring transactions are incorporated in the accounting software, in order to render data processing secure and automatic. A limited number of manual entries are made at those entities.

The Administrative and Finance Department of each entity performs credit management functions. The administrative and financial departments are responsible for defining and periodically reviewing the amount of credit allowed for customers, and anticipating risks of insolvency, by using the services of credit-rating companies.

Management control

Each year, the annual budget is prepared on the basis of the five-year corporate strategic plan and is validated by the Board of Directors. The budget serves as a basis to track the performance of each process and Group entity.

bioMérieux and its subsidiaries all have management controllers whose duties include verifying compliance with the budget. In addition, each function has a dedicated management control unit in charge of drawing up its annual budget and liaising with the legal entities of the Group.

Consolidation

The consolidation process is centralized within the bioMérieux Group. The consolidation unit checks that the financial statements of the subsidiaries are prepared in accordance with the Group's accounting principles, as set forth in procedure manuals provided to all Group entities. It has a consolidation software package which includes all the financial statements of the subsidiaries and processes them in accordance with the Group's chart of accounts. The consolidation process includes an in-depth analysis of the financial statements, e.g., net cash position is reconciled with the statements prepared by Cash Management. A quarterly analysis report is prepared and provided to the Group's General Management.

Cash Management

In light of the large number of countries in which bioMérieux operates, Cash Management also plays a key role in the accounting and financial internal control system. It is mainly responsible for:

– maintaining a balance between the finances of Group entities, by way of:
  - annual cash forecasts revised monthly on the basis of schedules included in reporting guidelines;
  - a cash pooling arrangement with bioMérieux as pool leader. Most of the subsidiaries are involved in this arrangement which enables optimal use of the Group's cash resources.
  - careful and prudent investment practices for temporary cash surpluses, which are invested exclusively in money-market instruments;

– managing exchange rate risks so as to minimize the impact of fluctuations on budgeted profit, through:
  - a policy of billing export sales to third parties exclusively in strong currencies;
  - hedging, whenever possible, a large portion of net cash flows;
  - monthly adjustments to hedges depending on actual transactions.

Nevertheless, residual risk exposures exist, due in part to the volume of business and debt in emerging countries.

In addition to having an impact on the Company's profit, exchange-rate fluctuations can affect its equity. The Company does not hedge the risks to which its assets are exposed in this respect.

Control of subsidiaries

Operational control of subsidiaries is achieved through:

– regional management departments (in Europe, North America, Latin America and Asia) which, with the assistance of support functions, verify the relevance of the appropriate human, financial and business resources available locally;
– the presence of members of certain operational and/or financial functions on the boards or committees (board of directors or its equivalent) overseeing the activities of subsidiaries;
– a financial and administrative function in each subsidiary;
– a monthly review of the subsidiaries' main performance indicators, pertaining primarily to their sales and financial structure, are compared to the same indicators of the previous year and the budget's indicators.

Investor Relations Department

The Company’s publications (annual and interim reports, press releases, etc.) are drafted on the basis of specific discussions. They are submitted to a working group, which includes the Global Sales Department and the Chief Financial Officer and Legal Officer. Press releases relating to results and sales are reviewed by the Audit Committee.

The Chairman of the Board of Directors
Jean-Luc Belingard

APPENDIX 2

STATUTORY AUDITORS' REPORT PREPARED IN ACCORDANCE WITH ARTICLE L.225-235 OF THE FRENCH COMMERCIAL CODE (*CODE DE COMMERCE*) ON THE REPORT PREPARED BY THE CHAIRMAN OF THE BOARD OF DIRECTORS

This is a free translation into English of the Statutory Auditors' special report issued in French 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.

To the Shareholders,

In our capacity as Statutory Auditors of bioMérieux and in accordance with article L.225-235 of the French Commercial Code, we hereby report to you on the report prepared by the Chairman of your Company in accordance with article L.225-37 of the French Commercial Code for the year ended December 31, 2011.

It is the Chairman's responsibility to prepare, and submit to the Board of Directors for approval, a report describing the internal control and risk management procedures implemented by the Company and providing the other information required by article L.225-37 of the French Commercial Code in particular relating to corporate governance.

It is our responsibility:

– to report to you our observations on the information set out in the Chairman's report on internal control and risk management procedures relating to the preparation and processing of financial and accounting information, and

– to attest that the report sets out the information required by article L.225-37 of the French Commercial Code, it being specified that it is not our responsibility to assess the fairness of this information.

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

Information concerning the internal control and risk management procedures relating to the preparation and processing of financial and accounting information

Professional standards require that we perform procedures to assess the fairness of the information on internal control and risk management procedures relating to the preparation and processing of financial and accounting information set out in the Chairman's report. These procedures mainly consisted of:

– obtaining an understanding of the internal control and risk management procedures relating to the preparation and processing of financial and accounting information on which the information presented in the Chairman's report is based, and of the existing documentation;

– obtaining an understanding of the work performed to support the information given in the report and of the existing documentation;

– determining if any material weaknesses in the internal control procedures relating to the preparation and processing of financial and accounting information that we may have identified in the course of our work are properly described in the Chairman's report.

On the basis of our work, we have no matters to report on the information given on internal control and risk management procedures relating to the preparation and processing of financial and accounting information, set out in the Chairman of the Board's report, prepared in accordance with article L.225-37 of the French Commercial Code.

Other information

We attest that the Chairman's report sets out the other information required by article L.225-37 of the French Commercial Code.

Lyon and Villeurbanne, April 23, 2012
The Statutory Auditors

DIAGNOSTIC REVISION CONSEIL	DELOITTE & ASSOCIÉS
Hubert de Rocquigny du Fayel	Olivier Rosier

APPENDIX 3

Information required in the annual financial report

Statement by the persons responsible for the document	Section 1.2
Management report	Appendix 4
Consolidated financial statements	Section 20.1.1
Statutory Auditors' report on the consolidated financial statements	Section 20.4.1
Parent company financial statements	Section 20.1.2
Statutory Auditors' report on the financial statements	Section 20.4.2

APPENDIX 4

Management report on the operations of the Company and the Group for the year ended December 31, 2011

To the Shareholders,

We have called you to this Annual General Meeting in accordance with the Company's bylaws and the French Commercial Code (*Code de commerce*) in order to report to you on the operations of the Company and the Group for the year ended December 31, 2011.

We hereby present the results of operations and the outlook and submit for your approval the balance sheet, parent company financial statements and consolidated financial statements for that year which are attached to this report.

MANAGEMENT REPORT ON THE 2011 CONSOLIDATED FINANCIAL STATEMENTS

1 - GROUP BUSINESS REVIEW

The highlights for the year ended December 31, 2011 were as follows:

1.1 - Net sales

Net sales for the year amounted to €1,427 million, up 5.2% on the €1,357 million generated in 2010. Growth in net sales on a constant Group structure and exchange rate basis (like-for-like) came in at 4.1%.

Like-for-like net sales for the year may be analyzed by region as follows:

Sales by region *In millions of euros*	**Twelve months ended Dec. 31, 2011**	Twelve months ended Dec. 31, 2010	% change As reported	**% change** At constant exchange rates & comparable business base
Europe[(a)]	**756**	727	+3.9%	**-0.4%**
North America	**320**	318	+0.6%	**+5.4%**
Asia-Pacific	**225**	201	+12.4%	**+12.2%**
Latin America	**126**	111	+13.9%	**+15.5%**
TOTAL	**1,427**	1,357	+5.2%	**+4.1%**

[(a)] Including the Middle East and Africa.

Like-for-like net sales for the year may be analyzed by technology as follows:

Sales by technology *In millions of euros*	**Twelve months ended Dec. 31, 2011**	Twelve months ended Dec. 31, 2010	% change As reported	**% change** At constant exchange rates & comparable business base
Clinical applications	**1,177**	1,142	+3.1%	**+4.0%**
Microbiology	**737**	694	+6.2%	**+8.2%**
Immunoassays[(a)]	**355**	361	-1.7%	**-0.6%**
Molecular biology	**69**	70	-1.1%	**-9.0%**
Other lines	**16**	17	-5.9%	**-12.5%**
Industrial Applications	**250**	215	+16.3%	**+4.5%**
TOTAL	**1,427**	1,357	+5.2%	**+4.1%**

[(a)] Including VIDAS®, with growth close to 4%.

1.2 - Strategic partnerships and agreements

Three strategic partnership agreements were signed during the year:

- with Ipsen (theranostics) in late March 2011;
- with the Shanghai Institutes for Biological Sciences (SIBS) (industrial applications);
- with the Uppsala Clinical Research Center (UCR) in Sweden in December 2011 (development of new biomarkers for cardiovascular diseases).

1.3 - New products

bioMérieux brought 25 new products to market during the year, including a CE-marked version of the VITEK® MS mass spectrometry solution for bacterial identification in microbiology laboratories. The Myla® middleware enables seamless integration between this new solution and the VITEK® platform, the world's leading system for automated ID/AST. A request for 510(k) clearance will be filed with the U.S. Food and Drug Administration (FDA) in the first half of 2012.

1.4 - Industrial operations

The plan to optimize the production base was deployed, with the discontinuation of production at the Portland, OR plant and the extension of the BacT/ALERT® bottle capacity at the Durham, NC plant, both in the United States. A new culture media manufacturing site in Craponne, France, also began operating.

In early 2011, the global ERP system came on stream in France, bringing to five the number of countries where it has been implemented (the others are Germany, the United Kingdom, the United States and Canada).

1.5 - Current proceedings

The Company is involved in a certain number of claims and litigation arising in the ordinary course of business. bioMérieux believes that no claim or litigation will have a material adverse impact on its operations. The Company is not involved in litigation considered to be material, with the exception of the proceedings described in Notes 13.3.1 and 13.4 to the consolidated financial statements. The Company believes that provisions set aside for litigation provide reasonable coverage of the related risks.

1.6 - Organization of bioMérieux's sponsorship activities

On December 19, 2003, the Board of Directors resolved to allocate a specific portion of its budget to sponsorship activities. It was agreed that 80% to 90% of this portion would be allocated to projects supported by the Mérieux Foundation and the Christophe and Rodolphe Mérieux Foundation and that the remaining amount would be allocated to sponsorship projects undertaken directly by bioMérieux. In 2011, the Company contributed €1.9 million to sponsorship activities (including €1.4 million to the two aforementioned foundations), representing 2.6% of its net sales.

2 - PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS: ECONOMIC AND FINANCIAL SUMMARY

2.1 - Consolidated financial statements

The consolidated financial statements for the years ended December 31, 2011 and December 31, 2010 were prepared in accordance with International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS).

Consolidated income statement (see section 9.2.1).

Consolidated statement of cash flows (see section 9.2.2).

2.2 - Dividend

At the Annual General Meeting to be held on May 30, 2012, the Board of Directors will ask shareholders to approve a dividend of €0.98 per share, representing a total of €38.7 million to be paid out in June 2012.

2.3 - Off-balance sheet commitments

Off-balance sheet commitments given and received in 2011 are set out in Note 28 to the consolidated financial statements.

2.4 - Market risks

Exchange rate risks

Since more than half of the Group's operations are conducted outside the eurozone, its financial position and results may be materially impacted by changes in exchange rates between the euro and other currencies. Further information on exchange rate risk is presented in Note 27.1 to the 2011 consolidated financial statements.

Credit risk

The Group is not exposed to significant credit risk. The carrying amount of its receivables reflects the fair value of the expected net cash flows to be collected. The impact of net writedowns of trade receivables and the net exposure to Greek sovereign debt are set out in Note 8 to the 2011 consolidated financial statements.

Liquidity risk

The Group is not exposed to liquidity risk, since its total current financial assets far exceed its total current financial liabilities and seasonal fluctuations do not have a material impact on the business.

Accordingly, the only maturity schedule given pertains to net financial liabilities, as presented in Note 15.2 to the consolidated financial statements.

2.5 - Consolidated financial statements

The consolidated financial statements are attached to this report.

3 - RECENT EVENTS/OUTLOOK

3.1 - Recent events

In March 2012, Greece required holders of government bonds to swap them for other financial instruments with a 46.5% lower nominal value and with longer maturities (until 2042). In this context, the provision for impairment recognized at December 31, 2011 was increased to 75% on average for pre-2010 receivables.

3.2 - Outlook

See section 16.2 of the Company's management report set out below.

4 - RESEARCH AND DEVELOPMENT ACTIVITIES

Further information on research and development activities is provided in Chapter 11 of this Registration Document.

5 - SUBSIDIARIES AND INVESTMENTS

The activities of the subsidiaries and companies controlled by the Group form part of the description of the Company's activities provided in this Registration Document. The table of subsidiaries and investments is presented in Note 5.1 to the 2011 parent company financial statements.

5.1 - Miscellaneous information on acquisitions/disposals of investments

5.1.1 - Acquisitions of investments (see section 7.2.2.1)

5.1.2 - New subsidiaries

During 2011, the Company created a subsidiary in Poland to accommodate the staff of the shared services center in Eastern Europe. This subsidiary will provide accounting and administrative support to other subsidiaries in the region.

The table of subsidiaries and investments is presented in Note 5.1 to the 2011 parent company financial statements.

5.2 - Legal structure (see section 7.2.1)

MANAGEMENT REPORT ON THE 2011 PARENT COMPANY FINANCIAL STATEMENTS

1 - PRESENTATION OF THE PARENT COMPANY FINANCIAL STATEMENTS

The annual financial statements for the year ended December 31, 2011 were prepared in accordance with the rules of presentation and assessment methods provided for by regulations currently in force.

1.1 - Highlights of the year

Acquisitions and partnerships

On July 14, 2011, bioMérieux SA increased its equity interest in Knome, acquiring additional shares in the company for €3.6 million (USD 5 million). bioMérieux now holds 12.2% of Knome. In 2010, bioMérieux and Knome entered into a strategic partnership to develop next-generation, sequence-based *in vitro* diagnostics.

In July 2011, bioMérieux acquired the entire share capital and voting rights of Skiva for a fixed price of €183 million excluding acquisition fees. Skiva is the holding company of the AES Laboratoire group, a leading player specialized in industrial microbiological control. As a result of this acquisition, bioMérieux indirectly holds the entire share capital of AES Laboratoire.

Also in July, the Company acquired the entire share capital of AB Services SAS, the holding company of Argene, a French firm specializing in molecular biology. As a result of this transaction, bioMérieux SA recognized securities totaling €37.5 million in its financial statements.

Argene has 70 employees and over 20 years' experience in the field of virology diagnostics. In 2010, the company's sales amounted to €10 million, with molecular diagnostics representing three-quarters of its business. Argene generates 50% of its sales outside France and has direct distribution subsidiaries in Switzerland, Italy and the United States.

In connection with its acquisition of Argene, bioMérieux SA entered into a new agreement with Biocartis extending the partnership to incorporate the diagnosis of viruses affecting immunocompromised patients. This transaction led to an upfront payment of €2 million.

Opus share ownership plan

In 2011, the Company renewed the employee share ownership plan open to all of its personnel worldwide. The plan entitles employees to purchase bioMérieux shares on preferential terms based on a matching contribution mechanism. For bioMérieux SA, eligible employees were entitled to invest their 2010 profit-sharing income in the Opus Classic fund, set up in 2004 following bioMérieux's IPO. In all, 53% of bioMérieux SA's employees participated in this plan, to which the Company contributed €1.1 million.

Provision relating to liability coverage in Greece

At December 31, 2011, bioMérieux SA booked a provision to cover the risk that it may be required to grant financial assistance to its Greek subsidiary. The provision totaled €5.7 million and is intended to cover the subsidiary's negative net equity should the amounts due from the Greek government not be paid.

1.2 - Activity

During the year ended December 31, 2011, the Company's net sales amounted to €743.4 million, compared to €729.8 million for 2010, representing a year-on-year increase of 1.9%.

- Domestic sales slipped 4%.
- Sales to subsidiaries rose 2.5%.
- Sales to distributors climbed 10%.

1.3 - Gross operating profit

Gross operating profit was €91.8 million, or 12.3% of net sales, down €12.1 million (11.6%) on 2010.

Production included in inventories was up €9.6 million, due mainly to significant run-downs of finished and semi-finished products during 2010 in connection with the rollout of SAP in France. Inventories returned to a more usual level in 2011, with an increase of €4.1 million year on year, compared to a decrease of €5.4 million in 2010.

Gross operating profit was hit by subdued 1.9% business growth, which failed to absorb the rise in personnel costs, up €8.1 million, or 4.2%, over the same period.

External charges increased by €19.6 million (12.6%), including €3.3 million in IT services relating in part to HCL outsourcing and €3.6 million in transport costs. The increase in "Fees" in an amount of €5.7 million reflects fees relating to the acquisition of Argene and AES, and to R&D.

1.4 - Operating profit

Operating profit after depreciation, amortization and provisions fell 24.9% to €37.9 million in 2011 from €50.5 million in 2010.

1.5 - Financial income

Financial income came in at €67.3 million versus €103.3 million in 2010. The decrease reflects a fall in dividends received from subsidiaries in an amount of €49.8 million, offset in part by a €12.8 million decrease in impairment charges against long-term investments.

1.6 - Profit before non-recurring items and taxes

Profit before non-recurring items and taxes totaled €105.2 million versus €153.8 million one year earlier.

1.7 - Net non-recurring items

The Company reported net non-recurring expense of €2.3 million in 2011, versus net non-recurring income of €6.7 million in 2010. Net non-recurring income in 2010 reflected the €8.4 million write-back of the restructuring provision following the debt waiver granted to bioMérieux BV due to its closure.

1.8 - Profit for the year

Profit for the year came in at €103.5 million, up €46.8 million on 2010, and represented 13.9% of net sales, compared to 20.6% one year earlier.

1.9 - Investments

A total of €35.5 million was invested in property, plant and equipment and intangible assets, including €3.0 million in instruments.

The Company continued to invest in industrial equipment, which totaled €17.5 million in the year. Investments in buildings and installations across all sites totaled €4.8 million.

The gross value of financial fixed assets (acquisitions less disposals) increased €213.5 million. Investments in equity interests rose €224.6 million in the year, owing mainly to the acquisition of Argene and AES. Dividends receivable from ABG Stella fell €11 million.

1.10 - Debt

At December 31, 2011, the Company reported €83.2 million in debt, compared to €61.7 million in surplus cash one year earlier. The "Net debt" line rose by almost €145 million year on year, due to acquisitions carried out in the period.

1.11 - Parent company financial statements

The parent company financial statements are attached to this report.

2 - APPROPRIATION OF PROFIT

Shareholders will be invited to appropriate distributable profit for the year ended December 31, 2011 in the amount of €152,568,720.30, consisting of €103,474,960.52 in profit and €49,093,759.78 in retained earnings, as follows:

- €16,000,000 to be transferred to the general reserve, increasing the balance from €384,000,000 to €400,000,000;
- €67,679.56 to be transferred to the special sponsorship reserve, increasing the balance from €513,555.20 to €581,234.76;
- €38,664,665.20 to be distributed as dividends, representing a dividend of €0.98 for each of the Company's 39,453,740 shares comprising the share capital, to be paid as from June 6, 2012;
- the remaining €97,836,375.54 to be transferred to retained earnings.

Following this appropriation of profit, the Company's shareholders' equity after the dividend payout will stand at €504,337,783.52 and its share capital at €12,029,370.

The Company will not receive any dividends on treasury shares held on the ex-dividend date and the corresponding amount will be allocated to retained earnings.

The entire amount of the dividend is eligible for the 40% deduction. Individuals domiciled in France for tax purposes in accordance with paragraph 2 of article 158.3 of the French Tax Code (*Code général des impôts*) benefit from a tax deduction of 40% on the annual dividend. Individuals who so wish may opt to be withheld at source as provided for in article 117 *quater* of the French Tax Code, by sending the relevant notification pursuant to the law.

3 - SUMMARY OF DIVIDENDS PAID

The table below presents the dividends paid by the Company for each of the past three years.

Year ended	Dividends paid *in euros*
Dec. 31, 2010	38,664,665.20
Dec. 31, 2009	36,297,440.80
Dec. 31, 2008	31,957,529.40

4 - NON-TAX-DEDUCTIBLE EXPENSES

The 2011 financial statements include non-tax-deductible expenses as provided for in articles 223 *quater* and 223 *quinquies* of the French Tax Code amounting to €181,220.11. These correspond to the non-deductible portion of rental payments and depreciation charges, relating to vehicles leased and purchased by bioMérieux SA, respectively.

5 - PAYMENT PERIODS

Trade payable balances at December 31, 2011 break down as follows:

TRADE PAYABLES AT DEC. 31, 2011 *In thousands of euros* *By due date*	Accrued expenses	Operating payables, fixed asset payables + notes payable	TOTAL
Disputed payables – more than 1 year		2,620	2,620
More than 10 days overdue		8,090	8,090
Less than 10 days overdue		1,142	1,142
Due in 0-30 days		26,035	26,035
Due in 31-60 days		34,386	34,386
Due in 61-90 days		13,390	39,690
Accrued expenses	50,173		50,173
Total	**50,173**	**85,665**	**135,838**

The above trade payables balances include a €2,545,000 debit balance recorded in the balance sheet under "Other operating receivables" and "Non-operating receivables", respectively. Amounts due in over 60 days relate to subsidiaries (mainly bioMérieux Inc, Argene SA and bioMérieux Italy).

Trade payables at December 31, 2010 break down as follows:

TRADE PAYABLES AT DEC. 31, 2010 *In thousands of euros* *By due date*	Accrued expenses	Operating payables + notes payable	Fixed asset payables + notes payable	TOTAL
Disputed payables – more than 1 year		1,530	43	1,573
More than 10 days overdue		6,654	3,676	10,330
Less than 10 days overdue		2,898	202	3,099
Due in 0-30 days		7,590	355	7,945
Due in 31-60 days		42,069	4,322	46,391
Due in 61-90 days		738		738
Due in more than 90 days		3,586	23	3,609
Accrued expenses	39,690			39,690
Total	**39,690**	**65,063**	**8,621**	**113,374**

6 - BREAKDOWN OF SHARE CAPITAL AT DECEMBER 31, 2011 (see sections 18.1, 18.2 and 18.3)

Employee share ownership (see section 18.1)

Transactions carried out by senior executives: the Company has been informed that the following securities transactions were carried out by senior executives in 2011:

– Stéphane Bancel sold shares in the amounts of €343,132.38 on January 21, 2011; €335,380.58 on January 24, 2011; €271,471.98 on January 31, 2011; €810,034 on May 20, 2011; and €390,245 on May 24, 2011.

- Thierry Bernard sold shares in the amounts of €79,000 on January 21, 2011; €158,000 on January 22, 2011; €158,000 on January 25, 2011; €80,000 on January 26, 2011; and €162,000 on February 3, 2011.

- Eric Bouvier sold shares in the amount of €375,200 on March 25, 2011.

- Henri Thomasson subscribed for mutual fund (FCPE) units in the amount of €13,332 on May 20, 2011.

7 - LIST OF DIRECTORSHIPS AND OTHER POSITIONS HELD BY CORPORATE OFFICERS (see section 14.1)

8 - COMPENSATION OF CORPORATE OFFICERS (see section 15.1)

Summary of directors' fees and executive corporate officers' compensation.

9 - POLLUTING OR HAZARDOUS ACTIVITIES

The Company does not operate any facilities classified by the Seveso II Directive as “upper tier” (high-risk) sites.

10 - CORPORATE SOCIAL AND ENVIRONMENTAL RESPONSIBILITY

10.1 - Corporate social responsibility (see section 17.1)

Group employees (see section 17.1.1).

Human resources policy (see section 17.1.2)

10.2 - Environmental policy

Further information on environmental issues is presented in section 8.2 of the 2011 Registration Document.

11 - RESEARCH AND DEVELOPMENT ACTIVITIES

Further information on research and development activities is presented in section 4 of the Management Report on the consolidated financial statements.

12 - INFORMATION ON PUBLIC OFFERS (see section 21.2.6)

13 - STATUTORY AUDITORS' REVIEW OF RELATED-PARTY AGREEMENTS

The Statutory Auditors' reports, including the special report on related-party agreements as provided for by articles L. 225-38 *et seq.* of the French Commercial Code, are presented in Chapter 19 of the 2011 Registration Document. These reports are available for consultation at your convenience.

14 - DIRECTORSHIPS

Christian Bréchot's term of office as director expires during the 2012 Annual General Meeting. Mr Bréchot has indicated that he does not wish his term of office to be renewed. Accordingly, shareholders will be asked to appoint Marie-Hélène Habert to replace him. Her term of office will be for a period of four years, expiring at the Annual General Meeting to be held in 2016 to approve the financial statements for the year ending December 31, 2015.

Marie-Hélène Habert is a French citizen and was born in Boulogne Billancourt on April 4, 1965. She is a graduate of the Université de Paris II Law School where she studied business law, and has a post-graduate diploma in Business Law and Taxation from Université de Paris I/La Sorbonne and in marketing from IEP Paris. Marie-Hélène is currently Director of Communications and Philanthropy for the Dassault group, and a member of the boards of Artcurial, Immobilière Dassault, Fondation Serge Dassault and GIMD (Marcel Dassault group).

The Board of Directors is asking the shareholders to vote on the appointment of Harold Boël, currently non-voting member of the Board. Harold Boël has resigned from his office as non-voting member and can therefore be appointed director for a period of four years, expiring at the Annual General Meeting to be held in 2016 to approve the financial statements for the year ending December 31, 2015.

Harold Boël was born in New York (United States) on August 27, 1964, and is currently residing in Brussels. He graduated in Chemistry from Brown University in the United States and qualified as a materials science engineer with Ecole Polytechnique Fédérale de Lausanne. Mr Boël has occupied various managerial positions in the steel industry within the Corus group. He is currently Managing Director of Sofina and Henex, holding companies listed on Euronext Brussels, and is a member of the Board of Directors of Suez Environnement and Electrabel.

GIMD, represented by Mr Habert, indicated its wish to resign from its office as director with effect from May 30, 2012.

15 - STATUTORY AUDITORS' TERMS

The terms of the principal Statutory Auditors, Deloitte & Associés, and of the deputy Statutory Auditors, BEAS, expire during the present Annual General Meeting.

In replacement, shareholders are asked to appoint the following Statutory Auditors for terms of six years, i.e., until the close of the Annual General Meeting to be held in 2018 to approve the financial statements for the year ending December 31, 2017:

– as principal joint Statutory Auditor, Ernst & Young et Autres, a simplified joint stock corporation (*société par actions simplifiée*) with variable share capital, whose registered office is located at 1-2 place des Saisons, Paris-La Défense 1, 92400 Courbevoie, which is registered in Nanterre under number 438 476 913 and is a member of *Compagnie régionale des Commissaires aux comptes de Versailles*;

– as deputy joint Statutory Auditor, Auditex, a simplified joint stock corporation with variable share capital, whose registered office is located at 1-2 place des Saisons, Paris-La Défense 1, 92400 Courbevoie, which is registered in Nanterre under number 377 652 938 and is a member of *Compagnie régionale des Commissaires aux comptes de Versailles*.

16 - RECENT EVENTS/OUTLOOK

16.1 - Recent events

In March 2012, Greece required holders of government bonds to swap them for other financial instruments with a 46.5% lower nominal value and with longer maturities (until 2042). In this context, the provision for impairment recognized in the financial statements at December 31, 2011 was increased to 71% on average for pre-2011 receivables.

16.2 - Outlook

The deterioration in the economic environment since the publication of the 2010-2015 strategic plan in March 2010 has called into question the plan's underlying assumptions.

However, the Company believes that clinical and industrial *in vitro* diagnostics will continue to benefit from the previously identified dynamic drivers of medium- and long-term growth. It therefore intends to keep deploying its strategy through 2015, by continuing to pursue the same avenues to growth. In particular, it is assertively positioning its strategy in infectious diseases, cardiovascular emergencies and targeted cancers.

Backed by the mastery of its complementary technologies, its balanced global footprint, extensive installed base and robust financial health, bioMérieux aims to:

- extend its leadership in clinical and industrial microbiology: it will continue to innovate in these two areas, by delivering new Full Microbiology Laboratory Automation (FMLA®) and fast microbiology solutions that address the financial and technological issues often facing today's laboratories;

- optimize its position in immunoassays, where it is a focused player. The Company intends to capitalize on its VIDAS® franchise, with a focus on its expertise in high medical value tests. The new-generation VIDAS® will be particularly adapted to emerging countries. The Company is also developing its manual and automated point-of-care solutions;

- grow its molecular biology business: primarily targeting nucleic acid extraction, where the Company has a leading position, and the diagnosis of infectious diseases, leveraging the fully automated platform under development with Biocartis. It will also continue to pursue its efforts in personalized medicine.

bioMérieux will pursue its ambitious international development and will continue to expand its presence in new fast-growing markets, with a focus on China, as well as in North America, the world's largest market.

17 - RISK FACTORS

Further information on risk factors is presented in Chapter 4 of the 2011 Registration Document.

Other financial risks

Further information on how other financial risks are managed is presented in the accompanying consolidated financial statements.

18 - REPORT ON SHARE BUYBACK TRANSACTIONS CARRIED OUT DURING THE YEAR (see section 21.1.3)

19 - CONCLUSION

The information contained in this report, the parent company and consolidated financial statements for the year ended December 31, 2011, the Board's proposals and the discharge of the directors for the performance of their duties with respect to 2011, is submitted for approval by the Annual General Meeting.

The Board of Directors

APPENDIX A

FIVE-YEAR FINANCIAL SUMMARY

	2011	2010	2009	2008	2007
I. Share capital at year-end					
Share capital	12,029,370	12,029,370	12,029,370	12,029,370	12,029,370
Number of ordinary shares outstanding	39,453,740	39,453,740	39,453,740	39,453,740	39,453,740
Number of preferred shares (without voting rights) outstanding	0	0	0	0	0
Maximum number of potential shares to be issued	0	0	0	0	0
By conversion of bonds	0	0	0	0	0
By exercise of subscription rights	0	0	0	0	0
II. Transactions and profit for the year					
Net sales	743,409,495	729,767,174	645,591,221	599,166,536	552,966,507
Profit before tax, employee profit sharing, depreciation, amortization and provisions	148,891,076	215,560,896	108,165,249	110,987,806	98,517,151
Income tax	(1,092,020)	6,153,827	(7,752,262)	(2,347,822)	1,032,680
Employee profit sharing for the year	608,004	4,123,346	0	2,571,888	1,001,436
Profit after tax, employee profit sharing, depreciation, amortization and provisions	103,474,961	150,257,615	81,790,110	78,706,148	33,150,507
Dividends paid[(a)]	38,664,665	38,664,665	36,297,441	31,957,529	29,984,842
Special dividend paid from the general reserve	0	0	0	0	0
III. Earnings per share					
Earnings after tax and employee profit sharing, but before depreciation, amortization and provisions	3.79	5.20	2.94	2.81	2.45
Earnings after tax, employee profit sharing, depreciation, amortization and provisions	2.62	3.81	2.07	1.99	0.84
Dividend per share[(b)]	0.98	0.98	0.92	0.81	0.76
IV. Employee data					
Average number of employees during the year	2,725	2,675	2,605	2,449	2,367
Total annual payroll	136,681,136	129,576,098	130,932,692	116,589,162	111,202,680
Total employee benefits paid during the year (social security, charities)	64,664,749	63,655,867	59,318,262	51,736,740	49,539,321

(a) Subject to the non-payment of dividends on treasury shares held on the ex-dividend date.
(b) This table does not present the per-share dividend for special dividend payouts.

APPENDIX B

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2011
(see section 20.1.1)

APPENDIX C

PARENT COMPANY FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2011
(see section 20.1.2)

APPENDIX D

TABLE OF AUTHORIZATIONS FOR SHARE CAPITAL INCREASES
(see section 21.1.5)

APPENDIX 5

Glossary of scientific terms

- **Acute coronary syndrome**: decreased blood flow in the coronary arteries resulting in reduced circulation rate and inadequate oxygenation of the myocardial muscle.
- **Amplification**: a technique, usually using enzymes, for multiplying nucleic acids in order to increase the sensitivity of detection methods.
- **Antibiotic**: a substance of natural or synthetic origin capable of stopping the multiplication of bacteria.
- **Antibiotic susceptibility test**: an analysis to determine the sensitivity of a bacterium to antibiotics.
- **Antibody**: a molecule produced by the immune system to detect and neutralize pathogens, in particular viruses.
- **Antigens**: a foreign substance in an organism which triggers the production of an antibody (immune reaction).
- **Bacterium**: a unicellular microorganism lacking chlorophyll and visible only under a microscope. Bacteria do not belong to either the plant or the animal kingdom.
- **Biochemistry**: an area of science which studies the correlation between the structure of natural molecules and the consequences for their activity.
- **Blood culture**: an essential blood test in infectious disease, carried out by taking a sample of venous blood which is then cultured to reveal the presence or absence of germs.
- **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.
- **Commensal bacteria**: the skin and mucous membranes are continuously colonized by commensal bacteria that do not cause disease unless the subject is weakened.
- **Consumable**: a single-use accessory, generally employed in an analysis instrument.
- **Contaminant**: a substance present where it should not be.
- **Culture medium**: a 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.
- **Cytology** (or cellular biology): an area of biology concerning the study of cells and their organelles, the vital processes taking place therein as well as the mechanisms allowing for their survival (reproduction, metabolism).
- **Cytomegalovirus**: a virus responsible for infections, usually undetected. It becomes pathogenic especially in patients with weak immune defenses. Member of the herpes virus family, which includes *inter alia* herpes simplex virus (HSV) or herpes virus hominis (HVH), cytomegalovirus (CMV), varicella-zoster virus (VZV) and Epstein-Barr virus (EBV).
- **Cytometry**: the counting of cells.
- **DNA**: the acronym of "deoxyribonucleic acid". These nucleotides consist of a sugar (deoxyribose), a phosphate group and one of the following nitrogen-containing bases: adenine (A), cytosine (C), guanine (G) or thymine (T), and serve as a medium for genetic information.
- **DNA sequencing**: method used to determine the order of the nucleotide bases in a molecule of DNA.

- **Enterobacteria**: a family of bacilli (bacteria) revealed by Gram-negative staining which are aerobic or anaerobic (requiring or not requiring oxygen to live and reproduce).
- **Enterococcus**: oval-shaped bacterium of the group D of the Streptococcus family, usually resident in the intestine of healthy humans.
- **Enzyme**: a 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, particles or molecules at high speed through a laser beam. The light re-emitted (by diffusion or fluorescence) enables the population to be classified and sorted according to several criteria.
- **Functionalized polymer**: an organic or inorganic macromolecule formed by a chain of repeating units to which chemical groups are grafted in order to give the macromolecule a particular function.
- **Fungal**: that which relates to fungi.
- **Genotyping**: determination of all the genes contained in the cells of an organism.
- **Gram staining**: staining which reveals the properties of the bacterial wall so that they can be used to distinguish and classify bacteria. The main distinction is between Gram-positive and Gram-negative bacteria.
- **Healthcare-associated infection**: a disease contracted in a hospital or other healthcare establishment by a patient who did not have this disease on admission.
- **Histology**: the study of tissue in order to research tissue composition, structure and renewal and cellular exchanges within themselves.
- **Immunoassay**: detection of pathology markers using an antigen-antibody reaction.
- ***In vitro* diagnostics**: tests performed outside the human body using diagnostic tools such as antibodies.
- ***In vivo* diagnostics**: tests or research performed on a living organism.
- **IVD**: abbreviation for *in vitro* diagnostics.
- **Listeria**: a 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.
- **Mass spectrometry**: a technique used to identify and determine the chemical structure of multiple molecules simultaneously, analyzing the mass and charge of their ions.
- **Methicillin**: a semi-synthetic penicillin used primarily against non-resistant Staphylococcus aureus.
- **Microbiology**: the study of microorganisms, including *inter alia* viruses, bacteria and fungi.
- **Microorganism**: a living organism of microscopic size.
- **Molecular biology**: technology based on the detection of genetic sequences of DNA or RNA that are characteristic of a bacterium, virus, protein or cell.
- **MRSA**: methicillin-resistant Staphylococcus aureus bacterium.
- **Multiplex**: the ability to transmit multiple data on a single physical medium.

- **Multi-resistant bacteria**: bacteria are said to be multi-resistant to antibiotics when they are sensitive only to a small number of the antibiotics customarily used in therapy, as a consequence of the accumulation of natural and acquired resistances.

- **Mycobacteria**: rod-shaped bacillus-type bacteria. Some species of mycobacterium are pathogenic: M. leprae responsible for leprosy; M. tuberculosis, responsible for tuberculosis.

- **Nucleic acid**: a naturally-occurring molecule found in most cells. It has the ability to hold and transmit coded hereditary instructions allowing for an organism's development. There are two types of nucleic acids: DNA and RNA.

- **Oncology** (or cancerology): the medical specialty of the study, diagnosis and treatment of cancers.

- **Parasite**: an organism that feeds off, lives or reproduces itself by establishing a lasting interaction with another organism (the host).

- **Pathogen**: biological agent responsible for infectious disease. Infectious agents can be viruses, bacteria or parasites.

- **POC (Point-of-Care) – POCT (Point-of-Care Testing)**: services offered “at the bedside”, including in particular the analysis of the diagnosis.

- **Protein**: a basic constituent of all living cells. A biological macromolecule is composed of one or more amino acid chains linked by peptide bonds.

- **Pulmonary embolism**: obstruction of one of the branches of the pulmonary artery or of the pulmonary artery itself by a blood clot.

- **Quality indicator**: term used in food processing to define the microorganisms responsible for visual or taste alterations (e.g., mold 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**: the acronym of "ribonucleic acid". A polymer similar to DNA which, like DNA, has a role as a vector of genetic information. The sugar in RNA is a ribose.

- **Sepsis**: an excessive reaction of an organism's immune system and coagulation system 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.

- **Staphylococcus**: a genus of Gram-positive bacteria, usually observed in clusters resembling bunches of grapes.

- **Substrate**: a molecule used as a starting product which binds to the active site of an enzyme and is converted into one or more products.

- **Theranostics**: a diagnostic test that allows clinicians to take the most suitable therapeutic decision for each patient, thereby favoring more personalized treatment.

- **Typing**: a method which can help in the assessment of the compatibility between two individuals, their organs, tissues or blood. A technique used to characterize bacteria.

- **Venous thrombosis**: the 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**: a 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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