Reference Document

2006

from diagnosis,
the seeds of better health

BIOMÉRIEUX

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

In accordance with the General Regulations of the French Financial Markets Authority (*Autorité des Marchés Financiers* - AMF), especially article 212-13 thereof, the Reference Document (*Document de Référence*) was registered with the AMF on May 24, 2007 under number R 07-078. It may be used in support of a financial transaction only if accompanied by a notice (*note d'opération*) endorsed by the AMF. This document was prepared by the issuing company under the responsibility of the persons signing it.
Registration, in accordance with article L 621-8-1-I of the French Monetary and Financial Code, requires that the AMF ascertain that "the document is clear and comprehensible and that the information it contains is consistent." Registration does not imply the validation by the AMF of the accounting and financial information in the document.

This English translation is for the convenience of English-speaking readers. Consequently, the translation may not be relied upon to sustain any legal claim, nor should it be used as the basis of any legal opinion. bioMérieux expressly disclaims all liability for any inaccuracy herein.

As prescribed by article 28 of European Commission Regulation (EC) 809/2004 of April 29, 2004 and by article 212-11 of the General Regulation of the French Financial Markets Authority (*Règlement Général de l'Autorité des Marchés Financiers*), the information below is included by reference in this document:

- The information for fiscal 2005 corresponding to item 9.1 of appendix 1 of Regulation (EC) 809/2004 is presented under sections 5.2, 5.3 and 5.5 of the "Reference Document" filed with the AMF on May 23, 2006 under number R. 06-069 (hereinafter the "Reference Document 2005", and the information for fiscal 2004 is presented under sections 5.2, 5.3 and 5.5 of the "Basic Document" (*Document de Base*) filed with the AMF on May 18, 2005 under number R. 05-059 (hereinafter the "Basic Document").

- The information corresponding to item 11 of appendix 1 of Regulation (EC) 809/2004 for fiscal 2005 is presented under sections 4.4 and 4.7 of the Reference Document 2005 and the information for fiscal 2004 is presented under sections 4.6 and 4.7.6 of the Basic Document.

- The information corresponding to item 20.1 of appendix 1 of Regulation (EC) 809/2004 for fiscal 2005 is presented under sections 5.3, 5.4, 5.5 and 5.6 of the Reference Document 2005 and the information for fiscal 2004 is presented under sections 5.3, 5.4, 5.5 and 5.6 of the Basic Document.

- The information corresponding to item 20.3 of appendix 1 of Regulation (EC) 809/2004 for fiscal 2005 is presented under sections 5.3, 5.4, 5.5 and 5.6 of the Reference Document 2005 and the information for fiscal 2004 is presented under sections 5.3, 5.4, 5.5 and 5.6 of the Basic Document.

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

- The information corresponding to item 20.4.2 of appendix 1 of Regulation (EC) 809/2004 for fiscal 2005 is presented under section 1.2 of the Reference Document 2005 and the information for fiscal 2004 is presented under section 1.4 of the Basic Document.

The other information contained in the Reference Document 2005 and the Basic Document is not incorporated by reference.

CONTENTS

PART 1

PERSON RESPONSIBLE FOR THE REFERENCE DOCUMENT - PERSONS RESPONSIBLE FOR THE FINANCIAL AUDIT

1.1 PERSON RESPONSIBLE FOR THE REFERENCE DOCUMENT

Mr. Alain Mérieux, Chairman and Chief Executive Officer of bioMérieux.

1.2 DECLARATION BY THE PERSON RESPONSIBLE FOR THE REFERENCE DOCUMENT

"I hereby certify that, based on all reasonable care taken in this respect, the information contained in this Document is, to the best of my knowledge, consistent with the facts and does not omit anything likely to materially affect its import.

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

Marcy l'Etoile, May 23, 2007

Alain Mérieux, Chairman and Chief Executive Officer

1.3 PERSONS RESPONSIBLE FOR THE FINANCIAL AUDIT

1.3.1 Statutory auditors for fiscal 2006

Deloitte & Associés
81 Boulevard Stalingrad, 69100 Villeurbanne
represented by Alain Descoins

Appointed by the shareholders' meeting of March 2, 1988 and reappointed by the shareholders' meetings of March 17, 1994, March 23, 2000 and June 8, 2006 for a term expiring at the close of the shareholders' meeting called to approve the financial statements for the fiscal year ending December 31, 2011.

Deloitte et Associés is a registered auditing firm, member of Compagnie Régionale des Commissaires aux Comptes de Versailles.

Commissariat Contrôle Audit - CCA
43 Rue de la Bourse, 69002 Lyons

Appointed by the shareholders' meeting of June 9, 2005 for a term expiring at the end of the shareholders' meeting called to approve the financial statements for the fiscal year ended December 31, 2010.

Commissariat Contrôle Audit - CCA is a registered auditing firm, member of Compagnie Régionale des Commissaires aux Comptes de Lyons.

1.3.2 Alternate auditors for fiscal 2005

BEAS

7-9 Villa Houssay, 92200 Neuilly-sur-Seine

Appointed by the shareholders' meeting of December 19, 2000 and reappointed by the shareholders' meetings of June 9, 2005 and June 8, 2006 for a term expiring at the close of the shareholders' meeting called to approve the financial statements for the fiscal year ending December 31, 2011.

BEAS is a registered auditing firm, member of Compagnie Régionale des Commissaires aux Comptes de Versailles.

Diagnostic Révision Conseil (DRC)

45 Rue de la Bourse, 69002 Lyons

Appointed by the shareholders' meeting of June 9, 2005 for a term expiring at the end of the shareholders' meeting called to approve the financial statements for the fiscal year ended December 31, 2010.

Diagnostic Révision Conseil (DRC) is a registered auditing firm, member of Compagnie Régionale des Commissaires aux Comptes de Lyons.

1.3.3 Statutory auditors for fiscal years 2005 and 2004

1.3.3.1 Statutory auditors for fiscal years 2005

Deloitte & Associés*

81 Boulevard Stalingrad, 69100 Villeurbanne

Commissariat Contrôle Audit - CCA*

43 Rue de la Bourse, 69002 Lyons

1.3.3.2 Statutory auditors for fiscal 2004

Deloitte & Associés*

81 Boulevard Stalingrad, 69100 Villeurbanne

Bernard Chabanel

43 Rue de la Bourse, 69002 Lyons

Bernard Chabanel is a registered auditor, member of Compagnie Régionale des Commissaires aux Comptes de Lyons.

Bernard Chabanel's term as auditor was not extended by the annual shareholders' meeting of June 9, 2005, as he had audited the Company's financial statements for more than six consecutive years.

* Statutory or alternate auditors as on December 31, 2006

1.3.4 Alternate auditors for fiscal 2005 and 2004

1.3.4.1 Alternate auditors for fiscal 2005

BEAS
7-9 Villa Houssay, 92200 Neuilly-sur-Seine

Diagnostic Révision Conseil (DRC)
45 Rue de la Bourse, 69002 Lyons

1.3.4.2 Alternate auditors for fiscal 2004

BEAS
7-9 Villa Houssay, 92200 Neuilly-sur-Seine

Commissariat Contrôle Audit - CCA
43 Rue de la Bourse, 69002 Lyons

1.4 PERSON RESPONSIBLE FOR INFORMATION

Stéphane Bancel
bioMérieux
Marcy l'Etoile (Rhône)
Telephone: +33 (0) 4.78.87.20.00

PART 2

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

PART 3

GENERAL INFORMATION CONCERNING BIOMÉRIEUX AND ITS CAPITAL

3.1 GENERAL INFORMATION CONCERNING THE COMPANY

3.1.1 Name and principal office (articles 3 and 4 of the articles of incorporation and bylaws [*statuts*])

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

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

The Company has been incorporated in France since its inception.

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

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

bioMérieux is a French corporation (*société anonyme*) with a Board of Directors, governed inter alia by the provisions of Book II of the Commercial Code and Decree (décret) no. 67-236 of March 23, 1967 on business corporations.

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

3.1.3 Incorporation date and term (article 5 of the bylaws)

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

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

3.1.4 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 for diagnostics, prevention and treatment, generally in the field of healthcare;

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

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

– participate, directly or indirectly, in all marketing and manufacturing activities related to any whatsoever of the above purposes or likely to contribute to them, by forming new companies, transferring or acquiring shares or ownership interests, mergers, alliances, associations or partnerships, or by any other means;

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

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

3.1.5 Trade and Companies Register

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

The Company's APE industry code is 246 L.

3.1.6 Examination of legal documents

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

3.1.7 Fiscal year (article 21 of the bylaws)

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

3.1.8 Distribution of earnings (articles 10, 22 & 23 of the bylaws)

Each share is entitled to a ratable portion of earnings corresponding to the amount of capital that it represents.

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

The balance, plus any retained earnings from previous periods, represents distributable earning that the shareholders' meeting may, at the suggestion of the Board of Directors, distribute in whole or in part as dividends, or may appropriate to reserve accounts, capital repayments 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 stock, in accordance with the law. Reserves which the shareholders' meeting is entitled to allocate may be used by it to pay dividends to shareholders. If this occurs, the relevant resolution must expressly state from which accounts funds are to be withdrawn.

In addition, the shareholders' meeting may resolve to use income or undistributed earnings, other than the legal reserve, to retire some or all of the shares outstanding and to repay up to their par value.

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

3.1.9 Board of directors and officers (art. 11 to 17 of the bylaws) (see section 6 below)

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

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

The Board of Directors elects a chairman from among its members. The chairman must be an individual for the election to be valid. The board 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's work and reports thereon to the shareholders' meeting.

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

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

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

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

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

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

3.1.10.1 Notice of meetings

Shareholders' meetings are convened and transact business in accordance with the law. They meet at the Company's principal office or at any other location indicated in the notice of meeting.

Shareholders' resolutions may be voted at annual or special meetings, or at meetings of preferred shareholders, depending on the decisions concerned.

3.1.10.2 Participation in meetings

All shareholders are entitled to participate in shareholders' meetings and to vote, either in person or by proxy, as provided by article L. 225-106 of the Commercial Code.

Shareholders wishing to attend meetings must:

– if their shares are held in registered form, have those shares recorded in the Company's books;

– if their shares are held in bearer form, obtain a certificate from the authorized intermediary with which they are deposited evidencing that their owner or the intermediary is the holder of record in the books kept by the authorized intermediary.

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

Shareholders may be represented by their spouse or by another shareholder at all meetings. They may also vote by mail, using a mail ballot, which the meeting notice explains how to obtain, in accordance with applicable laws and regulations. Mail ballots or proxies of shareholders attending meetings in person will be declared null and void. Likewise, in the event of a conflict between a proxy vote and a mail ballot, the proxy vote will be given precedence, regardless of their respective dates. For the purpose of calculating the quorum, mail ballots are considered only if forms have been duly completed and are received by the Company at least three days before the meeting. Mail ballots and proxy forms will be considered valid only if the above-mentioned participation certificate is duly attached to them.

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

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

3.1.10.3 Voting rights

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

All fully paid shares, regardless of their class, which have been held in registered form by the same shareholder for five years or more, are entitled to twice the voting rights of other shares.

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

The Company's merger or split-up would not affect double voting rights, which may be exercised with the successor entities if their articles of incorporation and bylaws allow it.

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

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

3.1.11 Other shareholder rights and changes in rights

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

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

3.1.12 Payment for shares

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

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

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

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

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

3.1.14 Reporting requirements thresholds (art. 10 of the bylaws)

In addition to the shareholders' legal obligation to notify the AMF by letter of the number of shares and voting rights they hold whenever such ownership increases above or falls below certain thresholds (5%, 10%, 15%, 20%, 25%, 33 1/3%, 50%, 66 2/3%, 90% or 95%) within five trading days of crossing said thresholds, individual or entities, acting alone or jointly, who own, directly or indirectly (within the meaning of articles L233-7 *et seq*. of the French Commercial Code) more than 1% of the Company's shares and voting rights must report to the Company by registered letter, return receipt requested, within five trading days, the total number of shares and voting rights they hold, as well as the number of securities exercisable for shares and the potential voting rights attached to them.

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

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

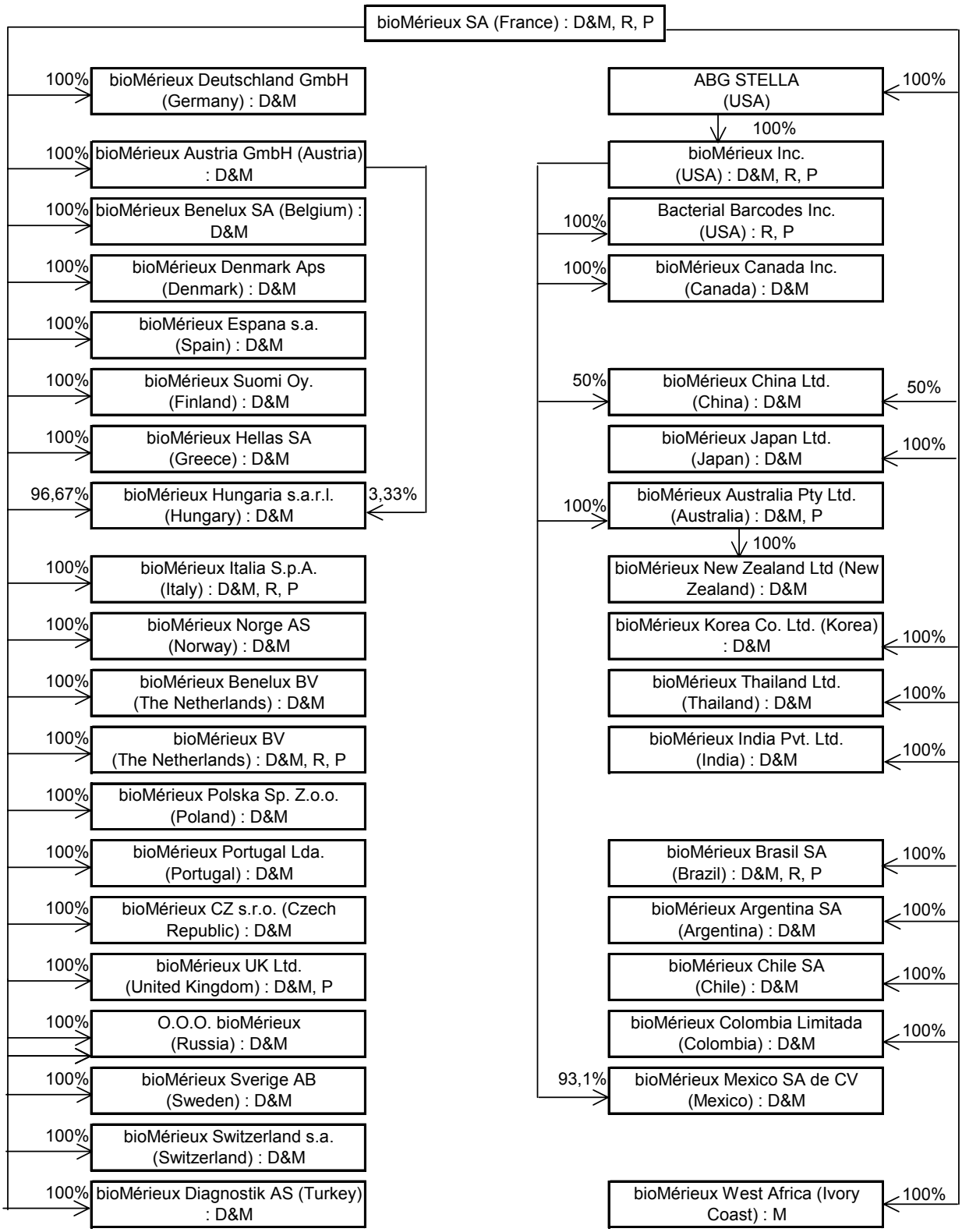
Article L. 228-1 of the Commercial Code requires intermediaries acting as holders of records for non-resident shareholders to report increases or decreases if their aggregate holdings exceed or fall below the above thresholds, without prejudice to the reporting obligations of the beneficiary owners of shares.

3.1.15 Amendments to the articles of incorporation and bylaws

As provided for by law, the Company's articles of incorporation and bylaws (*statuts*) may only be amended by a two-thirds majority of the voting rights of the shareholders present or represented at special shareholders' meetings.

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

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



D : Distribution
M : Marketing
R : Research and Development
P : Production

bioMérieux is part of the Mérieux Alliance group of companies, as set forth in section 3.3.1 below. The relationship between those two entities is explained in sections 5.5 and 6.2.2 below. The subsidiaries above are distribution and/or marketing entities (see 4.3.8.1.1 below); some also carry out research and development (see 4.4.4 below) and/or have manufacturing operations (see 4.5.1.1 below).

3.1.17 Other information concerning subsidiaries and investments

Equity investments

ReLIA

bioMérieux has acquired 15% of the shares of ReLIA Diagnostics Systems, Inc. The California company is developing a rapid-test diagnostic system, which bioMérieux may distribute in certain countries in the future.

GeNeuro

The Company has also acquired a 10% interest in GeNeuro, a Swiss corporation formed jointly with Eclosion, a Swiss venture capital and investor in biotechnology start-ups. The purchase was part of a project designed to generate revenue from certain patents held by the Company in the field of multiple sclerosis.

Change of control

Bacterial Barcodes, Inc.

In September 2006, bioMérieux acquired Bacterial Barcodes, Inc., a company based in Georgia (United States) that develops and distributes a computerized bacterial genotyping system aimed at preventing nosocomial infections and bacterial contamination.

3.2 GENERAL INFORMATION CONCERNING THE COMPANY'S CAPITAL

3.2.1 Changes in equity and voting rights attached to shares

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

3.2.2 Capital stock on the filing date of this Reference Document

Number of shares issued and outstanding: 39,453,740 (all shares are of the same class); their number remained unchanged between January 1, 2006 and December 31, 2006.

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

3.2.3 Buyback of the Company's Own Shares

The annual and special shareholders' meetings of June 9, 2005 and June 8, 2006 granted authority to the Board of Directors, for a period expiring on June 7, 2007, at the shareholders' meeting called to examine the financial statements for fiscal 2006, to buy back shares of the Company as provided for by articles L. 225-209 *et seq.* of the Commercial Code.

Under the authority granted, the Company may trade in its own shares by any means, including through the use of derivatives, on stock exchanges or over the counter, with the exception of options in the case of the authorization of June 8, 2006, except in connection with exchanges of shares in accordance with applicable

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

regulations. No restriction shall apply to the portion of repurchases accounted for by block trades, which may account for the entire program, subject to the limit of 10 percent of the shares outstanding.

As stated in the circular approved by the AMF on May 23, 2005 (*visa* no. 05-443) and the description of the Company's share buyback program in the Reference Document for fiscal 2005, filed on May 23, 2006 under number R 06-069, the authorization is intended to enable the Company to purchase shares, depending on conditions prevailing in the market in order to: (i) provide liquidity in the market for its shares, under a market-making agreement with a financial service provider acting with full independency, in accordance with the AFEI code of conduct approved by the Financial Markets Authority, (ii) remit shares upon the exercise of rights attached to securities with rights to shares of the Company and to stock option plans, or in connection with the distribution of bonus shares to employees and officers of the Company or of the Group, or the offering of shares to employees under profit-sharing plans, share-ownership plans or employee savings plans, (iii) hold on to shares so that they can be used subsequently as means of exchange or payment in connection with operations of external growth.

Pursuant to resolution 15 of the shareholders' meeting of June 9, 2005 and resolution 9 of the shareholders' meeting of June 8, 2006, the Board of Directors was also granted authority, until the next shareholders' meeting called to approve the 2006 financial statements, to reduce capital by retiring some or all of the shares purchased under the share buyback program. In the event of public offerings, more detailed information regarding this buyback program will be included in the offering document filed with the AMF.

Pursuant to the authority granted to it by the annual and special shareholders' meeting of April 16, 2004 to purchase up to 0.5% percent of the Company's shares outstanding for the purpose of maintaining an orderly market, the Board of Directors has authorized a "share management" agreement with Crédit Agricole Cheuvreux.

During the fiscal year ended December 31, 2006, the Company traded in its own shares for the sole purpose of providing liquidity for its shares and making a market through the intermediary of an investment service provider acting with full independency under a market-making agreement consistent with the AFEI code of conduct approved by the AMF, for distribution as bonus shares to employees and officers of the Company or other Group entities.

Except for the foregoing, the details of which are set forth below, the Company did not purchase any of its own shares during the year ended December 31, 2006.

a) Summary of trades by the Company in its own shares from January 1, 2006 to December 31, 2006, under a market-making agreement.

The Company and Crédit Agricole Cheuvreux are parties to a market-making agreement consistent with the AFEI code of conduct approved by the AMF. Crédit Agricole Cheuvreux carried out the following trades in the period of January 1, 2006 to December 31, 2006, in accordance with the authority granted by the annual and special shareholders' meetings of June 9, 2005 and June 8, 2006, the circular pertaining to the implementation of a share buyback program (AMF visa no. 05-443 of May 23, 2005) and the description of the Company's share buyback program under section 5.12 of the 2005 Reference Document:

Shares purchased	44,596
Average purchase price	€ 47.19
Shares sold	44,896
Average selling price	€ 48.42
Fees and commissions	none
Own shares held on December 31, 2006	3,700
Average purchase price of shares held at the end of the year	€ 179,393.14
Book value on December 31, 2006	€ 191,105.00
Par value of the shares	none
Purpose of trades	Maintaining an orderly market
Percentage of shares outstanding held at the end of the year	0.0094 %

b) Summary of trades by the Company in its own shares from January 1, 2006 to December 31, 2006, under an agency agreement.

The table below shows the trades performed in the period from January 1 to December 31, 2006 by Crédit Agricole Cheuvreux under an agency agreement, for the sole purpose of distributing bonus shares to employees and officers of the Company or its affiliates exercising their rights to such bonus shares, as authorized by the shareholders' meeting of June 9, 2005 and the circular pertaining to the implementation of a share buyback program (AMF visa no. 05-443 of May 23, 2005):

Shares purchased	78,000
Average purchase price	€ 47.20
Shares sold	none
Average selling price	not applicable
Own shares held on December 31, 2006	78,000
Average purchase price of shares held at the end of the year	€ 3,681,237.19
Book value on December 31, 2006	€ 4,028,700.00
Par value of the shares	none
Purpose of trades	Distribution of bonus shares to employees and officers with rights to same
Percentage of shares outstanding held at the end of the year	0.198 %

3.2.4 Authorized capital not issued

Status of the authorizations voted by the annual shareholders' meetings of April 16, 2004, June 9, 2005 and June 8, 2006:

Securities	Period for which authority was granted and expiration date	Limit	Maximum increase in capital stock	Use of the authority by the Board of Directors during the year	Summary of the decision by the shareholders' meeting
Capital increase by means of the capitalization of reserves	26 months / August 2007	–	35% of capital stock at the close of the annual and special shareholders' meeting of June 9, 2005[*]; the limit may be raised above the 35% ceiling if necessary, to protect the rights of holders of securities with rights to shares.	No	The Board of Directors may carry out one or more capital increases by capitalizing other premiums, reserves, retained earnings or other equity, as permitted by law and by the articles of incorporation and bylaws, by means of the distribution of bonus shares or by increasing the par value of existing shares. The amount of such capital increases may be adjusted upward above the set ceiling in order to protect the rights of holders of securities with rights to shares, as required by law. Should the Board of Directors make use of the authority granted, fractional rights will not be transferable and the corresponding shares will be sold; the proceeds from such sales will be remitted to the rights' holders within the time prescribed by regulations.
Issue without preemptive rights (for all categories of securities)	26 months / August 2007	Debt securities: 500 million euros	35% of capital stock at the close of the annual and special shareholders' meeting of June 9, 2005*	No	There may be one or more issues; shareholders' will not have preemption rights to subscribe for the securities issued, as permitted by law; the Board of Directors has the authority to grant shareholders a priority subscription right pursuant to articles L. 225-135 of the Commercial Code. The sum received or to be received by the Company for each share issued or to be issued, after taking into account, if applicable, the issue price of warrants in the event of issues of straight stock warrants, must not be less than the price under applicable laws and regulations on the date of issue, regardless of whether the securities to be issued immediately or in the future are fungible with existing equity securities. Issues may, if necessary, be used as consideration for shares tendered to the Company under a public tender offer in accordance with the provisions of articles L. 225-148 of the Commercial Code.

[*] A limit of 35% of the Company's capital stock on the date of the shareholders' meeting of June 9, 2005 applies to the aggregate of the five authorizations.

Securities	Period for which authority was granted and expiration date	Limit	Maximum increase in capital stock	Use of the authority by the Board of Directors during the year	Summary of the decision by the shareholders' meeting
Over-allotment option	26 months / August 2007	–	15% of the initial issue, up to the overall ceiling of 35% of capital stock at the close of the annual and special shareholders' meeting of June 9, 2005*	No	In accordance with article 155-4 of Decree no. 67-236 of March 23, 1967 or any other applicable law, the Board of Directors may increase, at its discretion and up to the overall ceiling, the number of shares or other securities to be issued by the Company in the event of an increase in capital with or without preemptive rights by shareholders, within thirty days of the expiration of the initial subscription period and by up to 15% of the initial issue, for offering at the same price as that applicable to the initial issue.
Issue with preemptive rights by shareholders (for all categories of securities)	26 months / August 2007	Debt securities: 500 million euros	35% of capital stock at the close of the annual and special shareholders' meeting of June 9, 2005*	No	The capital increase may be in one or more steps. The Board of Directors may offer to the public some or all of the shares not subscribed to in the event of an undersubscribed issue. The number of shares issued may be increased, as permitted by article L. 225-135-1 of the Commercial Code and up to the overall ceiling applicable, if the Board of Directors notes that the issue is oversubscribed; the aggregate of such an increase, combined with those required to protect the rights of holders of securities with rights to company shares, may not exceed the balance of the reserves, paid-in capital and retained earnings at the time of the capital increase. The Board of Directors may carry out one or more capital increases by capitalizing other paid-in capital, reserves, retained earnings or other equity, as permitted by law and by the articles of incorporation and bylaws, by means of the distribution of bonus shares or by increasing the par value of existing shares.

* A limit of 35% of the Company's capital stock on the date of the shareholders' meeting of June 9, 2005 applies to the aggregate of the five authorizations.

Securities	Period for which authority was granted and expiration date	Limit	Maximum increase in capital stock	Use of the authority by the Board of Directors during the year	Summary of the decision by the shareholders' meeting
Issue restricted to qualified investors or to a limited circle of investors	First shareholders' meeting immediately following the annual and special shareholders' meeting of June 8, 2006	–	35% of capital stock at the close of the annual and special shareholders' meeting of June 8, 2006 (the amount counts against the above ceiling)*	No	Waiver of subscription rights in favor of: - investment funds, - investment holding companies, - industrial corporations, active in particular in the field of medical and health-care technology, bio-medical and pharmaceutical research, with the understanding that the Board of Directors shall draw up a list of investors in the above categories at the time it uses the authority hereby granted; The issue price of the new shares shall not be less than the weighted average trading price of existing shares on the Euronext Paris SA Eurolist over the three trading days preceding the start of the offering period; The Board of Directors was granted full powers, including to delegate its authority, for the purpose of implementing this authorization.

* A limit of 35% of the Company's capital stock on the date of the shareholders' meeting of June 9, 2005 applies to the aggregate of the five authorizations.

Securities	Period for which authority was granted and expiration date	Limit	Maximum increase in capital stock	Use of the authority by the Board of Directors during the year	Summary of the decision by the shareholders' meeting
Successive equity issues	26 months / August 2007	_	10% of capital per year	No	The Board of Directors may decide to increase capital one or more times by issuing euro-denominated common shares of the Company or other securities with rights of any kind, exercisable immediately or in the future for common shares of the Company or of a company of which the Company owns more than one-half of the stock, either directly or indirectly, in which case the shares issued may be denominated in any currency or in units reflecting a basket of currencies, including in connection with consecutive issues of securities. The issue price of the shares or equity securities is to be determined as either the weighted average trading price of shares on the Euronext Paris S.A. Eurolist over the three trading days immediately preceding the issue date, or by auction, in the same manner as when creating an order book for a public placement. The Board of Directors must report, by means of a supplementary report certified by the Company auditors, on the use of this authority, including on the final conditions of the issue, and must provide the basis for estimating the effective impact for shareholders.

Securities	Period for which authority was granted and expiration date	Limit	Maximum increase in capital stock	Use of the authority by the Board of Directors during the year	Summary of the decision by the shareholders' meeting
Share issues earmarked for employees (and their equivalent): Stock options	38 months / August 2007	10% of the shares outstanding on the date options are granted	–	No	The Board of Directors is authorized to grant, one or more times, to employees selected by it from among the officers and employees of the Company, or of companies or consortia in which the Company holds at least 10% of the capital or voting rights, either directly or indirectly, or of consortia that hold at least 10% of the Company's capital, either directly or indirectly, options entitling them to buy shares of the Company from among those bought back by the Company in accordance with the law, not in excess of 10% of the shares outstanding on the date of grant of such options by the Board of Directors. The exercise price of the options is to be set by the Board of Directors in accordance with the conditions and limits of applicable laws, without discount. The stock options must be exercised no later than eight years after their date of grant. The special shareholders' meeting of the Company may extend this time limit. The Board of Directors has been granted full authority for the purpose of drawing up the list of recipients of options and the number of options allotted to each of them, including to delegate this authority to its Chairman, and to decide how to implement this authorization.

Securities	Period for which authority was granted and expiration date	Limit	Maximum increase in capital stock	Use of the authority by the Board of Directors during the year	Summary of the decision by the shareholders' meeting
Issue of shares for offering to employees enrolled in a company savings plan	24 months / April 2006	–	€ 225,416	No	The special shareholders' meeting has granted authority to the Board of Directors, which may further delegate that authority, to issue shares for offering to current and retired employees of the group of companies made up of the Company and its consolidated French and foreign entities, within the meaning article L. 444-3 of the Labor Code, provided that said current or retired employees are enrolled in one of the company savings plans set up by one of the companies belonging to the group. The offering price of the new shares must be set in accordance with article L. 443-5 of the Labor Code and must be equal to 80% of the average of the shares' opening trading price on the Eurolist market of Euronext Paris S.A. over the twenty trading days immediately preceding the date on which the decision was made setting the start of the subscription period for members of a company savings plan, and 70% of the average sum if the lock-up period called for by the plan in accordance with article L.443-6 of the Labor Code is ten years or longer. The Board of Directors is authorized to distribute to the persons referred to above, free of charge and in addition to shares subscribed for and payable in cash, new or existing shares or other new or existing securities with rights to shares. In such instances, the aggregate of financial benefits resulting from this distribution and from the difference between the subscription price and the above average trading price shall not exceed the financial benefits to which members of the savings plan would be entitled if that difference had been of 20% in the case of a company savings plan (PEE) and 30% if the lock-up period under the plan pursuant to article L. 443-6 of the Labor Code is ten years or longer. The Board of Directors has full powers to use the authority granted to it, and may delegate such authority as permitted by law, subject to the limits and conditions set forth above; the maximum increase in authorized capital under this delegation is separate from the maximum increase permitted under the other resolutions of the annual and special shareholders' meeting of April 16, 2004.

Securities	Period for which authority was granted and expiration date	Limit	Maximum increase in capital stock	Use of the authority by the Board of Directors during the year	Summary of the decision by the shareholders' meeting
Share issue for offering to US employees enrolled in a company savings plan	24 months / April 2006	–	€ 11,864 (Note: the authorization is subject to a limit on the increase in capital and a limit on the number of shares issued.)	No	The Board of Directors has been granted authority, and may delegate such authority as permitted by law, to issue, in one or more transactions, up to 38,910 shares (not including the shares issued pursuant to that authorization during fiscal 2004), for offering to employees of companies operating in the United States which are part of the Company's consolidated group within the meaning of article L. 444-3 of the Labor Code and have opted to participate in the program with the approval of the Board of Directors, who are employed under agreements governed by the laws of the United States or who are residing in the United States, provided that those employees are enrolled in a company savings plan established by one of those companies (the “US Employees”). The offering price of the new shares is to be calculated as provided for by article L. 443-5 of the Labor Code and may not be less than 85% of the trading price of the Company's shares on the date of issue, regardless of any lock-up clause applicable to those shares, and that the price must be equal to the higher of (i) 85% of the average of opening price of Company shares on the First Market of Euronext Paris SA over the 20 trading days immediately preceding the start of the subscription period for shares by US employees and (ii) 85% of the trading price of Company shares on the date the decision is made setting the starting date of the subscription period for shares offered to US Employees, not exceeding 100% of the average of opening prices of the Company's shares over the 20 trading days immediately preceding the date on which the decision is made setting the starting date of the subscription period for shares offered to US Employees.

Securities	Period for which authority was granted and expiration date	Limit	Maximum increase in capital stock	Use of the authority by the Board of Directors during the year	Summary of the decision by the shareholders' meeting
Share issue for offering to employees enrolled in a company savings plan (PEE) of a French or foreign affiliate of the Company, as provided for by article L.225-180 of the Commercial Code and article L.444-3 of the Labor Code	26 months / August 2008	–	5% of capital at the time the authority is used.	No	The special shareholders' meeting has granted full authority to the Board of Directors for the purpose of (i) raising equity, in one or more transactions, at its discretion, by issuing shares or securities with rights to shares of the Company, (ii) deciding, in accordance with applicable regulations, the nature of such other securities with rights to Company shares. The Board of Directors has full powers to use the authority granted to it, and may delegate such authority.

3.2.5 Changes in capital to December 31, 2006 in French francs and euros[3, 8]

Date of shareholders' meeting	Transaction	Number of shares issued	Nominal value of shares	Nominal amount of issue	Premiums	Cumulative value of capital stock	Cumulative number of shares
9/18/1967	Incorporation	800	100	80,000	–	80,000	800
1/7/1975[4, 5]	Capital increase by means of the capitalization of reserves	8,800	100	880,000	–	960,000	9,600
1/7/1975	Equity issue for cash	400	10	40,000	120,000	1,000,000	10,000
12/16/1976	Capital increase by means of the capitalization of reserves	10,000	100	1,000,000	–	2,000,000	20,000
12/19/1977	Capital increase by means of the capitalization of reserves	10,000	100	1,000,000	–	3,000,000	30,000
12/19/1977 (Board of Directors' meeting of 12/14/1978)	Capital increase by means of the capitalization of reserves	10,000	100	1,000,000	–	4,000,000	40,000
12/19/1977 (Board of Directors' meeting of 11/29/1979)	Capital increase by means of the capitalization of reserves	10,000	100	1,000,000	–	5,000,000	50,000
7/3/1981 (Board of Directors' meeting of 10/16/1985)	Conversion of bonds	21	100	2,100	–	5,002,100	50,021
3/31/1987[3]	Merger of bioMérieux into API S.A.	194,808	100	19,480,800	61,674,388	24,482,900	244,829

(3) On March 21, 1987, bioMérieux was merged into API S.A., a company formed on September 18, 1967. As a result, bioMérieux (formed in 1963) became part of API S.A., subsequent to which API S.A. changed its name to bioMérieux. Changes in capital shown in the table above up to March 31, 1987 are those affecting API S.A.

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

(5) The capital increase took place on January 28, 1975.

Date of shareholders' meeting	Transaction	Number of shares issued	Nominal value of shares	Nominal amount of issue	Premiums	Cumulative value of capital stock	Cumulative number of shares
3/31/1987	Decrease in capital[6]	-19,487	FRF 100	FRF -1,948,800		FRF 22,534,200	225,342
3/15/1989	Increase in the nominal value of shares by inclusion of paid-in capital	N/a	FRF 200	FRF 2,534,200	FRF 22,534,200	FRF 45,068,400	225,342
3/15/1989	Stock split	N/a	FRF 20	N/a	N/a	FRF 45,068,400	2,253,420
2/12/1991	Equity issue for cash	41,730	FRF 20	FRF 834,600	FRF 17,714,585	FRF 45,903,000	2,295,150
10/3/1994	Capital increase from the transfer of ABG Stella shares	1,575,921	FRF 20	FRF 31,518,420	FRF 259,749,692.60	FRF 77,421,420	3,871,071
3/19/2001	Exercise of rights	10,000	FRF 20	FRF 200,000	FRF 3,240,000	FRF 77,621,420	3,881,071
3/19/2001	Translation of capital stock into euros	N/a	N/a[7]	N/a	N/a	€ 11,833,309.17	3,881,071
3/19/2001	Rounding off of capital stock	N/a	–	€ 0.83	N/a	€ 11,833,310	3,881,071
3/19/2001 (Board of Directors' meeting of 5/13/2002)	Exercise of rights	15,000	–	€ 45,735	FRF 4,860,000	€ 11,879,045	3,896,071
4/16/2004	Capital increase (merger of NBMA)	3,864,440	N/a	€ 11,782,602.69	€ 173,486,840.98	€ 23,661,647.69	7,760,511
4/16/2004	Decrease in capital (retirement of shares received from NBMA)	3,869,372	N/a	€ -11,797,640.26	€ -177,881,356.01	€ 11,864,007.43	3,891,139
4/16/2004	Rounding off of capital stock	N/a	–	€ 0.57	–	€ 11,864,008	3,891,139
4/16/2004	Reduction of the par value of the shares and subsequent capital increase through the distribution of bonus shares on the basis of ten shares for each share held	35,020,251	–	–	–	€ 11,864,008	38,911,390
7/23/2004	Issue of shares for offering to employees	542,350	N/a	€ 165,361.47	€ 12,851,038.53	€ 12,029,369.47	39,453,740
9/30/2004	Rounding off of capital stock by the addition of reserves	N/a	–	€ 0.53	–	€ 12,029,370	39,453,740

N/a: not applicable

(6) Retirement of API S.A. shares following the merger of bioMérieux into API S.A
(7) All references to the par value of shares were deleted by decision of the shareholders' meeting of March 19, 2001.
(8) Remain unchanged on March 31, 2007

3.3 PRINCIPAL SHAREHOLDERS

3.3.1 History of changes in the Company's ownership

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

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

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

On June 12, 1986, the operating business of the bioMérieux Group was spun off to a Company formed for that purpose, which took the name of bioMérieux. The former bioMérieux Company became a holding entity under the name of BMH.

On March 21, 1987, bioMérieux merged with API S.A. As a result, bioMérieux became part of API S.A., subsequent to which API S.A. changed its name to bioMérieux, so that bioMérieux became the legal entity formerly known as API S.A. (see section 3.2.5).

At the annual and special shareholders' meeting of December 28, 1988, Wendel Investissement (called CGIP at the time) joined with the Alain Mérieux family (the Mérieux Alliance[9] holding entity had been formed by the Mérieux family on November 10, 1988) to form bio Participations, a holding entity with 51% of the shares of BMH, itself a bioMérieux holding entity. Wendel Investissement held 33.14% of the shares of bio Participations and Mérieux Alliance held 66.85%.

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

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

As the merger of bioMérieux with Pierre-Fabre failed to accomplish the companies' intended goals, they decided to “demerge” and to cancel the transfers carried out in 2000 and 2001. At the special shareholders' meeting of June 27, 2002, bioMérieux Pierre-Fabre accordingly transferred to Nouvelle bioMérieux Alliance all of the Company shares it held through BMH. Subsequent to those transactions, ownership of Nouvelle bioMérieux Alliance was divided between Mérieux Alliance (60.14%), Wendel Investissement (34.74%) and Groupe Industriel Marcel Dassault (whose ownership interest increased to 5.12% in July 2002 as a result of the capitalization of a claim against the Company held by Groupe Industriel Marcel Dassault).

[9] See section 3.3.4 for a description of the capital of Mérieux Alliance (formerly ACCRA)

In 2003, the group of companies held by the Mérieux Alliance was restructured in order to separate the diagnostics business of bioMérieux from the gene therapy business of TSGH and Transgene. Thus, in January 2003, Nouvelle bioMérieux Alliance transferred to TSGH, which already held 33.83% of the shares of Transgene, 21.5% of the Transgene shares held by it, in exchange for TSGH stock. In April 2003, Nouvelle bioMérieux Alliance distributed those shares to its shareholders (primarily Mérieux Alliance, Wendel Investissement and Groupe Industriel Marcel Dassault) proportionately to the interest they held in Nouvelle bioMérieux Alliance. In July 2003, Nouvelle bioMérieux Alliance sold to TSGH the remaining 15% of the Transgene shares it held. As of December 31, 2003, Nouvelle bioMérieux Alliance no longer holds any interest in Transgene or in its TSGH holding entity. Nouvelle bioMérieux Alliance has also disposed of virtually all of its assets not related to its diagnostics business.

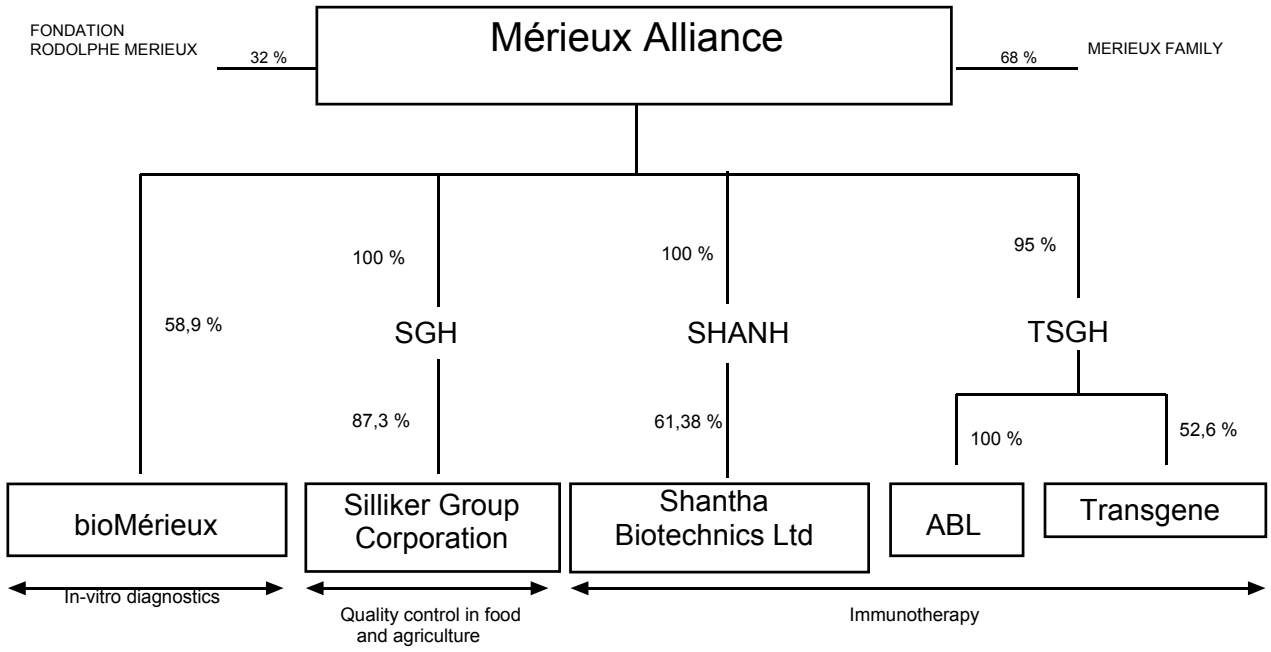
In April 2003, Nouvelle bioMérieux Alliance's wholly owned BMH subsidiary was merged into its parent Company which, since then, holds virtually all of the Company's shares (99.28%).

In order to streamline the Group's structure, the shareholders' meetings of Nouvelle bioMérieux Alliance and of the Company resolved, on April 16, 2004, to merge Nouvelle bioMérieux Alliance into the Company. Subsequent to that transaction, Mérieux Alliance held directly 59.72% of the Company's equity, Wendel Investissement held 34.50% and Groupe Industriel Marcel Dassault held 5.09%. As a result of this transaction and because of the retirement of the bioMérieux shares contributed by NBMA, the number of shares outstanding fell by 4,932 (or 0.13% of bioMérieux shares issued and outstanding as of December 31, 2003) and earnings available for distribution declined by €4.4 million (the difference between the amount of paid-in capital in excess of par and the value of bioMérieux shares contributed by NBMA and retired).

In connection with the initial public offering of its shares, the Company decided, on April 16, 2004, subject to its shares being effectively listed on the Eurolist market of Euronext Paris SA, to divide the par value of its shares by ten and to concurrently increase their number by ten, through the distribution of 35,020,251 free shares to the Company's shareholders, or a ten-for-one stock split, so that the Company's capital would thereafter be divided into 38,911,390 shares.

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

Mérieux Alliance also owns all of the shares of SGH, the holding entity of the Silliker Group Corporation, an American company which specializes in research and consulting services in the field of food safety and quality; and the majority (94.88% of the shares) of TSGH, the holding entity of Transgene S.A., a gene therapy company traded on the Eurolist market of Euronext Paris; of Advanced Bioscience Laboratories Inc. (ABL), a US research company doing work on behalf of research institutes and business corporations; and of SHANH, the holding entity of Shanta Biotechnics Ltd, an Indian bio-pharmaceutical company specializing in the development and manufacturing of vaccines, therapeutic proteins and monoclonal antibodies.



3.3.2 Changes in equity ownership over the past three years

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

Shareholders	Situation on December 31, 2004			Situation on December 31, 2005			Situation on December 31, 2006			
	Number of shares	% of capital	% of voting rights	Number of shares	% of capital	% of voting rights	Number of shares	% of capital	% of voting rights	Number of shares
Mérieux Alliance (formerly ACCRA)	23,240,090	58.90	58.78	23,240,090	58.90	58.79	23,240,090	58.90	23,240,090	58.82
Wendel Investissement	1,197,317	3.04	3.03	-	-	-	-	-	-	-
GIMD*	2,013,470	5.10	5.09	2,013,470	5.10	5.09	2,013,470	5.10	2,013,470	5.10
Banque de Vizille	648,520	1.64	1.64	648,520	1.64	1.64	648,520	1.64	648,520	1.64
CIC Lyonnaise de Participations	1,134,920	2.87	2.87	1,134,920	2.88	2.87	1,134,920	2.88	1,134,920	2.87
Apicil Prévoyance	162,130	0.41	0.41	162,130	0.41	0.41	122,130	0.31	122,130	0.31
Employees	393,232	1.00	1.00	385,229	0.98	0.98	369,557	0.94	369,557	0.93
Treasury Shares**	1,600	0.00	0	4,000	0.01	0.00	81,700	0.21	0	0.00
Free float	10,662,461	27.03	27.18	11,865,381	30.08	30.22	11,843,353	30.02	11,983,592	30.33
Total	**39,453,740**	**100**	**100**	**39,453,740**	**100**	**100**	**39,453,740**	**100**	**39,512,279**	**100**

* Groupe Industriel Marcel Dassault

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

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

3.3.3 Pledge of the Company's shares

Mérieux Alliance has pledged as collateral one million (1,000,000) of its own shares, representing close to 2.53% of those outstanding, to Société Générale. The pledge became effective September 7, 2005 and will expire September 6, 2010, subject to the repayment of a loan by Mérieux Alliance. To the best of the Company's knowledge, no material number of Company shares has otherwise been pledged.

3.3.4 Principal shareholders

Shareholders (as of April 18, 2007)

Shareholders (as of April 18, 2007)	Number of shares	Percentage of capital	Number of voting rights	Percentage of voting rights
Mérieux Alliance	23,240,090	58.90	23,240,090	58.80
Public	11,841,054	30.01	12,039,170	30.22
Groupe Industriel Marcel Dassault.	2,013,470	5.10	2,013,470	5.10
CIC Lyonnaise de Participations	1,134,920	2.88	1,134,920	2.87
Banque de Vizille	648,520	1.64	648,520	1.64
Employees (mutual fund)	361,056	0.92	361,056	0.96
Apicil Prévoyance	122,130	0.31	122,130	0.41
Treasury shares*	92,500	0.23	0	0.00
Total	39,453,740	100.00%	39,559,356	100.00%

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

On April 18, 2007, Mérieux Alliance held 23,240,090 shares, representing 58.90% of those outstanding, entitling it to 58.80% of the voting rights in the Company. The shares held by Mérieux Alliance will entitle it to double voting rights as of June 27, 2007.

3.4 DIVIDENDS DISTRIBUTED BY THE COMPANY

3.4.1 Dividends per share for the past three years

The table below sets forth dividend (in euros) distributions per share for the three previous fiscal years indicated, making the distinction between distributions executed within the framework of the annual shareholders' meeting and outstanding distributions.

The Company has not earned and will not earn dividends on any of its own shares held by it on the dividend date or which it may hold in the future. The corresponding sum will be added back to retained earnings.

Year ended	Dividend per share (€)	Dividend distributed (€)	Tax credit and tax withheld (€)	Actual income (€)
12/31/2006*	0.76	29,984,842.40	None[(10)]	29,984,842.40
12/31/2005	0.46	18,148,720.40	None[(10)]	18,148,720.40
12/31/2004	0.40	15,781,496.00	None[(10)]	15,781,496.00
12/31/2004**	7.70	29,955,788.55	5,981.75	29,961,770.30

* Proposed by the shareholders' meeting of June 7, 2007.

** Special dividend distribution from the general reserve decided by the annual shareholders' meeting of April 16, 2004.

[(10)] Dividends do not give rise to a tax credit since January 1, 2005. However, individuals subject to income tax have been and continue to be entitled to an abatement on income from dividends, pursuant to article 158.3 (2) of the General Tax Code.

3.4.2 Distribution policy

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

3.4.3 Statute of limitations

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

3.5 SUMMARY OF THE PRICES OF STOCK EXCHANGED OVER THE LAST 18 MONTHS

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

Months	**High** (in €)	**Low** (in €)	**Close** (€)	**Volume**
October 2005	44.50	40.50	41.10	818,431
November 2005	44.15	38.46	42.72	651,798
December 2005	45.31	41.05	44.57	742,661
January 2006	49.20	43.15	47.27	902,471
February 2006	50.95	45.05	50.40	634,482
March 2006	52.20	46.30	46.50	894,206
April 2006	51.90	46.15	49.37	642,109
May 2006	50.40	42.00	46.95	780,491
June 2006	46.93	42.35	46.20	557,427
July 2006	48.00	44.50	48.00	604,006
August 2006	49.21	46.36	47.50	457,855
September 2006	51.10	47.25	50.10	523,968
October 2006	51.50	47.85	48.90	661,208
November 2006	50.90	46.60	50.00	570,822
December 2006	52.50	49.60	51.65	358,037
January 2007	62.95	51.55	58.75	1,540,531
February 2007	67.30	59.00	62.75	812,135
March 2007	67.90	59.00	66.77	1,042,224

PART 4

INFORMATION ON THE COMPANY'S BUSINESS[(11)]

4.1 BUSINESS SUMMARY

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

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

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

Diagnostic systems consist of the following:

- reagents, which are biological or consumable materials necessary for performing tests such as the identification of specific types of bacteria or viruses;

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

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

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

The vast majority of the Company's instruments are closed systems, which means that they only work with reagents specifically developed by it for its instruments, and thus provide it with a steady revenue stream. There is an installed base of more than 45,000 instruments, giving the Company a high degree of visibility and regularity for reagent sales, which accounted for 85% of total revenues in 2006 (approximately 70% of reagent sales were from sales of reagents used in the Company's instruments, and the balance were primarily from manual products). The instruments are either sold or placed with customers as part of a reagent supply agreement.

In the clinical segment, which accounted for 86.2% of revenue in 2006, customers are primarily private analysis laboratories, hospital laboratories, blood transfusion centers and, in some countries, physicians (POL or Physician Office Labs).

In the industrial segment, which accounted for 13.8% of revenue in 2006, customers are large international food processing, pharmaceutical and cosmetic companies.

(11) Unless otherwise indicated, the market and market-related data in this Reference Document represent estimates by bioMérieux on the basis of reports prepared by financial analysts, studies carried out by industry specialists and information published by other companies in the sector, as well as its own knowledge of the market.

Ever since its inception in 1963, the bioMérieux Group has developed at a regular and sustained pace, thanks to its corporate strategy of organic growth and targeted acquisitions. In 2006, consolidated revenue totaled 1,037 million euros, consolidated operating income was 152 million euros, and net income amounted to 105 million euros (see sections 5.1, 5.2.2 and 5.3 below). The Group is present in over 150 countries, through 35 subsidiaries (see 3.1.16 above) and a wide network of distributors. In 2005, 57% of its consolidated revenue was accounted for by Europe, including 17% in France, and 26% was generated in North America.

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

4.2 OVERVIEW OF THE IN VITRO DIAGNOSTICS MARKET

4.2.1 General

An in vitro diagnostics examination is carried out by chemical analysis (for example, a measure of amounts of glucose, cholesterol or sodium) or biological analysis of a sample for the purpose of identifying microorganisms and determining their characteristics. In vitro diagnostics tests are used to measure, identify and quantify bacteria (exogenous agents) and viruses, as well as other endogenous agents (or “markers”). Such substances are produced by the body in the presence of, for example, an infectious disease, cancer or cardiac irregularity. Markers can take the form of proteins or genetic sequences, or other biological molecules.

In vitro diagnostics techniques are used in the clinical segment to provide information allowing a physician to detect diseases, look for predispositions to pathologies, establish a diagnosis and track the effectiveness of the prescribed treatment. A biological sample is taken from the patient, most often at the request of a physician. It is then sent to a medical analysis laboratory, either in a hospital or private, which analyzes it using the Company's products (reagents, instruments, software and services). The results are then communicated to the physician who can use them to confirm or establish a diagnosis (often in combination with other examinations such as medical questionnaires, ultrasound or radiology) and thus prevent a disease or treat it and track the effectiveness of the treatment. In some countries, the physician or patients themselves perform certain diagnostics analyses.

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

4.2.2 Technologies

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

- Bacteriology: Placing of a biological sample in a culture allowing any bacteria present to multiply, and then be identified and tested for sensitivity to antibiotics;

- Immunoassays; Detection and measure of infectious agents such as bacteria, viruses, and parasites and of pathological markers through an antigen-antibody reaction;

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

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

The table below shows how the world market for clinical in vitro diagnostics broke down in terms of technologies in 2006:

	2006 (€ billion)
Immunoassays	8.6
Clinical biochemistry	9.1
of which blood glucose monitoring	*5.8*
Molecular Biology	1.8
Bacteriology	1.5
Hematology	1.2
Hemostasis	1.1
Total	**23.3**

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

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

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

4.2.3 The in vitro diagnostics market

In vitro diagnostics is part of the healthcare sector, but is distinct from the pharmaceutical market, which is the largest market in the health care sector. Although it benefits from many of the same growth factors as the pharmaceutical segment, the in vitro diagnostics market follows a very different dynamic. It benefits from a more flexible regulatory environment than that applicable to pharmaceutical products, although becoming more and more stringent, as well as a more stable customer base, principally due to the significant acquisitions costs (investments, training and connection to the laboratory information management system) incurred by diagnostics customers. The in vitro diagnostics market also has more stable revenue growth mainly due to:

- the significant proportion of in vitro diagnostics revenue accounted for by reagent sales, because of the "closed" nature of most systems, which function only with reagents developed by the system manufacturers;

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

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

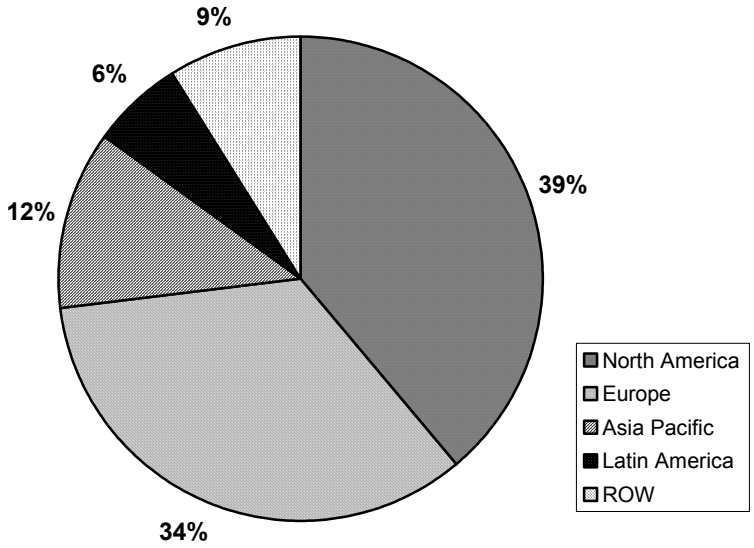
For approximately ten years, most clinical diagnostics techniques have also been used for industrial purposes to monitor the microbiological quality of food products, environments (such as water and air) and surfaces as well as the sterility of products in the pharmaceutical and cosmetic industries.

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

In 2006, the market for in vitro diagnostics was estimated at some 24.4 billion euros (31 billion US dollars), including about 1,1 billion euros for the industrial sector (1.4 billion US dollars) (source: The Walden Group, April 2006). Approximately 85% of the worldwide market is concentrated in North America, Europe and Japan (source: Kalorama, October 1, 2004). Since 2000 and based on Company estimates, the market has grown at an average compound annual rate of approximately 5% in the clinical segment and faster still in the industrial segment.

Clinical segment. Since the end of the 1990s, the clinical in vitro diagnostics market has experienced a period of growth due to increased demand for tests, resulting from factors such as the recognition of the role of diagnosis in the definition and monitoring of treatments and in the reduction of health care expenditures, the emergence of new pathogens, major technological advances opening the way to new applications, and the geographical expansion of the market. Aggregate spending on in vitro diagnostics amounted to 6 billion euros in 1980 and has since been multiplied by four.

Geographical breakdown of the clinical in vitro diagnostic market

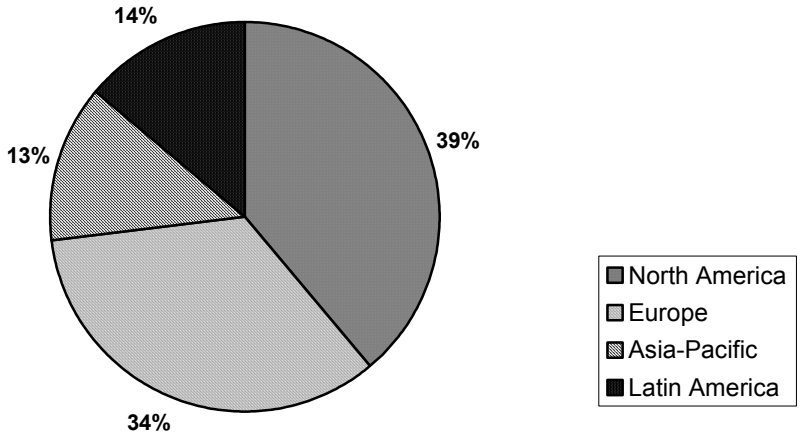


The table below shows how the world market for clinical in vitro diagnostics broke down in terms of pathologies in 2006:

	2006 (€ billion)
Infectious diseases	5.7
Cardiovascular diseases	1.5
Cancers	2.0
Diabetes	5.8
TDM (Therapeutic Drugs Monitoring) / DOA (Drugs of Abuse)	0.9
Endocrine tests	1.7
Autoimmune and genetic disorders	1.2
Blood component analysis	1.5
General clinical chemistry applications	3.0
Total	**23.3**

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

Geographical breakdown of the industrial in vitro diagnostic market



4.2.3.2 Market trends

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

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

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

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

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

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

- the concentration of most routine tests in laboratories capable of handling large volumes, and decentralization of tests with high medical value near patients in emergency rooms.

4.2.3.3 Growth prospects

The Company believes that the growth of the in vitro diagnostics market will principally take place in five segments: infectious diseases, diabetes, industrial microbiological monitoring and, in the medium term, cardiovascular pathologies and cancers. Of these five segments, it has targeted four as its principal areas of strategic development. Diabetes, the only one of these segments in which it is not involved, is an area dominated by large pharmaceutical groups with retail distribution networks that allow them to market tests directly to patients.

A key factor in the growth potential of the in vitro diagnostics market is the increasing recognition of the importance of in vitro diagnostics for tracking therapeutic effectiveness in the treatment of pathologies. In addition, several structural factors help explain the potential for growth in demand:

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

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

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

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

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

- technological developments, in particular those relating to the technical analysis of proteins and genetic sequences, which allow in vitro diagnostics techniques to be used to detect cardiac, cancers, autoimmune and neurodegenerative diseases;

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

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

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

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

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

The Company is not aware of any independent analysis of future growth of the in vitro diagnostics market. It has conducted its own internal analysis on the basis of reports prepared by financial analysts, studies carried out by industry specialists and information published by other companies in the sector, as well as its own knowledge of the market.

The Company estimates that the in vitro diagnostics market as a whole could grow by approximately 5% a year from 2007 to 2012, with higher growth in infectious diseases, diabetes, cancer, cardiovascular pathologies and industrial applications.

The Company estimates that sales of industrial applications could increase annually by some 5 to 7 percent in value under the impact of such factors as the globalization of the industry, increased public awareness of the traceability of raw materials, the risk of contamination from foodstuff (e.g. the detection of disease-carrying bacteria such as salmonella or listeria) or from environmental sources (e.g. legionella), combined with the growing impact of regulations. However, growth could fluctuate significantly from one year to the next under the impact of developments in regulations and the occurrence of food-related crises. It is also impacted by improvements in microbiological controls by industrial users.

The market itself is also affected by intensified competition (with the emergence of new participants) and the onset of concentration in the industry.

The Group considers that growth will intensify as a result of the emergence of new markets (China and India in particular) and the development of new technologies (molecular biology, human genetics,

nanotechnologies, etc.). In particular, the market for molecular biology is expected to expand more rapidly than the others, in response to demand that cannot be met with conventional biology, such as the detection of infectious agents of viral diseases which have so far been poorly identified and require faster identification, such avian flu (H5N1 virus), nosocomial infections or sepsis.

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

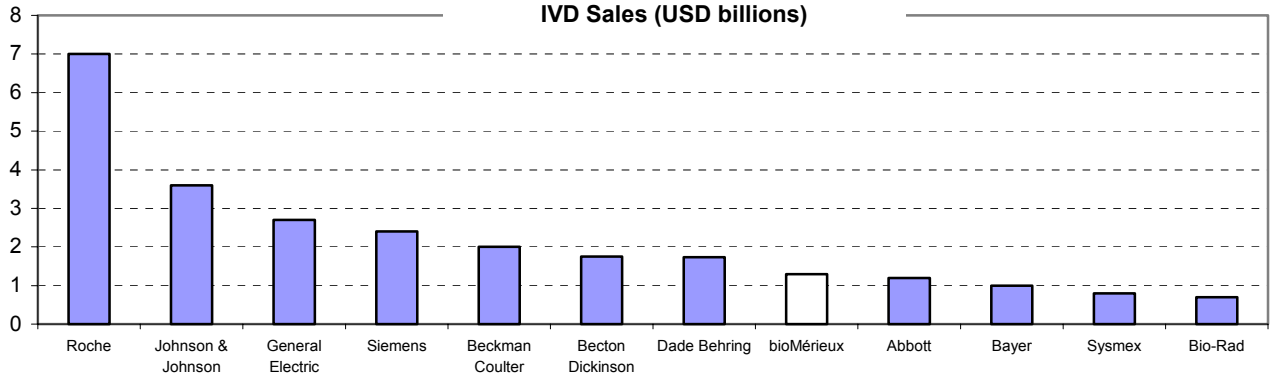
4.2.4 The principal players

The in vitro diagnostics market has developed considerably since the 1960s. In the last 10 years, concentration in the industry has been driven by the growing costs of technology and innovation, laboratory and hospital consolidations, the need for broader product lines and critical-mass considerations. In 2006 and early 2007, in vivo diagnostics (medical imaging) specialists Siemens and General Electric entered the in vitro diagnostics market by acquiring pharmaceutical companies or divisions. Siemens, for example, successively announced the acquisition of DPC, a California company, in April 2006, then, in June of the same year, the purchase of the diagnostics division (exclusive of blood glucose testing) of Bayer in Germany. In January 2007, General Electric made known its intention to acquire most of the Abbott’s diagnostics division. Today, as a result of the foregoing, it is estimated that the world’s top ten in vitro diagnostics companies account for about 81% of total sales, as compared with 60% in 1985 (source SG Cowen, October 2001).

The in vitro diagnostics industry consists of either large pharmaceutical or diversified groups, including Roche, Johnson & Johnson, General Electric, Siemens and Becton-Dickinson, or specialized companies such as bioMérieux, Beckman-Coulter, Dade-Behring, Bio-Rad and Sysmex. Some of these companies are larger and have greater resources than bioMérieux.

In the in vitro diagnostics sector, the Company ranks eighth worldwide in terms of 2006 revenue. This ranking reflects its relatively specialized positioning: it is not a significant player in certain major segments, such as diabetes and clinical chemistry.

The table below is based on the 2006 revenues of companies from in vitro diagnostics. The sale by Abbott of most of its diagnostics division to General Electrics has been considered completed, even though it is not expected to take place until the summer of 2007.



4.3 BUSINESS

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

4.3.1 History and development of the business

The foundation of the Group's business is the historical expertise of the Mérieux family in biology, which dates back to 1897, when Marcel Mérieux established the Institut Mérieux. In 1937, Dr. Charles Mérieux became head of the Institut Mérieux, to be succeeded by Alain Mérieux, who served as Chairman and Chief Executive Officer from 1968 to 1994.

Since its establishment in 1963 at Marcy l'Etoile (near Lyons), B-D Mérieux, which became bioMérieux in 1974, has provided a broad range of products for analysis laboratories, covering biochemistry, coagulation, virology and bacteriology. The development of the first products relied to a large extent on the expertise of Institut Mérieux, at that time the principal shareholder (the Institut Mérieux transferred its shareholdings in the Company to the Mérieux family in 1968).

The Company initially targeted the French-speaking markets and focused on infectious disease diagnostics, principally in bacteriology and hemostasis (research on the coagulation system).

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

In 1987, the Company acquired the API® group, the worldwide leader in bacteria identification and manual antibiotic susceptibility tests, and reinforced its expertise in bacteriology through a revolutionary miniaturized and standardized technique.

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

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

In 1996, the Company partnered with Affymetrix to assess the opportunity provided by DNA chips (biochips – multiple detection) for complex and fast genetic analyses, including the identification of several pathogens and their resistance or virulence mechanisms. This was its entry into the molecular biology segment.

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

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

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

- new technologies, particularly the NASBA® amplification technology, which the Group has integrated into its product range with the NucliSENS® EasyQ® system;

- a reinforced presence in the U.S. market and, in particular, the Durham site in the heart of the “North Carolina Research Triangle” where the North American headquarters were relocated;

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

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

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

In 2003 and 2004, the Company disposed of its activities that were not specific to in vitro diagnostics, and merged with its holding companies. These transactions allowed it to simplify the group's structure and to focus exclusively on in vitro diagnostics, while at the same time streamlining the structure of the other healthcare businesses under the control of Mérieux Alliance.

Since 2004, the Group has been pursuing a strategy of development and acquisition of biological markers, enabling it to offer high-value-added tests (licensing of the procalcitonin marker of severe septic conditions, the proBNP marker of congestive heart failure and acute coronary syndrome, and human papillomavirus for early detection of cervical cancer).

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

4.3.2 Core areas of expertise

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

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

	Bacteriology	Immunoassays	Molecular biology
Infectious diseases	X	X	X
Cardiovascular pathologies		X	X
Cancers		X	X
Industrial applications	X	X	X

The Company believes that substantial technological and commercial integration is essential in the current market context to compete successfully in the targeted applications. It considers itself as one of only a few companies that possess the range of technologies and the global reach necessary to benefit fully from the growth potential of these applications.

In the clinical segment, the Company's historical business is the diagnosis of **infectious diseases**, which accounted for 68% of consolidated revenue in 2006. In 2006, infectious diseases accounted for 100% of applications developed in clinical bacteriology, 53% of applications in immunoassays, and the majority of applications in the area of molecular biology. Customers are offered a very wide range of manual and automated products with extensive menus of reagents. These products allow the detection and analysis of bacterial infections (such as staphylococcus and tuberculosis), parasitic infections (such as toxoplasmosis), and viral infections (such as HIV and hepatitis).

For several years, the Group has been using its complementary technological expertise to extend its range of products to the detection and therapeutic follow-up of certain **cardiovascular pathologies** and certain **cancers**; these applications accounted for 7% of total sales in 2006:

– in the diagnosis of cardiovascular pathologies (including thromboses), the Company has developed and marketed a reference test with high clinical added value, the VIDAS® D-Dimer Exclusion test, to exclude deep vein thrombosis and pulmonary embolism in the presence of chest pain,

– in cancer detection, for which the new molecular biology technologies are best suited, the Company is developing tests that could, through study of human genetics, detect predisposition to selected cancers (in particular breast cancer), permit their diagnosis, aid in the selection of treatment (molecular typing of tumors and patient for advance knowledge of their reaction to the different treatments available), follow up the progress of treatment, and monitor the disease when treatment is complete.

The Group has also broadened the application of its expertise by taking up a pioneering position in **industrial applications**, a developing segment over the last ten years, which accounted for 13.8% of its total sales in 2006. The most significant industrial applications are in food processing, pharmaceuticals and cosmetics. The Company has developed TEMPO®, a new quality indicator system that quantifies and identifies bacterial flora in food (meat and poultry products, etc.).

4.3.3 Key strengths

The Company believes that it is particularly well positioned to be a leader in the strategic business areas it is targeting. Its principal strengths are:

- a high level of expertise in the diagnosis of infectious diseases, based on over 40 years of experience in biology, which is now being applied to various new areas, including industrial contamination, cardiac diseases and cancers, and no doubt to the field of human genetics in the future,

- complete product ranges known for their reliability and durability, integrating all the conventional technologies (bacteriology, immunoassays) and the most advanced technologies in molecular biology,

- proprietary technologies (BOOM® and NASBA®) justifying the Company's ambition to become a leader in molecular biology,

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

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

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

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

4.3.4 Strategy

Previously focused on the laboratory, bioMérieux's strategy is now shifting to pathologies and clinicians' needs as well. The company intends to concentrate on infectious diseases – notably sepsis, hospital-acquired infections, tuberculosis, HIV and hepatitis – as well as on high medical-value tests for breast, colon and prostate cancer, and emergency cardiovascular diseases.

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

In **bacteriology**, the Company plans to become the undisputed leader, with a market share of nearly 40% in 2012. The Company's objective is to develop its range of automated solutions for bacteriology laboratory analysis procedures. The target market share will be obtained mainly by internal growth, in particular the extension of the chromogenic culture medium ranges, the enrichment of the menus of the VITEK®2 and VITEK®2 Compact automated identification and antibiotic susceptibility testing platforms, and research on new technologies enabling faster blood culture results. External growth operations, including the negotiation of distribution agreements or the acquisition of companies, are also planned.

In **molecular biology**, bioMérieux intends to become the leader in sepsis and hospital-acquired infections, with around 8% of the market for molecular diagnosis of infectious diseases in 2012. The Company intends to become the leader in automation of the molecular diagnosis of HIV and hepatitis. The menu of the EasyQ® platform will be extended and new generations of platforms will be developed, enabling enhanced automation of the amplification and detection steps, and the production of multi-target genetic tests. These developments will be integrated into the ADNA program, with support from the French *Agence pour l'Innovation Industrielle* (Industrial Innovation Agency) (see section 4.4.5 below). The Company also plans targeted acquisitions, like the September 2006 purchase of Bacterial Barcodes, Inc., and distribution agreements similar to the one signed on 16 January 2007 with Cepheid for the exclusive worldwide distribution of a range of products for the detection of sepsis.

In **immunoassays**, the Company intends to strengthen the point-of-care business and extend the high medical-value test menu. The Company intends to consolidate its position in routine immunoassay tests,

continuing the rollout in Europe and Latin America of the VIDIA® platform and gradually enriching its menu. The Company also plans to continue its growth in high medical value-added tests with the VIDAS® and MiniVIDAS® platforms, by strengthening its range of tests (in particular with the 2007 launch of PCT testing for detection of severe bacterial infections and proBNP testing for acute coronary syndrome). The development of a new manual and semi-automatic range, with a rapid test reader intended for the Point Of Care segment, is also being examined.

bioMérieux intends to become a preferred partner of pharmaceutical and biotechnology companies, by developing new tests for verifying the efficacy of a therapeutic treatment for a given patient, the absence of side effects or for monitoring the treatment.

For this purpose, the Company intends to take advantage of the following assets:

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

A new division specializing in this new area, termed "**theragnostics**" (therapeutics + diagnostics), based in Cambridge (Massachusetts), was established for this purpose in January 2007.

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

Unlike the clinical segment, where industry concentration is already high, the industrial applications segment is still extensively fragmented, since the nine leading players hold only about 50% of the market. By 2012, bioMérieux intends to increase its share to close to 30%, both by continuing its internal growth and by undertaking external growth operations.

4.3.5 Business Development

In order to further identify opportunities for partnership and distribution agreements and to examine external growth opportunities, the Company has decided to establish a global Business Development division. This entity, based in Cambridge (Massachusetts), will be supported by teams in Marcy (France), Shanghai and Tokyo.

4.3.6 Group products

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

4.3.6.1 Composition of the Group's product range

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

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

- instruments (or platforms or autoanalyzers), for automated running of tests at varying throughputs, introducing biological samples into the instrument with one or more reagents to detect the target microorganism or marker, and

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

The major share of the Group's revenue comes from reagent sales, which account for approximately 85% of total sales. Instruments are either sold (approximately 12% of revenue) or placed with the customer under an agreement to purchase a minimum volume of reagents and consumables, on terms designed to cover the depreciation and the financing of the instrument. If the customer is unable to fulfill its obligations, the Company is contractually entitled to take back the instrument. In some markets, in particular the United States, instruments can be leased to customers. Software is generally supplied with the instruments.

The vast majority of instruments developed and installed by the Company are closed systems, meaning that they can only be used with reagents developed by the Group specifically for these instruments. The installed instrument base of more than 45,000 as of December 31, 2006, is a source of visibility and provides a regular revenue stream for the Group. Approximately 70% of reagent sales in 2006 were of those used in instruments, the balance being of manual products.

The placement with clients or sale of instruments is accompanied by services ensuring the reliability and durability of the product. These include the installation and maintenance of instruments as well as user training. Part of the services provided by the Company is billed to customers. Billing of services accounted for approximately 4% of Company revenue.

4.3.6.2 Main products

The following table shows the main products marketed by the Company, with their technological area and principal applications:

Main product lines	Technological area	Main applications
Culture media	Bacteriology	Culture of the principal microorganisms responsible for infectious diseases. Approximately 40 applications. Management of the bacteriological environment in the pharmaceutical segment; air quality control.
API® and ATB™	Bacteriology	API®: miniaturized identification test; worldwide reference covering approximately 800 bacteria and yeasts (including species with growing importance in pathology, such as corynebacteria, *Listeria*, and *Neisseria*) ATB™: semi-automated identification and antibiotic susceptibility test
VITEK®	Bacteriology	Automated identification and antibiotic susceptibility test system with an extensive menu. Second generation VITEK® 2, an automated system designed for large laboratories, and VITEK® 2 Compact, an automated system designed for small and mid-sized laboratories Identification of bacteria in industrial products.
BacT/ALERT®	Bacteriology	Direct culture of blood samples for detection of septicemia (routine testing) Monitoring of sterility of platelets (blood banks in the United States) Monitoring of sterility of industrial products
Expert systems and software	Bacteriology	OBSERVA®: data management software for VITEK® and BacT/ALERT® VIGI@CT™: software for hospital-acquired infection alerts STELLARA®: software for therapeutic decision-making aid APIWEB™: Internet-based electronic database for the interpretation of API® identification strips

Main product lines	Technological area	Main applications
VIDAS® and VIDIA®	Immunoassays	**VIDAS®:** 90 detection parameters: hepatitis A and B, HIV, many serologies such as those of pregnant women (toxoplasmosis, rubella and cytomegalovirus), as well as hormones such as those involved in thyroid function or fertility; also, markers for diagnosing or tracking certain cancers or cardiovascular diseases, such as **VIDAS® D-Dimer Exclusion™**: reference diagnostic test for the exclusion of deep venous thrombosis and pulmonary embolism. In the industrial segment: bacterial pathogens (salmonella, listeria) **VIDIA®**, fully-automated medium-throughput system designed for large and mid-sized laboratories, particularly in hospitals (market launch in 2006)
NucliSENS® miniMAG™	Molecular Biology	Semi-manual system for extracting genetic material from samples, incorporating BOOM® technology
NucliSENS® easyMAG™	Molecular Biology	New automated system for extracting genetic material from samples, incorporating BOOM® technology
NucliSENS EasyQ®	Molecular Biology	Real time detection system using NASBA® amplification technology; currently used to measure HIV-1 viral loads and to detect viruses involved in respiratory infections, enterovirus and cytomegalovirus.
TEMPO®	Bacteriology	New food quality indicator system; first microbiology system specifically designed for the industrial market

The Company's ten leading products accounted for approximately 23% of Company sales in 2006, with the first accounting for approximately 4% of sales.

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

Culture media

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

In this segment, the Company is focusing its efforts on developing the ChromID™ line of chromogenic media, products that require specialized know-how and allow it to differentiate its range from those of its competitors. These media are based on the direct introduction of chromogenic substrates, which make possible the isolation and immediate identification of the targeted microorganisms. Current work focuses in particular on the development of a line of preventive culture media aimed at screening patients carrying multidrug-resistant bacteria, so as to reduce nosocomial infections by multidrug-resistant bacteria by the application of appropriate isolation and hygiene measures. In this connection, the Company has consecutively introduced ChromID™ MRSA for detecting methicillin-resistant *Staphylococcus* aureus bacteria (2005), the ChromID™ ESBL medium for detection of extended-spectrum beta-lactamase-producing enterobacteria (2006), and the ChromID™ VRE medium for detection of vancomycin-resistant enterococci (February 2007). The marketing of these three media is part of the Company's strategy to become involved in the fight against nosocomial infections

In the industrial applications segment, in 2006 the Company also launched CampyFood ID™, the first ready-to-use culture medium for easy detection of *Campylobacter* in food products and environmental samples.

API® product line

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

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

VITEK®

In addition to the manual and semi-automated products described above, the Company has a leading market position in automated ID/AST products. Its main product line, VITEK®, is an automated system that meets current bacteriological requirements in both clinical and industrial control applications. This system was designed to operate with the capacity to process up to 120 tests simultaneously, depending on the model. The VITEK® product line is principally sold to large laboratories.

The second generation of the VITEK® line, the automated VITEK® 2, provides more rapid identification and antibiotic susceptibility test results. It offers a broader analysis menu, using a single specific card per major bacterial group and a miniaturized consumable.

The Company launched VITEK® 2 Compact platform during the last quarter of 2004 in France and then gradually throughout the rest of the world. This instrument is equipped with a new reading mode and new expert systems; it is targeted at small and mid-sized laboratories, running between 30 and 60 tests per day.

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

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

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

BacT/ALERT®

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

The BacT/ALERT® system is also used in the U.S. market for monitoring platelet sterility at blood banks. Additionally, synergies between the VITEK® and BacT/ALERT® automated systems are possible since, when bundled together, the two systems optimize the reading and interpretation of patients' results.

VIDAS®

VIDAS® is a multi-parameter instrument using ELFA (Enzyme Linked Fluorescent Assay) technology and based on a single-sample test concept. The system can automatically perform every step of biological analyses to identify and quantify (i) bacteria, viruses and parasites in biological samples; (ii) antibodies measuring the immunological response to infection; and (iii) different proteins circulating in the blood, markers for selected pathologies such as cancer, inflammatory response and hormonal dysfunction. The analyses may be run as a customizable test at up to 50 tests per hour. The mini VIDAS® is a compact version of VIDAS®. Launched in 1992, the VIDAS® product line has been very successful. It is recognized for its quality and reliability. The VIDAS® system is one of the most widely installed systems in the world among small and mid-sized laboratories, with over 22,000 systems installed as of December 31, 2006 (including the mini VIDAS® compact version). In the entire automated immunoassay market, the Company estimates that the VIDAS® product line is second only to Abbott's AxSym system in terms of installed instruments.

The VIDAS® menu includes 90 parameters (80 clinical and 10 industrial) covering a wide range of human pathologies, such as hepatitis A and B virus and HIV diagnosis. The HIV Duo Ultra and Quick tests, brought out in September 2004, are the only ready-to-use automated HIV infection detection tests (they detect both antigens and antibodies, with the VIDAS® VIH Duo Ultra test providing separate and concurrent signals for antigens and antibodies).

Part of the VIDAS® menu covers emergency diagnostics, including the VIDAS® D-Dimer EXCLUSION™ test, the recognized reference test for the exclusion of deep venous thrombosis and pulmonary embolism diagnoses, and VIDAS® Troponin I Ultra, introduced in December 2006, for the diagnosis of acute coronary syndrome.

The industrial applications marketed by the Company include an innovative and effective solution for managing the risk of *Listeria* infection, with the new VIDAS® LDUO test, on the market since April 2006.

VIDIA®

To meet the expectations of immunoanalysis laboratories in terms of automation, traceability and simplicity of use, the Company has developed the VIDIA® immunoassay system, which it brought out in 2006. VIDIA® is a new fully-automated immunoassay system capable of running 80 to 110 tests per hour. The VIDIA® system is intended for routine testing in clinical biology laboratories and for laboratories specializing in the diagnosis of infectious diseases.

VIDIA® will provide laboratories with tests for infectious diseases (toxoplasmosis, rubella, cytomegalovirus, HIV, hepatitis, Epstein Barr virus, syphilis, varicella, Lyme disease) and in hormonology (thyroid function, fertility), oncology (tumor markers), and the diagnosis of anemia.

In combination with its software and graphic user interface, the system provides the laboratory with full traceability of patients' results, together with control and calibration values.

bioMérieux thus offers a comprehensive solution adapted to laboratory needs, with the VIDIA® system processing 80% of the test throughput and VIDAS® as the ideal complementing system for emergency, specific and low-volume tests. The laboratory also benefits from complete agreement between the VIDIA® and VIDAS® results, a particularly useful factor when checking analyses and running additional tests. A bidirectional connection, BCI Net™, increases the complementarity of the two systems by optimizing the management of data flow between the laboratory's central computer system and up to five VIDAS® and/or VIDIA® systems.

Microplate immunoassay tests

These reagents are used primarily by blood banks to test donated blood and at large laboratories for specific analyses, such as HIV positivity confirmation tests. The Company recently brought out a new platform, DA VINCI®, along with a more compact version, DA VINCI® QUATTRO™. In this segment, the Company intends to focus on markets where it considers there is potential growth for its business and good profitability. Accordingly, in December 2006, it decided to withdraw from that specific segment of the North American market. This withdrawal will be completed during 2007.

Rapid tests

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

Molecular biology product lines

Molecular diagnostics by bioMérieux can detect bacterial, viral and parasitic infections in humans thanks to its **BOOM®** extraction system and **NASBA®** simultaneous amplification and detection system.

BOOM® is a proprietary technology for extracting DNA and RNA and sets the standard for the industry. It is well established as the preferred method for all molecular biology tests.

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

The Company has built upon the BOOM® and NASBA® technologies to develop a line of extraction systems and a line of amplification/detection systems: the extraction line includes the semi-manual NucliSens® miniMAG® solution and the NucliSens® easyMAG® automated system, both of which use the proprietary BOOM® technology. In April 2006, Frost & Sullivan gave its "Technology Innovation of the Year" award to the NucliSens® easyMAG® system.

Real-time amplification and detection of molecular targets are performed on the NucliSens® EasyQ® platform, using the NASBA® technology. This system analyzes up to 48 samples, with a handling time of less than 90 minutes. It is particularly well suited to high test volumes, such as when measuring HIV viral loads. The system can also be used for small series of tests and for customized parameters, using the NucliSens® Basic Kit concept. This platform has enabled the development and marketing of specific tests for the detection of respiratory viruses and bacteria, and a test for the detection of the avian influenza virus (H5 and N1).

The Company is also the exclusive distributor of certain Gen-Probe products outside the United States, the most important of which are the tests for mycobacteria. The Company's alliance with Gen-Probe since 1997 has enabled it to break into the molecular biology sector and confirm the Company's prospects in this area.

Since 2003, the Company has been collaborating with Cepheid, which has developed an innovative system, GeneXpert®, which may enable it to gain a position in new molecular biology segments, such as Point Of Care testing. GeneXpert® is a unique system that combines extraction, amplification and detection, without complex handling and without the need to intervene during the analysis. Under the terms of an agreement signed in January 2007, the Company and Cepheid intend to develop and market innovative sepsis detection tests on the GeneXpert® platform.
The Company has also been investing, jointly with Affymetrix, in multidetection DNA testing (DNA chips or microarrays), which are an important tool for the identification of multiple-target parameters.

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

TEMPO®

In January 2005, the Company brought out a TEMPO®, new quality-indicator system for quantifying the bacterial flora present in food products. TEMPO® is the first automated microbiology system designed specifically for industrial applications. This system is targeted at the quality control laboratories of large industrial groups and independent industrial laboratories and is expected to be used for a large number of food products. Complementing the VIDAS® system, it enables the Company to offer its customers a complete automated food-product bacteriology range.

In 2006, the Company extended the menu of its TEMPO® system, with the marketing of TEMPO® EB, the first automated test for counting enterobacteria in food products.

4.3.6.3 Other Group products

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

4.3.7 Customers

The Group sells its products mainly to private and hospital analysis laboratories. The Company estimates that these two groups account for approximately two thirds of the in vitro diagnostics market, with hospital laboratories alone accounting for approximately half the market. To a lesser degree, customers include blood banks, the point-of-care market (in particular, hospital emergency rooms), and physicians (known as the "physician office laboratory" or "POL" segment). The size of the POL segment varies from one country to the next: it is highly developed in North America, but accounts for only a small part of the market in Europe

(except in Germany) and the Asia-Pacific region (except in Japan). The Company does not sell products directly to patients, as this customer base would require too large a distribution network.

The organization of the in vitro diagnostics sector varies considerably from one country to the next, depending on their healthcare system. It is part of either the public or the private sector, or is split between the two. Globally, bioMérieux sells its products to hospitals, private analysis laboratories, clinics, public health centers, industrial customers and distributors, and directly to physicians when the law allows it. In France, which accounted for 17% of the Group's sales in 2006, there is a mixed private/public organization. Private laboratories, which accounted for 62% of total sales in 2006, place orders, whereas public hospitals, which accounted for 26% of the Company's sales, operate through tendering procedures. Industrial clients (13% of sales in 2006) also place direct orders. In the United States, which is the Group's largest market, public and private hospitals accounted for 61% of sales in 2006 and commercial laboratories accounted for 19%. In addition, 7% of sales were to other clinical-sector clients, including Physician Office Laboratories (POL). Industrial clients accounted for the other 14% of sales.

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

For several years, there has been a trend towards consolidation among analysis laboratories, whether in hospitals or private, due to the economies of scale that result, particularly from sharing a larger customer base, as well as increased capital investment needs, technical demands and a shortage of qualified personnel. Partnership agreements between laboratories have gradually become integrated networks with sophisticated, highly-computerized connections.

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

This consolidation trend often has advantages for the Company, as it speeds up the development of customer automation by increasing their capacity to invest in new platforms.

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

- the Group brought out VITEK® 2 Compact, a platform for automated bacteriology tests targeted at small and mid-sized laboratories; VITEK® 2 Compact complements VITEK® 2, which is targeted at larger laboratories;

- it released TEMPO®, the first microbiology platform specifically designed for quality control of food products;

- It developed and is bringing out VIDIA®, a medium-throughput immunoassay instrument that will benefit from bioMérieux's reputation and strong presence in small to mid-sized laboratories to secure orders from hospital laboratories and from the trend toward more concentration among existing VIDAS® customers;

- it offers standardized systems designed to meet the new needs of laboratories, such as the EasyMAG® automated platform for the extraction of gene sequences of target agents, and the EasyQ® platform for rapid diagnosis of the viral load of HIV in patients' blood and diagnosis of pathogens involved in meningitis, septicemia, and pulmonary infections;

- it is targeting the point-of-care market with Cepheid's GeneXpert® integrated system;

- it is developing rapid tests with an easy-to-use immunoassay product line (VIKIA®) designed for analyses by physicians and in developing countries.

Revenue from the ten largest customers accounted for less than 10% of Company revenue in 2006. The largest customer accounted for approximately 2% of total sales.

4.3.8 Geographical presence

Revenue is generated in more than 150 countries through 35 international subsidiaries and over a hundred distributors, most of them exclusive.

4.3.8.1 Distribution network

The Company's distribution strategy focuses on proximity to its customers to better respond to their needs and assist them in controlling the use of its products. Global strategy principles are defined at the group level. The distribution policy is then implemented at the local level. The Company distributes its products through a network of 35 international subsidiaries, as well as over 100 distributors for geographic areas not covered by subsidiaries.

4.3.8.1.1 An extensive distribution network

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

The subsidiaries have specialized sales 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 the clinical segment are specialized by product line. Likewise, the industrial applications sales forces are becoming increasingly specialized in the pharmaceuticals or food-processing sectors. Conversely, in smaller markets, sales forces are not specialized. As of 31 December 2006, the sales and marketing and customer service personnel of the Group totaled 1,903 persons, including 989 in Europe, 413 in North America, 316 in the Asia-Pacific region and 185 in Latin America.

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

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

4.3.8.1.2 Outside distributors

In addition to the subsidiaries' sales forces, the Company also seeks to ensure that it has a strong presence on all continents through outside distributors. The determination of the Company to achieve strong product recognition, along with legal requirements regarding traceability and customer support services (technical personnel, training, availability of spare parts) inform the choice of local partners. These distributors are most often leading players in the healthcare sector of their countries and are usually exclusive in the diagnostics segment. They are also selected on the basis of their knowledge of local healthcare market players and their material and human resources. The Company also ensures that its distributors have an adequate financial base to finance the instruments placed with end-customers. As of December 31, 2006, the outside distribution network included over 100 partners in some 120 countries.

4.3.8.2 Sales by country

The following table sets out Group sales by geographic area between 2004 and 2006:

	2006 sales (€ millions)	% of total sales	2005 sales (€ millions)	% of total sales	2004 sales (€ millions)	% of total sales
Europe – Middle East – Africa [1] ...	586.0	56.5	566.6	57.0	532.8	57.3
Of which France	*171.5*	*16.5*	*176.3*	*17.7*	*169.9*	*18.3*
North America.....	268.8	25.9	255.9	25.8	244.3	26.3
Asia-Pacific[1]	113.1	10.9	107.7	10.8	96.6	10.4
Latin America	69.0	6.7	63.4	6.4	55.6	6.0
TOTAL.....	**1,036.9**	**100%**	**993.6**	**100%**	**929.3**	**100%**

(1) After reclassification in 2004 and 2005 of sales in SAARC countries

The Company has long developed a strategy of proximity to its customers, and, over time, the number of subsidiaries has increased (now 35 foreign subsidiaries). In those countries where there are no subsidiaries, distribution agreements have been entered into with around 100 distributors throughout the world.

Europe, the Middle East and Africa continue to account for most of the Company's business. The experience and the quality of its sales network targeting hospital and private laboratories have enabled it to become the third largest supplier in France. The Company holds major market shares in all bacteriology segments of its other two main European markets (Italy and Germany), and distinctive positions in immunoassay. It is gaining market shares in molecular biology and industrial applications.

In North America, where automated processes are dominant, the Company has bolstered its market position, including in automated bacteriology with the launch of VITEK® 2 Compact, in medical practices with the VIDAS® automated system and, in emergency rooms, with the D-Dimer Exclusion™ test.

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

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

The Company has set up a World Sales Division in order to optimize the effectiveness of its sales network, in particular in the United States and Japan, and to encourage synergies resulting from the experiences of its sales and marketing teams. It also plans to continue extending its network of marketing subsidiaries.

4.3.9 Competition

4.3.9.1 Clinical sector

In tests for infectious diseases, which represent 68% of aggregate sales in this sector and approximately 25% of in vitro diagnostics sales, the Company is estimated to rank in third position, with a market share of approximately 12% in 2006. The development of new technologies and access to new markers might change this ranking in the future.

bioMérieux is one of the few firms in the market to have all the technologies used in this segment. As a result, it faces different competitors depending on the technology used. The Company believes that its expertise in all complementary technologies gives it a significant competitive advantage.

a) In bacteriology, where the Company estimates its market share at 30%, its principal competitors are Becton-Dickinson for manual products, culture media and automated blood culture systems, and Dade Behring in the automated identification and antibiotic susceptibility testing segments.
The table below shows the sizes of the bacteriology sub-segments, the competitive positions of the main players in these markets, and the Company's share of aggregate sales, as estimated by the Company:

	Culture	Blood cultures	Automated ID/AST	Manual ID/AST
Segment (€ millions)	530	345	425	200
Growth rate	[1% - 3%]	[3% - 4%]	[5% - 6%]	[0% - 2%]
Market share				
bioMérieux	**>10%**	**>40%**	**>55%**	**>20%**
Becton-Dickinson	X	X	X	X
Dade Behring			X	

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

b) In immunoassays, a segment where the 10 leading firms are active, with the exception of Becton Dickinson, the major pharmaceutical and diversified companies (Roche, Johnson & Johnson, General Electric, Siemens) are dominant. bioMérieux is a high value-added niche player, with a strong position on small and mid-sized laboratories in Europe and on certain tests with high medical added value.

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

4.3.9.2 Industrial market

In the industrial market, the Company is estimated to be co-leader with Becton-Dickinson with a market share of approximately 12.5% in 2006. This fast growing new market is currently highly fragmented, despite a few strategic or technological alliances (e.g. Dupont-Applied Biosystems, Qualicon-SDI, Millipore-Applied Biosystems), with many companies specializing in specific segments. Other than Becton-Dickinson, bioMérieux's primary competitors in the industrial market are 3M-Biotrace, Oxoïd, AES, Merck, Millipore, Dupont (Qualicon) and Neogen.

4.4 RESEARCH AND DEVELOPMENT

4.4.1 Strategy

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

- reinforcing the Group's bacteriology product range by making use of its historical expertise and leadership in the segment, while continuing to develop new identification and antibiotic susceptibility tests in the VITEK2® range and new high medical value-added culture media in the ChromID™ product line;

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

- capitalizing, in immunoassays, on the success of VIDAS® and its unique know-how in biology to increase the number of menu parameters for platforms such as VIDAS® and VIDIA®.

The Company strategy is to maintain strong capabilities in advanced technology research, particularly in areas such as human genetics, pharmacogenomics, proteomics, and bio-informatics, as well as selected

microtechnologies such as microfluidics and electronics. It also relies on a high profile network of international alliances and a strong intellectual property policy compatible with its objectives.

4.4.2 Capital expenditures

Research and development expenditure represented 13.6% of Group revenue in 2004, 13.1% in 2005 and 12.5% in 2006. Excluding up-front payments for access to new biomarkers or new technologies, Group research and development expenditure is focusing on:

- the development of new reagents, expanding menus, and developing new generations of systems composed of instruments, reagents, expert systems and software (approximately 80% of R&D expenditure in 2006). The present focus of the Company is in particular on the development of the menus of the VITEK® and BacT/ALERT® platforms in bacteriology, VIDAS® and VIDIA® in immunoassays, NucliSENS EasyQ® in molecular biology and TEMPO® in industrial applications;

- the implementation of research programs in advanced technologies intended for incorporation into future products (approximately 20% of expenditure in 2006). The Company is currently focusing, *inter alia*, on molecular biology research, including applications for cancer and infectious diseases. The Company is also working on the validation of new detection principles to allow miniaturization and better integration of systems.

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

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

4.4.3 Research and Development projects

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

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

The Company has also chosen to reinforce its research and development capabilities in the areas of micro- and nanotechnologies applicable to molecular biology and immunoassays.
The following table presents the main strategic lines of research and development, for each technology, in clinical and industrial applications:

	Clinical Applications	Industrial Applications
Bacteriology	– Chromogenic culture media for direct identification of bacteria (ChromID™) – Development on Bact/ALERT® – Development of new menus on VITEK® 2 Compact – Programs designed to improve the performance of and extend existing product lines, constant updating of VITEK®2 expert systems	– Development of new culture media and menu of TEMPO®
Immunoassays	– Development of new generations of VIDAS® tests with high medical value added, for example in the field of emergency diagnostics: procalcitonin, pro-BNP, etc. – Expansion of the range of available parameters, in particular for the VIDIA® platform – VIKIA®: rapid immunoassay tests	– Development of new applications for VIDAS® to control production and animal farming environments
Molecular Biology	– Development of the range of parameters for the NucliSENS EasyQ® platform, including the HPV test for early detection of cervical cancer. – Development, in collaboration with Cepheid, of innovative tests in the field of sepsis on the GeneXpert® platform. – New methods for the early detection of breast, colon and prostate cancers, based on the use of Affymetrix technology and the measurement of the genetic response in the blood of affected patients (cooperation with ExonHit). – Development of new integrated molecular biology platforms (ADNA project).	– New reagents in food quality control (pathogenic bacteria)

4.4.4 Research and Development organization

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

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

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

Site	Reagents	Systems	Software
Durham, North Carolina (USA)	Bacteriology (blood culture) BacT/ALERT®		
St Louis, Missouri (USA)	Automated Bacteriology (VITEK®)	Bacteriology (VITEK® - BacT/ALERT®)	Bio-informatics
Marcy, Craponne, La Balme (France)	Immunoassays (VIDAS® - VIDIA®) Bacteriology (TEMPO®) Rapid tests (VIKIA®)	Immunoassays (VIDIA®) Micro-immunoassays (electrochemistry)	Bio-informatics
Grenoble (France)	Molecular Biology (NucliSENS®)	Microsystems	Bio-informatics
Florence (Italy)		Immunoassays (VIDAS® - VIDIA®) Bacteriology (TEMPO®)	
Boxtel (Netherlands)	Immunoassays (microplates) Molecular biology (NucliSENS® and BOOM®)	NucliSENS EasyQ®, EasyMAG®	Bio-informatics
Rio de Janeiro (Brazil)	Rapid immunoassay tests		

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

4.4.5 Key agreements and partnerships

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

The partnership agreements signed by the Company provide for sharing of intellectual property or marketing rights for products subject to the partnership, as well as the payment of royalties to partners, or vice versa.

The following table lists some of the most significant partnerships agreements entered into in recent years:

Partner	Technology	Primary Purpose
Affymetrix	Molecular Biology	DNA chips, detection of nucleic acids in infectious diseases, several types of cancer, and industrial monitoring.
Avestha Gengraine Technologies Pvt Ltd. (India)	Molecular Biology	Joint development work on the identification of new tuberculosis markers.
Cepheid	Molecular Biology	Use of the GeneXpert® system in the area of infectious diseases.
Chinese Academy of Medical Science (CAMS)	Molecular Biology	Establishment of a joint laboratory specializing in new emerging pathogens, in particular the identification of new viral disease vectors and new viral agents aimed at preventing epidemics and at providing patients with clinical diagnosis and treatment.
ExonHit	Molecular Biology	Discovery of tumor markers
Fudan University Cancer Hospital	Molecular Biology	Hosting by the Fudan University Cancer Hospital of a bioMérieux laboratory dedicated to the discovery and validation of markers in oncology and human genetics. This arrangement will enable bioMérieux to closely collaborate with the Fudan hospital and access to an extended panel of samples.
Several UK Universities	Bacteriology	Development of enzymatic substrates and related markers for chromogenic media.

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

Partner	Technology	Primary Purpose
CEA (Saclay)	Immunoassays	Engineering of antibodies and antigens
CEA - LETI (Grenoble)	Molecular Biology Immunoassays	Joint development of various research projects and programs on the application of microtechnologies and microsystems to in vitro diagnostics and to industrial microbiological monitoring.
CNRS (UMR – 2714) (Lyons)	Molecular Biology, Immunoassays and Bacteriology	Macromolecular Systems and Human Physiopathology. Joint research laboratory comprising three units: Substrate chemistry, Human retrovirology, and Antigen determination.
Chinese Academy of Medical Science (CAMS) (Beijing, China)	Molecular Biology	Joint laboratory devoted to new emerging pathogens.
Hospices Civils de Lyon	Molecular Biology	Genome analysis applied to the mechanisms of development of autoimmune diseases

In 2005, bioMérieux entered into an agreement with Affymetrix Inc. under which Affymetrix granted bioMérieux full long-term access to its GeneChip® technology for the development and distribution of in vitro diagnostic tests in the areas of infectious diseases, industrial monitoring and breast cancer, with an option to extend the license to other forms of cancer. The agreement gives bioMérieux non-exclusive rights to the Affymetrix patented DNA chips, instrumentation systems and future improvements of these key technologies.

On October 10, 2005 bioMérieux entered into an agreement with ExonHit Therapeutics, extending for an additional 6 years the collaboration between the companies to discover and develop new blood diagnostic tests for the early diagnosis of cancer. In March 2006, ExonHit Therapeutics and the Company announced that they had passed an important research milestone in the molecular detection of breast cancer from blood samples. After the early-2006 start of a blood screening program for colorectal cancer, a third program was

initiated in late 2006 on blood screening for prostate cancer. The tests could open the way to better patient management and rapid and pertinent therapeutic decisions, thereby improving the chances of recovery. The research work that would lead to the development of these new molecular diagnostic tests for cancer is based on ExonHit's expertise in the identification of genetic signatures or "splice variants" associated with the condition and on bioMérieux's know-how in the development and marketing of diagnostic tests.

In November 2005, the Company and five other founders (Fondation Mérieux, Sanofi Pasteur, Mérial, Becton Dickinson France and the French CEA) formed Lyon BioPôle, an association with the objective of giving impetus to the world competitiveness cluster recognized on August 2, 2005 in a circular by the French prime minister. The purpose of the association is to develop a shield against infectious diseases and cancers caused by viruses.

In September 2006, the Company and Profos AG signed an agreement for the development of innovative solutions for the detection of food-borne pathogens, on the basis of the Profos phage ligand technology. The results of this collaboration will be integrated into the Company's food safety product range.

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

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

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

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

4.5 MANUFACTURING, LOGISTICS, REAL ESTATE AND CAPITAL EXPENDITURES

4.5.1 Manufacturing and logistics

4.5.1.1 Production

The production chain plays a critical role in the in vitro diagnostics industry due to constraints related to the nature of the products. After closing the Saitama laboratory in 2005, there were 11 manufacturing centers organized by product line and business segment. Manufacturing activities are organized based on the principle of one range of product for each facility, partly due to the technical nature of products, which require a high degree of know-how and specialized teams, and partly for productivity considerations. The system generates economies of scale. The only exception to this principle concerns Petri dishes. Due to their limited shelf life as well as to barrier in some countries to imports of animal-based products, the dishes must be manufactured close to the customer (in Brisbane (Australia), Rio de Janeiro (Brazil), Lombard (Illinois, USA) and Basingstoke (United Kingdom), as well as at the main Craponne plant in France.

The following table presents an overview of each of the key manufacturing facilities and the principal products they produce:

Type of products	Location	Site	Description of Activities
REAGENTS	France	Lyons/Marcy	Clinical biochemistry, immunoassays, VIDAS® and VIDIA® reagents
		Lyons/Craponne	Bacteriology: Culture media (Petri dishes), tubes and bottles, dehydrated media
		Lyons/La Balme	Bacteriology: API® identification and antibiotic susceptibility test, ID 32, ATB™
	Netherlands	Boxtel	Immunoassays (microplates), molecular biology
	United States	Durham	Bacteriology (BacT/ALERT®) Immunoassays (microplates)* Hemostasis*
		Lombard (Chicago)	Culture media for industry
		Saint Louis	VITEK® Cards
	United Kingdom	Basingstoke	Culture media (Petri dishes)
	Brazil	Rio de Janeiro	Immunology reagents, culture media, coagulation reagents
	Australia	Brisbane	Culture media
INSTRUMENTS	United States	Saint Louis	VITEK®, VITEK® 2, VITEK® 2 Compact™, BacT/ALERT® product lines
	Italy	Florence	VIDAS®, TEMPO®, VIDIA®

* Production at Durham in the fields of hemostasis and immunoassays will be discontinued in 2007 (see section 4.3.1 above).

Manufacturing policy focuses primarily on:

- continued improvements in the efficiency of production facilities, as illustrated by the recent closing in 2005 of the Petri dish manufacturing facility at Saitama, in Japan, and the transfer of its production to Brisbane (Australia) and France;

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

- adapting manufacturing tools by responding rapidly to evolving techniques and the needs of customers, and by accommodating the manufacture of new products (such as the TEMPO® and VIDIA® product lines in Florence); and

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

4.5.1.2 Purchasing

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

- diversified its suppliers to ensure both security and competitiveness;

- produced selected raw materials in-house; and

- developed partnerships with suppliers, which are yielding technical and economic benefits.

In 2006 the Group's top ten suppliers accounted for approximately 15% of total procurement expenses, and the largest of them accounted for approximately 3% of purchases.

The Company endeavors, as much as possible, to have constantly at least two suppliers for the same component or key raw material. Technical issues for sourcing raw materials require tight management of suppliers and supply security. Such security can take the form of supply agreements, diversification of sourcing, backup stocks and the development of internal production, or the assumption by the Company of liability for compliance with regulations of certain specific components manufactured by a supplier.

bioMérieux is a manufacturing company and, as such, it is affected by fluctuations in the price of materials it processes, which prices in turn are affected by the price of raw materials they contain. bioMérieux does not directly trade in raw materials and, unlike many manufacturers, it is only exposed indirectly and to a limited extent to fluctuations in raw material prices (as a result of price adjustments that some suppliers have made or may make in the future).

4.5.1.3 Logistics

As a result of the dispersion and specialization of manufacturing facilities, as well as the large number of product references (more than 2000), logistics play a critical role in the business.

The Company's logistics consist of four principal facilities worldwide (two in Europe and two in the United States) as well as local distribution centers, with a combined staff of 240, that are designed to provide the best conditions for supplying customers and managing inventories. Of the four sites, the “IDC platform” at Saint-Vulbas in France is the largest and is intended to supply reagents made in Europe to all subsidiaries and distributors.

In most countries, reagents are delivered within twenty-four hours. Each subsidiary is responsible for managing its inventories of reagents and instruments, working closely with the Global Supply Chain, which optimizes the flow of products and the balance between customer service and inventory levels.

4.5.2 Principal facilities and real estate

The Group operates thirteen manufacturing, research and logistics facilities and has 35 distribution subsidiaries, located in Europe, North America, Latin America and the Asia-Pacific region. Historically based in the Lyons region of France, the Company has expanded its geographical presence over the years by acquiring foreign companies, including in the United States, and by forming partnerships. It later formed subsidiaries in Europe and elsewhere. It owns all of its manufacturing, logistics and research and development facilities, with the exception of those of Basingstoke (United Kingdom), Brisbane (Australia) and Lombard (United States). However, distribution subsidiaries' premises are typically leased. The manufacturing and logistics sites are as follows:

France

French operations are organized around the following sites:

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

- **Craponne**
  Located near Lyons, the Craponne site covers a surface of 71,000 square meters, owned by the Company (including 24,000 square meters of buildings), and which today includes culture media manufacturing units, sales administration, global functions and a small research and development team. Approximately 640 people work at the site.

- **La Balme - Les Grottes**
  Located between Grenoble and Lyons, the La Balme-les-Grottes site historically belonged to API S.A., acquired in 1987. It covers a surface area of 103,000 square meters, of which the Company owns 18,000 square meters of usable floor space. The site employs approximately 300 people in bacteriology research and development, instruments and software and the manufacturing of products for bacteria identification. A new distribution center has opened at the beginning of 2005.

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

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

Europe

- **Boxtel (Netherlands)**
  The Boxtel site houses immunoassays and molecular biology production and research and development facilities. The owned property covers nearly 92,000 square meters, including 24,000 square meters of building space where approximately 270 persons are employed. Some of the land (40,000 square meters) was sold in 2005, as it was no longer needed.

- **Basingstoke, England**
  This rented manufacturing and logistics site sits on 5,000 square meters of land, where the premises cover 4,500 square meters of floor space.

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

United States

- **Durham**
  The Durham facility is located in North Carolina, on 417,000 square meters of Company-owned land, of which 23,000 square meters consists of buildings. The Group also leases premises nearby with close to 10,000 square meters of floor space. The site houses the Group's North American headquarters and employs some 600 persons in research, production and customer services.

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

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

Other Countries

- **Brazil**
  The Company has owned this site since 1974, and it covers a surface area of 42,000 square meters (including 5,400 square meters of buildings). Approximately 150 local staff is primarily dedicated to research and development, manufacturing and sales of reagents for immunology and ready-to-use culture media for bacteriology.

- **Australia**
  In Sydney, the local head office is located at premises with 900 square meters floor space and employs some 20 persons. The Brisbane facility is located on a leased property of 2,300 square meters. It employs 40 persons, primarily in the manufacture and distribution of culture media.

- **Tokyo, Japan**
  The Tokyo site consists of leased premises covering 900 square meters, where approximately 70 people are employed.

4.5.3 Capital expenditure

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

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

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

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

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

4.5.3.1 Recently completed capital projects (over one million euros)

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

- Opening of a European logistics center for instruments at La Balme (€1.1 million in 2004);
- Expansion of Petri dish production capacity at Craponne (€ 4.1 million);
- Renovation of the immunobacteriology building at Marcy and improvement of production capacity for VIDIA® (€ 8 million in 2002-2005);
- Building of laboratories for training and research and development in Marcy (€ 4 Million) in 2004/2005;
- Refitting of a production line (autoclave) at Durham (1.8 million dollars) in 2005;
- Renovation of central packaging department at Craponne (incl. VIDAS®) (€ 2.4 Million) in 2005;
- Purchase of a building to extend the Florence plant, subsequent to the transfer of production of VIDAS® instruments and the launching of VIDIA® and TEMPO® (€ 3.1 million);
- Conversion of the Saint-Vulbas distribution center (IDC) to meet its volume requirements (€2.5 million) in 2005;

– Establishment of a research and development center for molecular biology and micro-systems in Grenoble (€ 10 million) in 2004/2005;

– Addition of a production line for TEMPO® at La Balme (€ 1.4 million in 2005/2006);

– Refitting of an office building at Craponne (€2.1 million in 2005 and 2006);

– Purchase of land and an office building at Tassin-la-Demi-Lune (Rhône, France), near the world headquarters of the Company (€1.5 million) in 2006;

– Upgrading of manufacturing and quality control facilities at Durham (US $1.2 million) in 2006.

4.5.3.2 Principal current capital projects

– Renovation of a manufacturing building (1.2 million euros) and reorganization of a logistics facility (1 million euros) at Craponne in 2006 and 2007.

4.5.3.3 Principal future capital projects

– Creation of a new research and development building at Marcy (5.2 million euros) in 2007 and 2008;

– Modernization and extension of administrative buildings at Craponne and La Balme (1.2 million euros) in 2007.

4.6 QUALITY ASSURANCE AND APPLICABLE REGULATIONS

4.6.1 Quality assurance, monitoring systems and audits

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

Twenty-nine distribution subsidiaries, as well as the manufacturing sites, are certified as ISO 9001 compliant. Certification was secured by the Company on a voluntary basis.

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

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

Furthermore, in December 2006, the Craponne culture media production facility was certified compliant with ISO 11133. The standard is designed for pharmaceutical firms that make culture media for their own use or for distribution. It ensures more reliable results from microbiological analyses of foodstuffs, by setting minimum performance levels for culture media. It is the first food microbiology standard that is applicable not just to analysis laboratories but also to manufacturers.

4.6.2 Regulations

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

Medical in vitro diagnostic systems used for humans are subject to specific national regulations in Japan, the United States and the European Union. The regulations address the effectiveness, performance and safety of systems.

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

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

4.6.3 Clinical in vitro diagnostics

Registration

Clinical in vitro diagnostics are subject to national or European Community regulations. Countries can be divided into two groups: countries without their own regulatory regimes who use other countries' regimes and countries with their own regimes.

Three principal bodies of law govern in vitro diagnostics activities:

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

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

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

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

In the European Union, the regulatory environment is based on Directive 98/79/CE of October 27, 1998, which applies to all in vitro diagnostics medical devices. The Directive was transposed into French law when a Government Order was issued on March 1, 2001, completed by the Decree N° 2004-802 of July 29, 2004 adding articles L. 5221-1 *et seq.* to the Public Health Code, and the Decrees of November 9, 2004 and February 25, 2005 and July 1, 2005. The new European regulations harmonize the European in vitro diagnostic market by standardizing the marketing procedures used by manufacturers of in vitro diagnostics products.

Based upon the risk level and what is allowed under the regulations, a manufacturer chooses the appropriate procedures to follow. Currently, 95% of the Company's products are marketed following self-evaluation to determine whether they comply with the European directive (CE marking). As a result, regulatory certification does not impact the timing of the commercialization of these products.

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

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

In accordance with this procedure, the regulatory affairs department prepares a file prior to the launch of any new product. This file contains all information necessary to determine whether the product meets the requirements set forth in the regulations. The file is then submitted to the head of corporate quality assurance and regulatory affairs during a meeting of the marketing committee, who is responsible for verifying that the file is complete and meets all regulatory requirements.

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

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

In Japan, the registration procedure is similar to that of the United States.

4.6.4 Monitoring

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

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

4.6.5 Audits

The manufacturing sites are subject to audits and inspections by regulatory authorities (FDA, AFSSAPS), by bodies acting on behalf of regulatory authorities, and by certifying bodies that, as discussed above, the Company asks on a voluntary basis to verify compliance with ISO 9001 and ISO 13485. Industrial customers also perform other audits to ascertain that products and procedures comply with existing regulatory standards, as well as their own standards, and to guarantee the quality of service.

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

With the exception of the inspections of the Durham plant in the United States, audits conducted by supervisory agencies in various countries (France, United States, etc.) since 2000 have not disclosed any material breach of applicable regulations or else the appropriate measures have been taken and the matters have been closed (Saint Louis, United States and Boxtel, in the Netherlands, in 2004). No new inspection was made of the Durham facility in 2006. The action plans drawn up in the wake of two warning letters from the FDA in 2004 and 2005 continued to be carried out.

4.6.6 Industrial microbiological control

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

In the industrial domain, regulations applicable to manufacturers of industrial bacteriology products are still limited to their safety aspects. However, in order to respond to the needs of its customers, the Company must meet the standards applicable to customers (standards relating to the use of products: pharmacopoeia, standards such as AFNOR, ISO, etc...). Recent developments in the agri-business sector (listeria, escherichia coli O157, salmonella, etc...) could lead to more stringent regulation. Moreover, in the United States, for example, authorities may impose supplementary security measures as a result of the fight against bio-terrorism.

4.7 INTELLECTUAL PROPERTY

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

4.7.1 Patents

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

bioMérieux currently owns 413 patent families, of which more than 95% are filed in Europe and the United States, and more than 75% in Japan. As of December 31, 2006, it owned 298 U.S. patents and 145 European patents. It actively protects the results of its research through patents (approximately 30 new patents are filed each year), and monitors its competitors to be able to pursue actively any infringements.

The Company's key patents concern the following applications:

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

There is no patent or group of patents with an expiration date in the near future that could have a material effect on the financial condition or results of operations. However, the expiration of patents generating significant licensing royalties, such as patents for the BacT/ALERT® detection system, which expire between 2007 and 2010, the base patents for the NASBA® technology and those for the BOOM® technology, which expire between 2010 and 2012, could have a significant effect on total proceeds from royalties.

The general policy regarding patents is to file a priority application (generally in France or the United States) and, within one year, an application for extension under the Patent Cooperation Treaty (PCT), which has a single procedure for filing a patent in the 135 countries that are party to the treaty (as of December 31, 2006). The final choice of countries for extension of the patent takes place at the end of the PCT procedure, about 30 months after the initial filing. As a general rule, patents are extended in those countries with the largest market, such as the United States, Europe (particularly France, Germany, England, Italy and Spain), Japan and, recently, emerging countries (China and India).

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

4.7.2 Third-Party licenses ("licenses in")

bioMérieux only recently started developing markers necessary for the preparation of reagents, in particular in the field of new infectious heart diseases and oncology. Most licenses granted by third parties to the Company ("licenses in") accordingly concern markers. bioMérieux also continued to purchase licenses in 2006 needed for the development of future products, in culture media, immunoassays and molecular biology.

The table below lists the principal licenses extended to the Company by third parties in 2006:

Licensor	Technology	Object
NorChip	Molecular Biology	Exclusive license to HPV diagnostic technology developed by NorChip.
Bio-Rad, Institut Pasteur	Immunoassays Molecular Biology	Securing and extension of rights granted to bioMérieux in the HIV area by way of the settlement of litigation pertaining to HIV licenses.

4.7.3 "Licenses out" and cross-licensing

The Company occasionally grants licenses, exclusive or otherwise, to third parties, either unilaterally or as part of a cross-licensing agreement ("licenses out").
The most significant licenses concern the following patent families:

- detection system for blood culture bottles,
- the BOOM® process (nucleic acid concentration and purification technique for the preparation of samples for molecular diagnosis);
- the NASBA® amplification process for molecular diagnosis,
- patents covering the nucleic acid mutations indicating pathologies in hematology (Factor II and Factor V), key markers for identifying the risk of thrombosis;
- patents covering sequences or detection processes for selected viruses, such as EBV and CMV.
- patents covering markers for diagnosing rheumatoid polyarthritis (Filaggrine).

The Company also has licensed or is considering licensing programs for the following technologies: RT-PCR One Tube, nucleic acid marker technology for DNA chips, amplification technology using chimeric primers.

bioMérieux continued to issue and grant licenses in 2006, including for thrombosis-associated risk markers (Factor II and Factor V).

In addition, bioMérieux granted an exclusive license to GeNeuro in January 2006 to a substantial portion of its multiple-sclerosis patents, in connection with the development of a therapeutic product and accompanying diagnosis.

As part of the settlement of the HIV litigation referred to above, bioMérieux also granted a non-exclusive license to Bio-Rad on patents related to EBV virus detection.

4.7.4 Trademarks

The Company owns the "bioMérieux" corporate trademark, which is registered worldwide as both a Company name and a semi-figurative trademark, as well as the trademarks of products and product lines brought out by the Company. In addition, the use of the name "Mérieux" by Mérieux Alliance affiliates is controlled by

Mérieux Alliance. Any new use of the name “Mérieux” in a corporate name requires the authorization of Mérieux Alliance.

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

The Company's strategy is based on the registration of high value-added trade names using the following two principles:

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

- product specific trademarks (for example: Slidex®).

4.8 OTHER INFORMATION CONCERNING THE BUSINESS

4.8.1 Sales and placement agreements

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

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

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

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

4.8.2 Other contracts

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

4.8.3 Seasonal nature of the business

See section 5.2.1 below.

4.8.4 Pledged Company assets

See section 5.3.16.7 below.

4.9 LEGAL PROCEEDINGS

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

4.10 HUMAN RESOURCES

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

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

4.10.1 Employees

As of December 31, 2006, there were 5,747 full-time equivalent (or "FTE") employees, 60% of whom are employed outside of France.

The following table breaks down FTE employees by function and location as of December 31, 2006:

Geographic Area	Production and logistics	Sales, marketing, customer service	R&D	Administrative and general services	Total	%
Europe	1,456	989	670	398	3,513	61.1
Of which France	*1,130*	*385*	*561*	*275*	*2,351*	*40.9*
North America	716	413	233	132	1,494	26.0
Asia-Pacific	60	316	2	50	428	7.5
Latin America	70	185	1	56	312	5.4
Total	**2,302**	**1,903**	**906**	**636**	**5,747**	**100.0**
%	40.1	33.1	15.8	11.0	100.0	–

The following table sets out the changes of the group workforce (on a FTE basis) since 2004.

	12/31/2006	12/31/2005	12/31/2004
France	2,351	2,249	2,188
Other European countries	1,162	1,158	1,134
North America	1,494	1,453	1,455
Latin America	312	298	343
Asia-Pacific	428	412	336
TOTAL	**5,747**	**5,570**	**5,456**

As of December 31, 2006, more than 44% of the Group's employees in France, the Netherlands, and the United States were in executive and supervisory categories.

Several business restructuring measures in 2006 had an impact on bioMérieux's total workforce:

– the sale of the Hemostasis Division in June 2006 (see 4.3.1 above) caused the Company's subsidiaries in Germany, the United States and the United Kingdom to offer their employees transfers to jobs with the new owner of the business, either at the time of the transaction or, in the case of some employees in the United States, following a one-year transition period needed to

complete the transfer of the manufacturing activity; special measures have been taken or are planned in favor of affected employees not willing to be transferred;

– the August 2006 acquisition of Bacterial Barcodes in the US resulted in twelve employees of that company being added to the Group's North American workforce.

4.10.2 Personnel policy

The Group's personnel policies address certain aspects in particular. These include (i) the piloting of performance (ii) skill acquisition, training and mobility, (iii) compensation, (iv) improved working conditions and (v) occupational equality for men and women.

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

(ii) The Company makes every effort not to employ people on a **temporary basis** except in specific circumstances. As a consequence, in France and in the Netherlands, 93% of the personnel was employed on a permanent basis in 2006.

(iii) **Training** is considered by the Group as a way to foster the best career development for employees and to enable them to acquire versatility in their trade. Training programs are carried out locally by each entity in order to meet their specific needs. The skill level of bioMérieux employees reflects the technical nature of its products, instruments and reagents. The Group has also set up five "Knowledge Centers" in the United States, the Netherlands and France, where the same training is provided on the Group's products.

(iv) With a global network of 35 subsidiaries, the Group encourages **mobility** by its personnel whenever this satisfies a need for specific skills or contributes to the career development aims of its employees.

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

(vi) Incentives for employee savings have been offered in France since 1987, with the establishment of a plan (*Plan Epargne Entreprise* – PEE). In addition to the mandatory profit-sharing plan, the Company's employees are also covered by a voluntary incentive plan. Since 2006, all of those benefits, along with the pension plan, can be combined under a Group Retirement Savings Plan (PERCO). In the Netherlands, a variable compensation system has been introduced for employees covered by the collective agreement.

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

(viii) Women accounted for more than half of the Group's total workforce. The Company is intent on offering **equal opportunities** in terms of hiring and employment conditions to men and women. An agreement pertaining to this was signed in France in 2003.

The Company considers that it has sound labor relations. Various collective agreements have been signed by Group entities, including in France and the Netherlands.

In connection with the 2004 IPO, the Company's employees in France and the United States were given an opportunity to purchase shares under an employee stock offering. As of December 31, 2006, about 1% of the shares of bioMérieux was held by its personnel directly or through dedicated funds.

4.11 RISK FACTORS

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

4.11.1 Presentation

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

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

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

- the new platforms may not correspond to market demand;
- technical difficulties could affect the new technologies used in these platforms, which could delay their marketing, affect their commercial success or give rise to additional expenses to resolve the difficulties and/or compensate customers;
- the commercial success of the new platforms depends on the development of the range of reagents, which could be delayed for technical, regulatory or intellectual property reasons;
- it may be too costly or too difficult to manufacture new instruments or reagents on a large scale or to obtain the supplies necessary for their manufacture and marketing;
- it may not be possible to market products due to the existence of third-party intellectual property rights;
- more spending in research and development, marketing and customer training than anticipated may be require by a new platform;
- competitors may develop products that are more effective or otherwise better adapted to demand;
- one of the new platforms integrates the NASBA® amplification technology, which competes with PCR, the industry standard marketed by the Roche group, and the Company cannot be certain that customers will accept NASBA® as an alternative; and
- some of the new platforms will be more expensive for customers than existing platforms, and the commercial attractiveness of the new platforms will depend on labor cost savings by customers, which may be difficult to achieve, particularly in areas where there is little elasticity in the labor market.

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

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

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

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

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

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

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

Product liability risks

The Company manufactures reagents designed to detect the presence of living organisms, such as bacteria, viruses, and other pathogenic and marker agents in biological samples. In order to do this, it relies on biological products that are manufactured or created from components developed from materials that are of human, animal or plant origin and which at this point in time cannot be manufactured economically using synthetic materials.

The manufacture and sale of these products expose the Company to liability risks, and particularly to the risk of product liability actions. In particular, the Company could be liable if a diagnostic error resulting from the defective performance of one of its products leads to unsuitable treatment of a patient or the marketing of contaminated products. Although it is standard practice to perform a series of additional tests to reduce the risk of error for the most serious diseases, this risk cannot be totally eliminated. There are no guarantees that the Company will always be able to obtain and maintain adequate insurance on acceptable terms against this risk. If it cannot obtain insurance at a reasonable cost or otherwise provide for potential product liability claims, it could be exposed to significant liabilities that could undermine the marketing of its products and harm its business.

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

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

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

– restrictions on transfers of capital across borders;

– significant fluctuations in exchange rates;

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

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

– increased difficulties in recruiting personnel and managing production facilities outside France; and

– the absence of international agreements on regulatory standards.

Uncertainty over policies relating to the reimbursement of the cost of diagnostics tests and possible health insurance reforms could affect customers, and indirectly, the business.

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

in some countries, public authorities determine the price of a diagnostics examination, which has a direct influence on the ability of customers to pay for products.

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

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

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

In addition, bioMérieux has four main distribution centers, the largest being in France and the second largest in the United States. In the same manner, an economic, political, labor, regulatory or environmental incident causing a temporary or permanent interruption in operations at one of these distribution centers could have a negative impact on the distribution of products and on revenue.

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

The Company's products and the process of manufacturing them are subject to rigorous, evolving and varying governmental regulation in the 150 countries where it does business. Securing the authorization or certification necessary for the marketing of a new product may take several months or, in some countries, one to two years, and requires significant financial resources. In addition, manufacturing sites are subject to regulatory approval processes and periodic inspections. As a result, applicable regulation may:

- delay or preclude the marketing of new products;
- oblige the Company to halt production or modify manufacturing processes; or
- impose costly constraints on suppliers or the Company.

In addition, products are subject to regulatory review and audit during the entire commercialization process. Regulators may require a product modification or withdrawal as well as suspension of current product applications for products developed at the affected site, a corrective plan of action or, in exceptional cases, the closure of a manufacturing site, if the failure to comply with regulations could entail significant risks with respect to the results obtained through the use of the Company's products.

As indicated in section 4.6.5, the Durham facility in the United States received two warning letters from the Food and Drug Administration in 2004 and 2005. New inspections by the FDA could conclude that corrective measures carried out by the Company's United States subsidiary are insufficient and impose sanctions on it. These sanctions could range from a recall of products to the suspension of the plant's operations or even an order that the facility be closed down, without prejudice to administrative, civil or even criminal proceedings.

Manufacturing capacity may be insufficient to meet the development of business, or may be affected by the failure of suppliers to fulfill their obligations.

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

In addition, and despite the measures taken to ensure the supply of raw materials, equipment and specialized services, a failure on the part of one or more suppliers or service providers to fulfill their

obligations could result in manufacturing difficulties, and could in particular result in significant costs and delays while alternate supply arrangements are found and implemented.

Environmental liability risks and compliance costs could have an adverse effect on operating income.

Environmental laws impose obligations to maintain and, in cases where contamination is discovered, to restore manufacturing sites and storage sites for potentially toxic industrial products. These obligations may relate to sites currently owned or operated, or sites that were owned or operated in the past. In 2005 and 2006, the Company inspected its facilities in France to locate and identify asbestos-containing materials at all of its buildings, for the purpose of assembling asbestos technical files in accordance with applicable regulations.

They may also include sites where waste generated by the business has been discharged.

Obligations of the same kind sometimes apply to the recycling of instruments that make up the installed base.

The Company could be involved in legal or administrative proceedings relating to environmental matters. The introduction of stricter health, safety and environmental laws and more thorough enforcement measures than those currently applied could increase its liabilities and costs, as well as subject the Company to stricter inspection of the handling, manufacture, use, reuse, or treatment of substances or pollutants than those under the current laws. Accordingly, compliance with these laws could result in considerable expenditure, as well as other costs and liabilities, which could have an adverse impact on operations and income.

If production facilities were closed for reasons relating to the enforcement of environmental laws, there would be a temporary interruption in the manufacture of products and substantial delays in receiving the regulatory authorizations necessary for reopening the facilities and restarting operations.

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

The Company is a consumer of energy as well as of raw materials it processes during the course of manufacturing and logistics operations.

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

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

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

- molecular biology technologies may not grow as rapidly as anticipated, particularly in the United States;

- laboratories that currently use "home brew" kits, an important target market for the Company, may not be receptive to switching to the standardized products;

- and if the molecular biology market experiences significant growth, new players could decide to enter the market and effectively benefit from the Company's investments, reducing sales and results from this segment.

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

Growth depends in part on the Company having access to technologies developed by third parties, either through targeted acquisitions of smaller companies or through partnership agreements with the owners of such technologies. Nevertheless, it may not be able to find partners willing to provide it with the technologies it may require. Additionally, the in vitro diagnostic market is consolidating. This trend has reduced the number of potential partners with whom the Company could enter into such agreements. It should also be

noted that this strategy can be adversely affected if the value placed on those entities is too high. Furthermore, the success of these partnerships depends on several factors such as the ability to reach agreement at a reasonable cost and under satisfactory financial conditions, or the receipt of regulatory approvals, which are not always under the Company's control. If the Company is unable to obtain such technologies, it could delay its growth and have a significant effect on its financial condition.

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

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

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

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

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

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

- it will be able to develop patentable inventions;
- it will be able to obtain patents or licenses from third parties, particularly for certain products or techniques (especially in the immunoassays market), necessary for the development of the business;
- it will be granted the patents for which it has applied or will apply;
- patents issued or licensed to it will not have their validity challenged;
- the scope of any patent protection will be sufficiently broad to exclude competitors; or
- the patents or other intellectual property rights held, or for which the Company has been granted a license either now or in the future, will not be claimed, or more generally challenged, by others.

bioMérieux currently has more than 413 families of patents worldwide, either granted or under consideration, and a number of patents are subject to licenses for products currently marketed or in development. It cannot be sure of the validity of these patents. Third parties could challenge the validity of patents in the course of opposition proceedings, in particular before the European Patent Office, either in a patent cancellation proceeding or as a defense to an infringement action. This could result in issued patents being subsequently revoked or declared invalid. The proliferation of scientific information on a worldwide level, both written and oral, and especially in the field of biotechnology, is such that there will always be uncertainty as to whether the Company's inventions are patentable. The Company cannot be sure how much protection will be given to its patents if it attempts to enforce them or if they are challenged in court for infringement. One of those patents will expire in 2008, which could significantly reduce the amount of royalties received under licenses granted on this patent.

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

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

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

If this happens, the Company may have to obtain appropriate licenses to third-party patents, cease certain activities or seek alternative technology if obtaining a license is impossible or unprofitable (see section 4.9 “Legal Proceedings” above).

The Company depends on key management and scientific personnel.

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

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

The Company is increasingly dependent on shared data processing applications and on a communications network for producing the data required in manufacturing and logistics, as well as for the accounting and financial information data that serves as a basis for decision-making by the Company's management. Any failure or malfunction of applications or communications networks could slow down or disrupt production and/or logistics, as well as affect decision-making, causing the Company to sustain losses.

Fluctuations in currency exchange rates could materially affect revenue, operating income and net worth (section 5 below).

Because products are sold in over 150 different countries, revenue and income of operations could be affected by fluctuations in currency exchange rates. While some expenses are incurred in currencies other than the euro, the effect of these expenses only partially offsets the effect of fluctuations in currency exchange rates on revenue. The Company is particularly sensitive to movements in exchange rates between the euro and the U.S. dollar, as a significant portion of revenue and operating income is generated in North America (approximately 26% of revenue in 2006).

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

Exposure to currency risks is examined in section 5.2.6. The impact of exchange-rate fluctuations on revenue and the translation reserve for the past two fiscal years is described in sections 5.2 and 5.3.13.

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

bioMérieux S.A. has secured a 7-year term loan of 260 million euros in the form of a credit facility repayable in full at maturity (January 2013).

As of December 31, 2006, there had been no drawdowns under the facility. In order for bioMérieux to make use of the financing, the Company must satisfy a certain ratio of net debt to earnings before interest, taxes, depreciation and acquisition expenses.

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

The Company owns minority interests in other companies.

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

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

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

The principal shareholder holds a majority of voting rights at General Meetings.

Mérieux Alliance, the holding Company controlled by the Alain Mérieux family, holds approximately 58.9% of the share capital and 58.82% of the voting rights of the Company. Consequently, Mérieux Alliance will be able to adopt all resolutions that require shareholder approval at an ordinary General Meeting and, except in the case of an exceptionally high rate of participation by other shareholders, all resolutions that require shareholder approval at an extraordinary General Meeting. Mérieux Alliance will therefore be in a position to take important decisions alone, including the appointment of board members, approval of the annual accounts, and the distribution of dividends, as well as the authorization of capital increases, statutory mergers and asset contributions. Mérieux Alliance may in the future acquire double voting rights, which would improve its ability to control important decisions (after shares are held in registered form for five years, or until June 2007 at the earliest).

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

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

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

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

Other financial risks

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

4.11.2 Risk management

In order to effectively protect against and manage risks to which it is exposed in its business, the Company has implemented internal oversight procedures described below in section 5.7.4 on the Report of the Chairman of the Board and in section 4.12 on Insurance.

Section 5.3.27 below also covers the management of financial risks.

4.12 INSURANCE

4.12.1 Purchase of insurance

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

It includes specific requirements applicable to certain parts of the world, reflecting, among other factors, locally applicable laws. Coverage purchased takes into consideration the specific nature of local regulations, while at the same time reflecting the Group's centralization and globalization policies. Insurance policies are purchased from companies selected on the basis of their credit worthiness as well as of their ability to provide the Company with risk prevention services.

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

- general and specific liability,
- property damage and business interruption,
- transportation,
- automobile,
- building,
- individual accident.

Property damage and business interruption insurance includes coverage of accidents (fire, machine failure, computer damage, etc.) liable to occur at Company facilities, as well as consequential losses over a 12-month period.

The nature of the Company's business has also been taken into consideration for the purpose of liability coverage (including the professional nature of most of its clients, batch manufacturing processes that reduce the likelihood of multiple risks, etc.). Separate policies are sometimes required to cover specific risks, either due to insurance regulations or because of applicable laws.

4.12.2 Principal policies

Liability

The Company is covered under an overall master policy with the limit of €100 million per claim and per year for, inter alia:

- its operating liability;
- its liability subsequent to the delivery of products or the completion of tests;

– its business liability;

– environmental damage caused by its products.

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

– liability for environmental damage caused by Group entities;

– Group liability under regulations governing biomedical research (“Huriet Act”).

Lastly, in order to comply with laws and regulations in effect in certain countries, specific “employer liability” policies have been purchased by certain Group entities, including in the United Kingdom, the United States, Canada, Hong Kong, Argentina, Australia, Singapore, Turkey, Italy and Spain.

The Company also has an insurance program covering the liability of its officers, executives and other officials.

Property damage and business interruption

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

This master policy covers all subsidiaries located in the European Union, making it unnecessary for them to take out insurance locally. It can also be extended to cover operations in major countries outside the European Union, including the United States, through local policies with the same benefits or as supplementary coverage in order to comply with regulations, where local policies do not provide the same coverage.

Shipping

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

Deductibles and premiums

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

The Company also sees to it that all information regarding premiums and terms of coverage is kept confidential and is not used against its interests. This is particularly true in the case of liability insurance.

In general, insurance policies include deductibles of:

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

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

In 2006, no loss incurred exceeded the deductible amounts set in property damage and business interruption or liability policies.

4.13 ENVIRONMENTAL INFORMATION

4.13.1 Environmental policy

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

The Company examines hazards and assesses risks prior to deciding to use hazardous substances, acquire and use real property or facilities and develop new processes or products.

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

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

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

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

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

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

4.13.2 Environmental review

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

- **Water**

  – Use of water resources

Water is a non-hazardous solvent and is the substance most frequently used by the Company in its products. Water is also used in refrigerated facilities, such as cold storage rooms, in controlled atmosphere areas and as a coolant in manufacturing. In all instances, the Company prioritizes closed-circuit systems and actively replaces systems that discharge water, as it has done at its facility at Saint Vulbas (France) in 2006.

  – Wastewater

Biologically and chemically contaminated water is collected and decontaminated at the point of use. At large facilities, analysis are frequently performed of waste water to measure several factors, including flow, pH, temperature, suspended matter, organic particles, nitrogen, hydrocarbons and heavy metals.

- **Energy**

The Company prefers to use low-pollution natural gas as a 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 brought into conformity.

In order to improve its energy efficiency, the Company has implemented optimization and energy saving policies. Prior to erecting or renovating buildings, simulations are made to measure their energy efficiency in terms of lighting, heating, ventilation and climate control. Efforts are made to find ways of reducing energy consumption to a low or very low level through systems that are prioritized and gradually applied throughout the Group.

- **Raw materials**

The Company makes every effort to reduce its consumption of raw materials in packaging, where large quantities tend to be used, by such measures as the use of volume packaging adapted to its needs and by putting a priority on recycling.

- **Air**

The Company seeks to lower its emissions into the air, including by using mainly clean fuels, like natural gas. Its facilities are in compliance with the latest anti-pollution standards.

- **Asbestos**

In 2005 and 2006, the Company inspected all of its facilities in France in order to locate and identify asbestos-containing materials at all of its buildings, for the purpose of assembling asbestos technical files in accordance with applicable regulations.

- **Odor and noise pollution**

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

The Company's operations do not cause odor pollution.

- **Waste**

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

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, animals and plants are protected. The Company puts great emphasis on the appearance of its facilities and on landscaping and architecture.

Environmental assessment and certification procedures

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

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

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

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

When facilities are designed and throughout their life, the Company sees to it that they incorporate environmental protection features and make the most efficient use of natural resources. Significant expenditures were regularly done by the Company to ensure that facilities fully comply with environmental regulations. In 2006, nearly €500,000 were spent on capital projects related to environmental protection.

Internal control and management of environmental risks

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

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

The Company conducted safety audits at its main manufacturing facilities in 2005 and 2006, which led to improvements being made in protective measures.

PART 5

ASSETS - FINANCIAL POSITION - INCOME

5.1 KEY FIGURES

5.1.1 Consolidated income statement

In millions of euros	Jan. 06-Dec. 06	Jan. 05-Dec. 05	Jan. 04-Dec. 04
Net sales	**1,036.9**	**993.6**	**929.3**
Gross profit	**541.9**	**520.4**	**497.0**
Operating income before non recurring items	**149.4**	**138.8**	**134.1**
Operating income	**152.5**	**138.9**	**129.5**
Net income of consolidated companies	**105.4**	**90.1**	**79.7**

5.1.2 Consolidated balance sheet

Assets *In millions of euros*	**Net** **31/12/2006**	**Net** **31/12/2005**	**Net** **31/12/2004**
Fixed assets	**443.8**	**428.3**	**393.7**
Current assets	**495.8**	**477.8**	**444.9**
Total assets	***939.6***	***906.1***	***838.6***
Liabilities and shareholders' equity	**31/12/2006**	**31/12/2005**	**31/12/2004**
Shareholders' equity.	**557.5**	**498.5**	**391.5**
Non-current liabilities (*)	**82.6**	**94.6**	**189.3**
Current liabilities (*)	**299.5**	**313.0**	**257.8**
Total liabilities and shareholders' equity	***939.6***	***906.1***	***838.6***

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

5.1.3 Consolidated statement of change in net debt

In millions of euros	Jan. 06-Dec. 06 12 months	Jan. 05-Dec. 05 12 months	Jan. 04-Dec. 04 12 months
Cash flow from operating activities before cost of net financial and income tax	**206.2**	**214.0**	**205.9**
Net cash flow from operations	**124.6**	**164.5**	**160.9**
Net cash flow from (used in) investment activities	**-64.5**	**-75.6**	**-70.0**
Net cash flow from (used in) shareholders' equity	**-21.7**	**-15.9**	**-17.4**
Change in net debt (1)	**38.4**	**73.0**	**73.5**
Net debt at the beginning of the year	**43.3**	**118.1**	**188.3**
Impact of currency changes on net debt	5.6	-1.8	3.3
Change in net debt (1)	**-38.4**	**-73.0**	**-73.5**
Net debt at the end of the year	**10.5**	**43.3**	**118.1**

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

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

5.2.1 Overview

General situation

The Company's consolidated revenue has been rising in a sustained manner, on a constant foreign-exchange and comparable consolidation basis: from 1997 to 2006, revenue increased by an average of 5.9% per annum, with annual growth in the range of 5.2 to 6.3% during the period, except in 2000, when it was 8.5%. Over the past two fiscal years, sales increased by 5.7% in 2005 and 5.9% in 2006.

The fact that growth has been so sustained is accounted for in part by an overall market growth, a broader reagent menu for the existing installed base and the expansion of that base. Reagents account for 84 to 85% of total sales and 70% of them are designed for the automated systems sold by the Company. The remainder is used for tests performed manually or not dedicated to its instruments. As of December 31, 2006, the Company had placed more than 45,000 instruments with customers, most of which exclusively use its own reagents.

The bulk of the Company's sales were in Europe, North America and Japan, the major markets for diagnostic products. Those regions accounted together for 86% of total sales in 2006, a ratio that has remained relatively stable since 2001. The growth in our revenue since 2001 has been greater in industrial applications (11.5% in 2006) than in clinical applications (5.1% in 2006).

Over the past years, operating income has increased steadily. The operating margin was 14.4% of revenue in 2006, up from 14% in 2005 and 2004.

The Company generated sufficient cash flow to finance its investments and significantly reduce its debt. At the end of 2006, consolidated net debt was only €10 million, or 2% of shareholder's equity.

Factors affecting revenue

Sales of reagents account for close to 85% of the Company's revenue. Except in the case of manual or non-specific products, these sales of reagents are preceded by the sale or placement with clients of instruments in which the reagents are used. At the end of 2006, approximately two-thirds of the total installed base had

been sold to the customers. The remaining one-third consists of instruments placed at client locations. In case of placements, the selling price of reagents is increased to account for the cost of placing the instrument. Sales of instruments accounted for close to 12% of consolidated revenue in 2006.

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

The Company also provides services, such as technical support, which are either billed as part of service contracts or included in the price of reagents. Separately billed services represented approximately 5% of the Company's revenue in 2006.

Factors affecting operating income before non-recurring items

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

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

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

- Proceeds from royalties are reported on a separate line in the consolidated income statement, net of amortization allowances for the corresponding intangible assets; they contributed €9.8 million of operating income before non-recurring items in 2006.

Impact of exchange-rate fluctuations

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

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

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

The Company's current policy, which is subject to change, is to seek to hedge the impact of exchange rate fluctuations on budgeted net income. It uses hedging instruments, when they are available at a reasonable cost, in order to lessen risks from currency fluctuations. Its current practice is to put in place global hedges covering similar risks. Hedge contracts are purchased to cover actual transactions and not for speculative purposes.

Distribution subsidiaries are currently billed in their local currencies by manufacturing subsidiaries (except where prohibited by law), so that currency risks can be managed at the corporate level. Whenever possible, the Company hedges currency risks from debt in currencies other than those of the country in which operations are located, so as to offset any accounting risks.

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

In addition to the impact of exchange rate fluctuations on the Company's income, many of its assets are measured in US dollars or other currencies because of its global operations. As a result, exchange rate fluctuations can cause variations in shareholders' equity. At the present time, the Company has not taken measures to hedge this exposure to foreign exchange losses.

Comparable figures

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

Seasonal nature of the business

The Group's business is not seasonal.

5.2.2 Comparison of fiscal 2006 with fiscal 2005

Changes in the scope of consolidation

Changes in consolidated entities during fiscal 2006 are examined in section 5.3.2.1.1 below.

Highlights

Fiscal 2006 highlights are reviewed in section 5.3.2.1.2 below.

Net sales

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

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

Revenue by region was as follows:

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

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

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

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

– In North America (26% of total revenue), the increase in sales was 6.9%. In clinical applications, the improvement was led by sales of VITEK®2 Compact instruments and of VITEK® and BacT/ALERT® reagents. Revenues generated by molecular biology were up 50%. In the industrial segment, sales rose by 9.7%.

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

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

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

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

On a constant foreign-exchange and comparable consolidation basis, sales of clinical applications improved by 5.1%, while those of industrial applications rose by 11.5%.

The table below shows revenue by application:

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

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

In the clinical applications segment, on a comparable basis:

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

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

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

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

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

Gross profit and income

IAS / IFRS

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

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

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

Income

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

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

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

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

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

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

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

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

Net debt and financial position

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

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

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

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

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

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

5.2.3 Comparison of fiscal 2005 with fiscal 2004

Changes in consolidation

- bioMérieux SA and Apibio SAS, a wholly-owned subsidiary of bioMérieux SA, merged with retroactive effect from January 10, 2005, pursuant to a merger agreement signed on March 22, 2005 and ratified by the shareholders' meeting of June 9, 2005.

- bioMérieux Inc purchased two-thirds of the shares held by the minority shareholder in bioMérieux Mexico, increasing the Group's equity interest in that company from 80% to 93%. The price paid was close to the corresponding portion of net acquired assets and accordingly generated only a small negative goodwill, which was immediately amortized.

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

- bioMérieux Hungary and bioMérieux Czech Republic were formed at the end of 2005. Both are wholly-owned subsidiaries of bioMérieux S.A..

Net sales

Net sales totaled 994 million euros in fiscal 2005. up from 929 million euros in 2004, an increase of 5.7% on a comparable basis or 6.9% as reported.

In a highly competitive environment, sales were up in every region, especially Europe and Asia.

In millions of euros	**2005**	2004*	*Change*	
			(%)	***at constant exchange rates***
Europe (1)	**566.8**	533.0	*+6.4*	***+5.8***
North America	**255.9**	244.3	*+4.8*	***+4.3***
Asia-Pacific	**107.5**	96.4	*+11.5*	***+10.0***
Latin America	**63.4**	55.6	*+14.0*	***+3.8***
Total	**993.6**	929.3	***+6.9%***	***+5 .7%***

* Restated in accordance with IAS/IFRS
(1) Including the Middle East and Africa
(2) Including India, formerly included with Latin America

- Sales growth in the Europe, Middle East and Africa region, which accounted for 57% of the consolidated total, was led by the good results in bacteriology, notably the success of the VITEK®2 Compact systems and the BacT/ALERT® blood culture range. The molecular biology and industrial applications segments also reported sharp increases of 19% and 10% respectively. Sales were especially strong in some large markets, rising 7% in Germany, 8% in the United Kingdom and 5% in Spain. In Italy, however, growth slowed due to heightened competition for the VIDAS® range in routine tests. A comparable situation arose in France, where sales nonetheless recovered by 3.7%, thanks in large part to sales of VITEK®2 Compact instruments.

- In North America (26% of the consolidated total), clinical bacteriology sales rose 8% at constant exchange rates, led by the strong performance from the BacT/Alert® blood culture range and the second-half launch of the VITEK®2 Compact system. Sales of the VIDAS® range for emergency rooms and physician office labs continued improve (by 13%). Sales growth, however, was impacted by a flat performance in industrial applications, due to high comparisons with the prior year, when instrument sales reached exceptional levels, and to a decline in sales of "Other" product ranges.

- In the Asia and Pacific region (11% of the consolidated total), the VITEK® and BacT/Alert® bacteriology product lines enjoyed sustained growth, driven by instrument sales from a major tender in China. Growth was also fueled by sales of industrial applications (up 19% at constant exchange

rates) and the VIDAS® range. In addition to China, where sales continued their rapid growth (up 22%), important gains were reported in South Korea, India and Thailand.

– In Latin America (6% of the consolidated total), the sharp increase in sales in bacteriology was offset by flat sales in Brazil, which accounts for more than one-third of business in the region. The lack of growth in Brazil was mainly caused by the non-renewal of the molecular biology tender for monitoring HIV viral load.

At constant exchange rates, clinical applications (866 million euros) rose 5.3%, while industrial applications (128 million euros) were up 8.3% for the year.

In millions of euros	**2005**	2004	*Change*	
			(%)	***at constant exchange rates***
Clinical applications	**865.5**	**811.9**	***+6.6***	***+5.3***
Bacteriology	**475.5**	428.8	*+10.9*	***+10.0***
Immunoassays	**235.0**	226.3	*+3.8*	***+2.6***
Molecular Biology	**26.9**	23.9	*+12.7*	***+10.8***
Other product lines	**128.1**	132.9	*-3.6*	***-6.0***
Industrial applications	**128.1**	**117.4**	***+9.1***	***+8.3***
Total	**993.6**	**929.3**	***+6.9%***	***+5.7%***

– In clinical applications, growth was led by bacteriology (up 10% for the year at constant exchange rates), thanks to the success of the VITEK®2 Compact system and strong demand for BacT/Alert®. Sales of the VIDAS® range continued to increase in Physician Office Labs in the United States and Germany, Emergency Rooms, and the Asia-Pacific region, despite difficulties in certain European countries in routine tests. In December 2005, the new VIDIA® system was pre-launched in France, Belgium and Portugal.

– In industrial applications, full-year sales were up 8.3% at constant exchange rates. In the pharmaceutical segment, growth was led by the development of the culture media range and the successful global introduction of the VITEK®2 Compact system. Broadening the VIDAS® menu and the range of chromogenic culture media boosted sales in the food industry, where the TEMPO® system was also launched.

Nearly 3,500 new instrument systems were installed, increasing the total installed base to around 42,000 units at December 31, 2005.

Instruments sales accounted for 11.8% of the consolidated total, compared with 10.4% in 2004. The increase was primarily accounted for by the rapid development of VITEK®2 Compact, which was successfully brought out in the leading European markets during the first half, then successively in the United States, Japan and the rest of the world during the second half.

The year also saw the launch of the easyMAG™ automated extraction system in molecular biology, the TEMPO® automated system for industrial applications and the first installations of the new immunoassay VIDIA® system. The release of the last two platforms had only a very limited impact on 2005 sales. Their impact on 2006 sales will also be marginal because of the need to build up an installed base and develop the menus of related reagents.

Sales of reagents accounted for 83.8% of consolidated revenue (versus 85.4% in 2005) and separately billed services represented 4,4% (4,2% in 2004). A total of 29 new reagents and software programs were released in 2005 in all product lines.

The Company continued to expand its international network during the year. The two new distribution subsidiaries in Hungary and the Czech Republic increased the number of bioMérieux affiliates outside France to 35. In China, where bioMérieux has operated for many years, the Company's headquarters were transferred to Shanghai.

A number of licensing agreements were also signed, including with:

– BRAHMS, for the use of procalcitonin as a marker for the diagnosis of severe bacterial infections.

– Roche Diagnostics, for the use of proBNP as a marker for congestive heart failure and acute coronary syndrome.

– Gen-Probe, for access to ribosomal RNA markers for bacterial targets.

The Company also entered into important partnerships with:

– The Chinese Academy of Medical Sciences in the field of emerging pathogens

– US-based Affymetrix and French biotechnology company ExonHit Therapeutics in the area of oncology

– diagnoSwiss to develop electrochemical chips, with a focus on immunoassays

– Indian biotechnology company Avestha Gengraine in the area of tuberculosis.

In an increasingly strict regulatory environment, bioMérieux continued to deploy action plans initiated in 2004 to strengthen its quality assurance system, especially at its facility in Durham, North Carolina.

– In May, the US Food and Drug Administration (FDA) conducted an inspection of the microplate immunoassay product ranges produced at the Durham facility and sold exclusively in the United States, and sent a warning letter to bioMérieux on July 29th. In response to observations from the FDA, the North American subsidiary focused its efforts on action plans to strengthen the quality assurance system at the plant. These initiatives focused on upgrading facilities, improving processes and overhauling certain teams. A follow-up inspection by the FDA in late 2005 re-emphasized the need to step up the corrective action plans already underway.

– Inspections carried out during the year at other facilities, particularly in France and the United States, produced satisfactory results.

Gross profit and income

IAS / IFRS

The financial statements for the year ended December 31, 2005 were prepared in accordance with IAS/IFRS. Figures for 2004 have been restated in accordance with the new standards.

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

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

Income

Gross profit rose by €23.4 million to €520.4 million, representing 52.4% of sales, versus 53.5% in 2004 (following an increase of 160 basis points in 2004). The decline reflected measures to strengthen quality assurance systems and higher shipping costs, as well as the second-half impact of higher raw material costs and the relative weight of instrument sales, which generate lower gross margins than reagents.

Despite the strengthening of sales and marketing teams and the full-year impact of expenses related to the listing, **selling, general and administrative expenses** represented 26.4% of sales for the year, compared with 26,1% in 2004.

Research and development expenses amounted to €130.7 million, or 13.1% of sales (versus 13,6% in 2004). Funds allocated to develop the license portfolio (new bio-markers, Affymetrix, diagnoSwiss, etc.) totaled €8.2 million (€6.9 million in 2004).

Operating income before non-recurring items amounted to €138.8 million, or 14% of sales, compared with 14.4% the previous year.

Operating income rose by 7.3% to €138.9 million. It represented 14% of sales, versus 13.9% in 2004, when €5.2 million in IPO-related expenses were recognized.

Net financial expense declined by €10.1 million, reflecting a lower debt, a reduction in average interest rates and the favorable impact of a number of non-recurring financial items. In particular, 2005 was marked by exchange rate gains and lower provisions for impairments of shares. In addition, there were no debt-restructuring costs, unlike in 2004.

Income tax rose by €9.1 million because of an increase in taxable earnings and a higher average tax rate, which stood at 34.9% of pretax income, versus 33% the previous year before.

For the year, **net income** rose by 13% to €90.1 million, or 9.1% of sales (compared with 8.6% in 2004).

Statement of change in net debt and financial position

Continued high earnings, stable working capital and disciplined management of capital expenditure helped to generate **free cash flow***of roughly €89 million (prior to a total dividend payout of €15.8 million in June 2005). This represented an increase of nearly €16 million (21%) over the previous year.

Despite the increase in sales, **operating working capital requirement** was unchanged for the year. The increase in inventories (€16.3 million), resulting mainly from new products and the impact of strengthening quality assurance systems, was offset by an increase in payables. It was also offset by the fact that substantial payments in Southern Europe held growth in receivables to a slight €2.7 million. As a result, the days sales outstanding were reduced by five days on a comparable basis.

Capital expenditures totaled €82 million for the year, of which €38 million for placed instruments. industrial investments amounted to €44 million, as follows:

- In France, at plants in:
  - Grenoble, where molecular biology operations in France have been consolidated. The new unit will be officially inaugurated on April 13, 2006.
  - Craponne, near Lyons, where the Petri dish production unit was expanded.
  - Plaine de l'Ain, at the International Distribution Center.
- In Italy, with the extension of production facilities for the TEMPO® and VIDIA® instruments in Florence.
- In the United States, at the Durham plant, where the Company pursued its investment programs, in particular to respond to quality assurance requirements.

Net debt amounted to €43.3 million at December 31, 2005, a year-on-year decline of nearly €75 million, and represented 9% of equity.

5.2.4 Liquidity

The Group's principal source of liquidity is cash flow from operations, which enables it to finance its capital expenditure and reduce its debt. As of December 31, 2006, the Company had €260 million of committed and unused lines of credit.

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

5.2.5 Off-balance-sheet commitments

Outstanding commitments made or received on December 31, 2006 were as follows:

- Real estate operating lease commitments by Group entities amounted to €26.1 million on December 31, 2006, of which 19.3 million euros payable in more than one year.

- bioMérieux SA participates in a coordinated research program under the auspices of Mérieux Alliance, together with bioMérieux, Transgene, Genosafe and the Genethon association; the project's objective is to develop a new generation of diagnoses and therapies focusing on cancers, infectious diseases and genetic disorders. Known under the acronym "ADNA" (for "*Avancées Diagnostiques pour de Nouvelles Approches thérapeutiques*"), the program receives financing from the French government's Industrial Innovation Agency. In this connection, bioMérieux SA has agreed to spend 173 million euros in research and development from 2007 to 2017. In return, bioMérieux SA will receive subsidies and repayable grants of up to 25.6 million euros and 28.9 million euros, respectively. If projects are successful, bioMérieux SA will have to set aside a portion of the income they may generate to repay the grants (1 to 2 percent depending on the project) and then earmark a variable amount of revenue until 2025 (0.5 to 1 percent depending on the project). The public financing agreement still requires the approval of the European authorities, which have not yet reached a decision.

- bioMérieux Inc, bioMérieux SA and bioMérieux BV are parties to various agreements that call for payments based on progress in corresponding research projects (€27.1 million).

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

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

- As part of the purchase of CEA-Industrie's interest in Apibio, bioMérieux SA agreed to an incentive clause with CEA-Industrie covering the period from 2010 to 2014, under which it would pay CEA-Industrie 3.5% of any revenue generated by the application of technologies developed by Apibio (primarily MICAM and OLISA), up to a ceiling of €1.1 million.

- bioMérieux SA has been granted a syndicated facility of 260 million euros (which had not been drawn on as of December 31, 2006) maturing in 2013.

- Bank guarantees obtained by the Group in connection with bids made by it totaled €8.6 million as of December 31, 2006.

- bioMérieux SA's obligations to its employees in terms of training (*Droit Individuel à la Formation*) were estimated as of December 31, 2006 to amount to the equivalent of 135,748 working hours.

- in consideration for the sale of its interest in Harmonie SA, bioMérieux SA received, as part of the price, a 20-year right to a portion of net proceeds generated by the transferred patents, expiring in 2026.

- Other commitments of €1.7 million were given (endorsements, and guarantees other than real estate lease obligations).

- Other commitments of €0.1 million were received (sureties).

5.2.6 Market risks

Liquidity risk

The table below presents the maturity structure of our financial assets and liabilities as of December 31, 2006:

In millions of euros	**12/31/2006**	**12/31/2005**	**12/31/2004**
Over five years	1.7	1.4	6.0
Between one and five years	15.6	15.5	108.5
Total long-term debt	**17.3** (a)	**16.9**	**114.5** (d)
Short-term confirmed debt maturing in less than one year	1.2 (b)	2.4	1.7
Other short-term debt	25.9	44.9	23.8
Total short-term debt	**27.1**	**47.3**	**25.5**
Total financial liabilities	**44.4**	**64.2**	**140.0**
Cash	-32.8	-20.3	-21.2
Short-term deposits	-1.1 (c)	-0.6	-0.7
Net indebtedness	**10.5**	**43.3**	**118.1**

(a) Including a 7.1-million euro liability from the finance lease of the Plaine de l'Ain logistics facility, including 5.2 million euros for the purchase option. The lease expires in 2010, at which time bioMérieux will have the choice of either continuing to lease the facility or purchasing the building for the option price.
Including the balance of the employee profit-sharing account (6.3 million euros)

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

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

(d) Primarily the syndicated loan for the acquisition of Organon Teknika

Interest rate risk

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

Given its low debt on December 31, 2006, the Group has little exposure to interest-rate risks.

Exchange rate risk

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

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

The Group hedges its currency exposure (see "Impact of exchange rates" in section 5.1.3 above).

The table below shows the estimated position (in millions of euros) with respect to all currency hedging instruments in effect on December 31, 2006, broken down by type of instrument. Forward contracts are valued at the forward rate and options at their exercise price.

Currency hedges on December 31, 2006 *In millions of euros*	Total	Expiration date		Market value (a)
		< 1 year	1 - 5 years	
Hedges of existing commercial transactions				
- Currency forward contracts	33.0	33.0		
- Options	16.0	16.0		
Total	49.0	49.0		
Hedges of future commercial transactions				
- Currency forward contracts	133.0	116.1	16.9	0.2

(a) Difference between the present value of the hedge instrument on December 31, 2006 and its market value on December 31, 2006

The 0.2-million euro market value of hedge contracts pertaining to future commercial transactions outstanding on December 31, 2006 is recognized under other reserves for €1.3 million and income for (€1.1 million).

All open futures and option positions on December 31, 2006 mature within 18 months.

5.3 CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDING DECEMBER 31, 2004, 2005 AND 2006

CONSOLIDATED INCOME STATEMENT

In millions of euros	**Jan. 06-Dec. 06 12 months**	**Jan. 05-Dec. 05 12 months**	**Jan. 04-Dec. 04 12 months**
Net sales (note 5.3.1.16.1)	**1,036.9**	**993.6**	**929.3**
Cost of sales	-495.0	-473.2	-432.3
Gross profit	**541.9**	**520.4**	**497.0**
Other operating income (note 5.3.1.16.1)	9.8	8.3	8.9
Selling and marketing expenses	-186.7	-177.3	-167.9
General and administrative expenses	-86.0	-81.9	-77.1
Research and development expenses	-129.6	-130.7	-126.8
Total operating expenses	**-402.3**	**-389.9**	**-371.8**
Operating income before non recurring items	**149.4**	**138.8**	**134.1**
Other non-recurring incomes (expenses) (note 5.3.23)	3.1	0.1	-4.6
Operating income	**152.5**	**138.9**	**129.5**
Cost of net financial debt (note 5.3.22.1)	-0.9	-1.6	-9.3
Other financial items (note 5.3.22.2)	1.8	1.2	-1.2
Income tax (note 5.3.24)	-46.6	-48.4	-39.3
Investments in associates (note 5.3.7)	-1.4		
Net income of consolidated companies	**105.4**	**90.1**	**79.7**
Attributable to the minority interests	0.1	0.0	0.0
Attributable to the parent company	**105.3**	**90.1**	**79.7**
Net income per share (a)	2.67	2.28	2.04

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

CONSOLIDATED BALANCE SHEET

Assets *In millions of euros*	**Net** **31/12/2006**	**Net** **31/12/2005**	**Net** **31/12/2004**
Fixed assets			
. Intangible assets (note 5.3.3)	31.1	19.5	20.5
. Goodwill	74.8	69.6	66.2
. Property, plant and equipment (note 5.3.5)	271.7	276.2	260.6
. Financial assets (note 5.3.6)	14.9	15.8	11.3
. Investment in associates (note 5.3.7	4.9		
. Other non-current assets (note 5.3.5.3)	21.5	22.6	16.5
. Deferred tax assets (note 5.3.15)	24.9	24.6	18,6
Total	**443.8**	**428.3**	**393.7**
Current assets			
. Inventories and work in progress (note 5.3.8)	146.8	156.0	129.1
. Accounts receivable (note 5.3.9)	280.8	277.7	263.5
. Other operating receivables (note 5.3.10)	23.7	14.2	18.3
. Non-operating receivables (note 5.3.10)	10.6	9.0	12.1
. Cash and cash equivalents (note 5.3.11)	33.9	20.9	21.9
Total	**495.8**	**477.8**	**444.9**
Total assets	***939.6***	***906.1***	***838.6***

Liabilities and shareholders' equity	**31/12/2006**	**31/12/2005**	**31/12/2004**
Shareholders' equity			
. Share capital (note 5.3.12)	12.0	12.0	12.0
. Additional paid in capital	63.7	63.7	63.7
. Retained earnings	382.2	312.8	248.6
. Other comprehensive income	0.9	-1.3	0.2
. Translation reserve	-7.0	20.9	-13.4
. Net income for the year	105.3	90.1	79.7
Total equity before minority interests	**557.1**	**498.2**	**390.8**
Minority interests	**0.4**	**0.3**	**0.7**
Total shareholders' equity	**557.5**	**498.5**	**391.5**
Non-current liabilities			
. Net financial debt-long-term (note 5.3.16)	17.3	16.9	114.5
. Deferred tax liabilities (note 5.3.15)	5.4	3.5	4.8
. Provisions (note 5.3.14)	59.9	74.2 (a)	70.0 (a)
Total	**82.6**	**94.6**	**189.3**
Current liabilities			
. Net financial debt-short-term (note 5.3.16)	27.1	47.3	25.5
. Provisions (note 5.3.14)	17.0	7.7 (a)	6.4 (a)
. Accounts payable (note 5.3.17)	95.8	99.2	87.1
. Other operating liabilities (note 5.3.17)	132.3	131.5	116.4
. Tax liabilities (note 5.3.17)	11.0	14.5	10.6
. Non-operating liabilities (note 5.3.17)	16.3	12.8	11.8
Total	**299.5**	**313.0**	**257.8**
Total liabilities and shareholders' equity	***939.6***	***906.1***	***838.6***

(a) Provisions are recognized in non-current or current liabilities in a manner consistent with the method used for the 2006 financial statements

CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL DEBT

In millions of euros	Jan. 06-Dec. 06 12 months		Jan. 05-Dec. 05 12 months		Jan. 04-Dec. 04 12 months	
Net income of consolidated companies	105.4		90.1		79.7	
Net depreciation, and provision and others	59.0		71.9		80.7	
(Increase) / Decrease in fair value of derivatives	0.3		0.2		0.3	
Net realized capital gains (losses)	-6.4	(1)	-2.4		-1.3	
Cash flow from operating activities	**158.3**		**159.8**		**159.4**	
Cost of net financial debt	0.9		1.6		9.3	
Current income tax expense	47.0		52.6		37.2	
Cash flow from operating activities before cost of net financial and income tax	**206.2**		**214.0**		**205.9**	
Increase in inventories	-4.5		-16.3		-9.9	
Increase requirements in accounts receivable	-21.7		-2.7		-4.5	
Increase (decrease) in accounts payable and other operating working capital	-2.3		20.0		5.6	
Decrease requirements (increase) in operating working capital	**-28.5**		**1.0**		**-8.8**	
Income tax paid	-53.5		-46.0		-22.7	
Cost of net financial debt	-0.9		-1.6		-9.3	
Other	3.2		-1.1		-2.7	
(Increase) / Decrease in non-current assets	-1.9		-1.8		-1.5	
Decrease requirements (increase) in working capital requirements	**-81.6**		**-49.5**		**-45.0**	
Net cash flow from operations	**124.6**		**164.5**		**160.9**	
Purchase of property, plant and equipment	-88.6		-81.6		-82.6	
Proceeds on fixed asset disposals	8.0		12.2		6.9	
Purchase of financial assets disposals of financial assets	0.8		-5.7		-0.4	
Net cash from the sale of Hemostasis line of business	33.7					
Impact of changes in the scope of consolidation	-18.4	(2)	-0.5	(3)	-1.7	(4)
Loans and advances to affiliates					7.8	(5)
Net cash flow from (used in) investment activities	**-64.5**		**-75.6**		**-70.0**	
Capital increase (bioMérieux SA)					12.6	(6)
Purchases and proceeds of treasury stocks	-3.6		-0.1			
Dividends to bioMérieux SA shareholders	-18.1		-15.8		-30.0	(7)
Net cash flow from (used in) shareholders' equity	**-21.7**		**-15.9**		**-17.4**	
Change in net debt (8)	**38.4**		**73.0**		**73.5**	

Analysis of change in net financial debtt			
Net financial debt at the beginning of the year	43.3	118.1	188.3
Impact of currency changes on net financial debt	5.6	-1.8	3.3
Change in net financial debt:	**-38.4**	**-73.0**	**-73.5**
- Confirmed facilities	*-0.9*	*-97.5*	*-101.4*
- Cash and other bank deposits	*-37.5*	*24.5*	*27.9*
Net financial debt at the end of the year (see note 5.3.16)	**10.5**	**43.3**	**118.1**

(1) Including net income before tax on the sale of Hemostasis line of business: € 10,1 millions, or € 6,9 millions after tax
(2) Including Acquisition of Bacterial Barcodes Inc (11,6 M€)
Acquisition of Relia, consolidated under equity method (6,8 M€)
(3) Partial buyout of bioMérieux Mexico minority shareholder
(4) Net indebtedness of NBMA on the date of its merger into bioMérieux SA (pre IPO transaction)
(5) Repayment of a debt by TSGH (pre IPO transaction)
(6) Offering of new shares to employees, in connection with the IPO
(7) Distribution of dividends decided by the Shareholders's Meeting of April 16, 2004 (pre IPO transaction)
(8) Change in net financial net debt, excluding impact of exchange rates

STATEMENT OF CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY

	Group's share						Minority share
In millions of euros	**Share capital**	**Additional paid in capital**	**Consolidated reserves**	**Changes in fair value (a)**	**Translation reserve**	**TOTAL**	**TOTAL**
Shareholders' equity on December 31, 2004	**12.0**	**63.7**	**328.3**	**0.2**	**-13.4**	**390.8**	**0.7**
Net income for the year			90.1			**90.1**	
Changes in the scope of consolidation (b)							**-0.5**
Treasury shares			-0.1			**-0.1**	
Dividends (d)			-15.8			**-15.8**	
Variation of the OCI (a)				-1.5		**-1.5**	
Impact of shares granted without consideration			0.4 (e)			**0.4**	
Change in translation reserve (see note 5.3.13)					34.3	**34.3**	**0.1**
Shareholders' equity on December 31, 2005	**12.0**	**63.7**	**402.9**	**-1.3**	**20.9**	**498.2**	**0.3**
Net income for the year			105.3			**105.3**	**0.1**
Treasury shares (c)			-3.6			**-3.6**	
Dividends (d)			-18.1			**-18.1**	
Variation of the OCI (a)			-0.3	2.2		**1.9**	
Impact of shares granted without consideration (see note 5.3.19)			1.3 (e)			**1.3**	
Change in translation reserve (See note 5.3.13)					-27.9	**-27.9**	
Shareholders' equity on December 31, 2006	**12.0**	**63.7** (f)	**487.5** (f)	**0.9**	**-7.0**	**557.1**	**0.4**

(a) Other comprehensive income
(b) Buyout of a 13% minority interest in bioMérieux Mexico
(c) Cumulative (negative) impact of treasury shares: € 3.9 millions
(d) Dividend per share: €0.40 in 2005 and €0.46 in 2006
(e) The fair value of share-based payment is expensed over the vesting period ; the cumulative at the end of December is € 1.7 million.
(f) Including distributable reserves of bioMérieux SA : 320 M€. The general shareholders meeting of June 7, 2007 proposes a dividend of 0.54 € per share

INTRODUCTION

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

The consolidated financial statements were approved by the Board of Directors on March 16, 2007.

The financial statements will be considered final only after they are approved by the shareholders' meeting of June 7, 2007.

5.3.1 Accounting principles

The consolidated financial statements for the year ended December 31, 2006 have been prepared in accordance with the accounting and valuation rules and interpretations of the International Financial Reporting Standards (IFRS) adopted by the European Commission as of December 31, 2006.

Standards approved in 2006 but going into effect after December 31, 2006 have not been applied.

The financial statements of the consolidated Group companies, which are prepared in accordance with accounting rules applicable in their respective countries, are restated to conform to the financial reporting principles used for the consolidated financial statements.

The consolidated financial statements are prepared in euros.

5.3.1.1 Estimates and judgments

When preparing the consolidated financial statements, estimates and assumptions are made that affect the book value of certain assets, liabilities, revenue and expenses. This includes the valuation and impairment of intangible assets, including goodwill, the valuation and impairment of financial assets, provisions, pension obligations, deferred taxes and payments in shares, as well as information provided in certain notes to the financial statements. These estimates and judgments are reviewed on a regular basis, taking into consideration past experience and other factors deemed relevant in light of prevailing economic conditions. Changes in those conditions could accordingly result in different estimates in the Group's future financial statements.

5.3.1.2 Consolidation principles

Companies over which bioMérieux exercises full control are fully consolidated. Full control is defined as the direct or indirect power to govern the financial and operating policies of a company in order to profit from its business. This control is presumed whenever the Company holds more than 50 percent of the voting rights of the controled company.

Companies over which bioMérieux exercises a significant influence are accounted for by the equity method. Significant influence is defined as the power to participate in financial policies without controlling such policies. It is presumed whenever bioMérieux has a direct or indirect ownership between 20 and 50 percent of voting rights. ReLIA, a 15-percent held company, is accounted for by the equity method, as bioMérieux has significant influence over its management, as reflected in part by the presence of a bioMérieux representative on the board of directors and by significative transactions with the Group.

A list of consolidated companies is included in section 5.3.32.

All significant transactions between the consolidated companies, as well as intra-group income (in particular dividends, internal gains related to inventory or fixed assets), have been eliminated.

5.3.1.3 Fiscal year end date

All the Group companies are consolidated on the basis of their fiscal year, or, if the fiscal year dates differ, of audited financial statements for the period ending at the end of the Group's fiscal year.

5.3.1.4 Foreign currency translation principles

The euro is the Group's operating and accounting currency.

5.3.1.4.1 Translation of the financial statements of foreign companies

Financial statements in foreign currencies are translated as follows:

Normal circumstances: the financial statements of foreign subsidiaries operating in a currency other than the euro or that of an economy subject to hyperinflation are translated as follows:

- balance sheet items are translated using the official exchange rate at the end of year,
- income statement items are translated using the average exchange rate for each currency for the fiscal year,
- items in the statement of change in net debt are translated using the average exchange rate for each currency for the fiscal year.

Differences resulting from the translation of the subsidiaries' financial statements are recognized in "translation reserve" and shown on a separate line under shareholders' equity.

Whenever a foreign subsidiary is sold, the translation reserve pertaining to that entity is recognized in the income statement according to the disposed portion of the entity.

The tables below show the principal exchange rate used for translations:

Average rates				
1 EURO =	**USD**	**JPY**	**GBP**	**BRL**
2006	1.26	146	0.68	2.73
2005	1.25	137	0.68	3.04
2004	1.24	134	0.68	3.64

Year-end rates				
1 EURO =	**USD**	**JPY**	**GBP**	**BRL**
2006	1.32	157	0.67	2.82
2005	1.18	139	0.69	2.76
2004	1.36	140	0.70	3.62

Special circumstances: the financial statements of subsidiaries operating in a currency other than that of the country in which they are located are translated as follows:

- Non-monetary items are translated at the applicable historical rate.
- Monetary items are translated at the year-end rate.
- Differences resulting from the translation of their financial statements are immediately recognized in income.

If the operating currency of the subsidiary concerned is not the euro, the financial statements are then translated into euros as shown under "Normal circumstances".

5.3.1.4.2 Translation of transactions in foreign currencies

As prescribed by IAS 21 "The effect of changes in foreign exchange rates", transactions in currencies other than the operating currency of the company performing them are translated using the exchange rate in effect on the date of the transaction. Exchange-rate gains or losses resulting from differences in rates between the transactions date and their payment date are recognized under the corresponding lines in the income statement (sales and purchases for commercial transactions).

Payables and receivables in foreign currencies are translated at the exchange rate in effect on December 31, 2006. The resulting currency translation gain or loss is recognized in the income statement at the end of the year.

Derivatives are measured and recognized in accordance with the general principles set forth in note 5.3.1.17 "Recognition and measurement of financial instruments". Accordingly, foreign-exchange derivatives are recognized in the balance sheet at their fair value at the end of each period.

5.3.1.5 Intangible fixed assets

5.3.1.5.1 Research and development expenses

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

Under IAS 38 "Intangible assets", development expenses must be recognized as intangible assets whenever specific conditions prevail, related to technical feasibility and marketing and profitability prospects. Given the high uncertainty attached to development in the Group, these conditions are not satisfied until the regulatory procedures required for the sale of products have been finalized. As most expenses are incurred before that stage, development costs are recognized as expenses for the period in which they are incurred.

5.3.1.5.2 Other intangible assets

Other intangible assets include mainly patents, licenses and computer software. All have a finite life. They are initially measured as follows:

- If purchased: at their purchase price
- If acquired through business combinations: at fair value
- If produced in-house: at Group cost.

Costs directly attributable to the production or improvement of software are capitalized if it is considered probable that expenses will generate future economic benefits. Other development costs are recognized as expenses when incurred.

Intangible assets are amortized on a straight-line basis, generally over five years in the case of patents and licenses and three to six years in the case of computer software.

Intangible assets are carried on the balance sheet at their initial cost less accumulated amortization and, if applicable impairments. Amortization allowances are recognized in income statement lines based on the assets' function. Impairment losses are recognized in income under "Other non-recurring income and expenses" if the definition applies to them (see note 5.3.1.16.3).

5.3.1.6 Goodwill

Goodwill represents the difference between the cost of business combinations and the Group's part in the fair value of the acquired entity's identifiable assets, liabilities and contingent liabilities on the acquisition date. Goodwill is measured in the operating currency of the acquired entity. The cost of business combination includes expenses directly related to the acquisition and the impact of price adjustment clauses,

whenever they can be reliably estimated. The clauses are discounted, if necessary, whenever they have a material negative impact.

Positive goodwill is recognized in the balance sheet on a separate "Goodwill" line. Negative goodwill is recognized directly in the income statement.

As prescribed by IFRS 3 "Business combinations", goodwill is not amortized. On the acquisition date, it is allocated to a cash-generating unit selected on the basis of synergies expected by the Group. Goodwill impairment tests are performed as soon as there are indications that goodwill may be impaired and at least once a year. The procedure followed for these impairment tests and the manner in which impairment loss of value is recognized are set forth in note 5.3.1.8.

Goodwill is presented in the balance sheet at cost, net of impairments, if any. Impairments are accounted for under "Other non-recurring incomes and expenses" in the income statement provided they meet the definition (see note 5.3.1.16.3) and cannot be reversed except in the event of a disposal.

As permitted under IFRS 1 options, the net book value of goodwill has not been restated on January 1, 2004 and accumulated amortization up to that date has been deducted from its gross value.

5.3.1.7 Property, plant and equipment

As prescribed by IAS 16 "Property, plant and equipment", property, plant and equipment is initially recorded in the balance sheet at its purchase or production cost, or at fair value on the date of business combinations. It is not revalued. Any revaluations by Group companies are eliminated when preparing the consolidated financial statements.

The value of property, plant and equipment is measured using the component approach. According to this method, each component of property, plant and equipment with a value that is material in terms of the aggregate cost of the asset and with a useful life that is different from that of the principal asset must be separately accounted for and depreciated. The only Group assets to which this method is applied are buildings.

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

Normal maintenance and repair costs of property, plant and equipment are recognized as expenses for the period in which they are incurred. Other subsequent expenses are capitalized only if they satisfy accounting conditions, such as for replacing an identified component.

Property, plant and equipment is carried at cost less accumulated depreciation and impairment.

The depreciable value of property, plant and equipment is its cost, as it is not considered to have residual value. It is depreciated on a straight-line basis.

The term over which property, plant and equipment is depreciated depends on the estimated useful life of asset categories:

Category	Useful life
Machinery and tools	3 - 10 years
Instruments *	3 - 5 years

** instruments placed with customers or used in house*

In the case of buildings, depreciation is calculated separately for components:

Category	Useful life
Shell	30 - 40 years
Finishing work, fixtures and fittings	10 - 20 years

The useful life of assets is periodically reviewed. The impact of any change in their useful life is accounted for prospectively as a change in estimate.

Whenever events or market developments indicate that there is a risk that the value of assets may be impaired, the net value of the property, plant and equipment concerned is reviewed. If their recoverable value (see note 5.3.1.8) is less than their net book value, either the useful life is adjusted or an impairment is recorded and recognized in "other non-recurring income and expenses", if the definition applies to it (see note 5.3.1.16.3).

Capital gains on intra-group transactions of property, plant and equipment (mainly instruments) are eliminated from the financial statements. However, the value of the corresponding assets is not adjusted by the amount of the write-off. The impact, which is not material in terms of the value of assets, is recognized in "deferred revenue" (7.3 million euros on December 31, 2006).

Finance leases

As lessee: Leases are considered "finance leases" whenever they transfer to the lessee substantially all risks and benefits attached to the leased asset. Leases qualify as such on the basis of the nature of each contract, if they meet the following criteria:

- Ownership of the leased asset is transferred to the lessee at the end of the lease.
- The lease contains a purchase option at a low price.
- The term of the lease covers most of the estimated economic life of the leased asset.
- The present value of minimum future lease payments is substantially equal to the fair market value of the leased asset.
- The leased asset is of a specialized nature such that only the lessee can use it without making substantial modifications.

Whenever the Group leases property under an agreement classified as a finance lease, the fair value of the asset concerned or, if it is lower, the present value of minimum future lease payments, is capitalized and depreciated over the useful life of the asset. The corresponding debt is recognized in the balance sheet. Lease payments are broken down into principal repayments and interest expense.

Other leases are considered operating leases and lease payments are recognized as linear expenses over the term of the lease.

As lessor: when the Group leases assets to third parties on terms equivalent to a sale, the assets are recorded as though they had been sold, as prescribed by IAS 17 "Leases". Corresponding lease payments receivables are recorded as "other non current assets" on the balance sheet, for the portion payable in more than one year and "accounts receivable" for short-term payments. However, the corresponding financial revenue is recognized in the income statement during the period concerned, under "other financial items".

5.3.1.8 Impairment of fixed assets

Impairment tests are performed every year on all intangible assets with an indefinite useful life and on goodwill.

Impairment tests are performed on property, plant and equipment and intangible assets with a finite useful life whenever there are indications that their value may be impaired.

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

The recoverable amount of a cash-generating unit or of a group of such units is mainly based on the discounted cash flow projections over the next five years and an end-value. The discount rate used to calculate the present value is the weighted average cost of capital before tax, and was 8.2% in 2004, 8.7% in 2005 and 7.9% in 2006. The assumptions made regarding growth are consistent with available business information; the final end-value is estimated on the basis of conservative assumptions.

In the event that the carrying value of a unit exceeds its recoverable value, an impairment is recognized on the corresponding assets, unless their identifiable fair value is higher.

Impairments are recognized immediately in income under other non-current operating expenses, if the definition apply to (see note 5.3.1.16.3). In the case of goodwill, impairments cannot be reversed.

5.3.1.9 Financial assets

Financial assets include investment in non-consolidated companies, loans and receivables maturing in more than one year, including pension fund assets whenever these have not been definitively allocated to cover corresponding obligations, as well as deposits made. They are accounted for and measured in accordance with the rules set forth in note 5.3.1.17.

5.3.1.10 Inventories

As prescribed by IAS 2 "Inventories", inventories are measured at the lower of cost and net realizable value.

Inventories of raw materials and consumables are measured at their purchase price plus related expenses using the FIFO (first-in-first-out) method. Work-in-progress and finished goods are measured at their standard production cost, adjusted for changes recorded during the manufacturing period of products on hand. Standard production costs are calculated assuming a normal level of activity; they include both direct and indirect manufacturing expenses.

Borrowing costs are not included in the value of inventories.

A provision on inventory value is recognized, if applicable, to reflect selling prices, obsolescence, residual shelf life, condition, sale prospects and, in the case of spare parts, changes in the corresponding installed base.

5.3.1.11 Cash and cash equivalents

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

5.3.1.12 Employee benefits

5.3.1.12.1 Short-term employee benefits

Short-term employee benefits include salaries and social security taxes, paid vacation and bonuses. They are recognized as expenses for the period in which employees perform the corresponding services. Sums outstanding at the end of the period are shown as "Other operating liabilities".

5.3.1.12.2 Post-employment benefits

These comprise in particular pensions, retirement indemnities and post-employment health insurance. They are covered by either defined contribution plans or defined benefit plans.

Defined contribution plans: The Group pays contributions based on salaries to organizations responsible for paying out pensions and social security benefits, in accordance with the laws and agreements applicable in each country. The Group's obligation is limited to the payment of contributions. Contributions are recognized as expenses for the period in which employees perform the corresponding services. Sums outstanding at the end of the period are shown as "Other operating liabilities".

Defined benefit plans are the other systems:

- regular or supplementary pension plans (primarily in the United States, the Netherlands, Germany and France) and contractual retirement payments (primarily in France, Italy and Japan);
- health insurance for retired employees.

Pension commitments are calculated in accordance with the "projected credit unit" method, taking into consideration actuarial assumptions such as pay increases, employee turnover and mortality rates. The principal assumptions made are shown in the table below:

	bioMérieux SA	bioMérieux Inc	bioMérieux BV
Salary increases			
2006	3.00%	3.75%	2.00% to 5.00% *
2005	3.00%	3.75%	2.00% to 5.00% *
2004	3.00%	3.75%	2.00% to 5.00% *
Discount rate			
2006	4.50%	5.80%	4.50%
2005	4.25%	5.50%	4.25%
2004	4.50%	6.00%	4.50%
Expected return			
2006	4.50%	8.00%	5.00%
2005	4.50%	8.00%	5.25%
2004	4.50%	8.00%	5.25%

** depending on age*

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

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

5.3.1.12.3 Other long-term benefits

Other long-term benefits include long-service pay and 'jubilee' bonuses. The corresponding liabilities are recognized on an actuarial basis whenever they have a material impact. Actuarial gains and losses and past service costs are immediately recognized in the income statement.

5.3.1.13 Provisions – Contingent assets and liabilities

As prescribed by IAS 37 "Provisions, contingent liabilities and contingent assets", provisions are recognized when the Group has a legal or constructive liability to a third party, which constitutes a probable obligation that will require the outlay of funds in favor of that third party, without equivalent consideration expected in return, and when the amount of the liability can be reliably estimated. In the case of restructurings, a provision is accrued as soon as a restructuring is announced publicly and the corresponding plan is detailed or implemented.

Provisions are discounted if the impact is material.

Contingent assets and liabilities are disclosed in the notes to the financial statements whenever their realization is considered probable.

5.3.1.14 Deferred income taxes

Deferred income taxes are calculated for all the timing differences between the tax value of assets and liabilities and their book value in the consolidated financial statements. These differences arise in particular from:

- timing differences between financial reporting and tax reporting (non-deductible provisions, employee profit sharing, etc);
- consolidation restatements (accelerated depreciation, provisions, unrealized transferred profit in inventories and fixed assets, etc);
- not refundable withholding tax on the dividend distributions which will occur during the next fiscal year.

Deferred tax assets resulting from timing differences, consolidation restatements or tax losses carried forward are not recognized unless it is sufficiently probable that they will be used in the foreseeable future. The Group uses a two-year period.

Deferred tax assets and liabilities are measured using the comprehensive liability method, taking into account probable dates of payment. They are recognized at the enacted tax rate (or nearly enacted rate) for their nominal value without discounting.

Deferred tax assets and liabilities are included under "non-current assets" and "non-current liabilities", respectively. They are offset on the balance sheet if they are levied by the same taxing authority on the same entity (or group of entities) and if the entity has the legal right to settle on a net a basis.

5.3.1.15 Non-operating receivables and liabilities

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

5.3.1.16 Presentation of the income statement

5.3.1.16.1 Recognition of revenue from business

Revenue is accounted for as prescribed by IAS 18 "Revenue".

Net sales

Revenue from the sale of products (reagents and instruments) and related services (technical support, training, shipping, etc.) is reported as "Net sales" in the income statement.

Revenue arising from the sale of goods is recognized when all of the following criteria have been satisfied:

- the significant risks and rewards of ownership have been transferred to the buyer;
- the Group no longer has effective control over the goods sold;
- the amount of revenue resulting from the transaction can be reliably measured;
- it is probable that the economic benefits associated with the transaction will flow to the Group.

In the case of products, the foregoing criteria are satisfied when reagents are delivered or when sold instruments are installed.

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

When the Group provides goods to third parties under leases that have the effect of a sale, the goods concerned are accounted for as sold, as prescribed by IAS 17 “Leases” (see note 5.3.1.7).

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

Other revenue from business

Related revenue, which consists essentially of net proceeds from royalties, is shown in "Other operating incomes" and is recognized when earned.

5.3.1.16.2 Classification of current expenses

The cost of sales includes the following:

- The cost of raw materials consumed, including freight, direct and indirect payroll expenses for production personnel, the depreciation of assets used in production, external expenses of any kind related to manufacturing (utilities, maintenance, tools, etc.), as well as indirect expenses (portion of purchasing department, quality control, human resources, MIS...). The budgets of the quality control, quality assurance, engineering, processes, logistics and other departments are included in production expenses.

- Distribution expenses, including shipping and warehousing, as well as the cost of shipping finished products to clients.

- Depreciation of instruments placed with or leased to customers.

- Technical support services, including the cost of installing and maintaining instruments placed or sold, regardless of whether such services are billed separately. Also included under this heading are personnel expenses, travel expenses and the cost of spare parts, as well as provisions for warranty on sold instruments.

Selling and marketing expenses include the expenses incurred by the strategy, marketing, sales and sales administration departments. They also include sales bonuses and commissions paid to employees of the sales departments and to independent sales agents. Advertising and promotion expenses are also considered as selling and marketing expenses.

General and administrative expenses include the cost of general management and support services (human resources, corporate secretariat, finance, IT, purchasing, infrastructures) net of allocations made to other departments, which use their services. Insurance premiums are also included in general and administrative expenses.

Research and development expenses include all spending for in-house and outsourced research and development work on new products as well as expenses related to regulations, intellectual property, technological monitoring and research and development quality assurance. Research and development grants are deducted from expenses under this heading.

Royalty payments (fixed or proportional) are included in the cost of the corresponding products . If no product is marketed or marketable in the short term, they are considered research and development expenses.

Variable compensation (performance related bonuses, commissions, incentives and profit-sharing) is included in the corresponding payroll expenses.

Currency translation gains and losses are included in the income statement line corresponding to the transactions nature (mostly net sales, cost of sales and financial expenses).

5.3.1.16.3 Non-recurring incomes and expenses

Non recurring incomes and expenses include mainly the net capital gains from disposals of assets and other "material, unusual and non-recurring" items such as the cost of IPO, restructuring costs and certain provisions for impairments (see note 5.3.1.8).

Restructuring costs are recognized when the closing of a facility or a reduction in activity is officially announced, in the ordinary course of business, as well as subsequent adjustments reflecting costs actually incurred (net allowances of provisions, assumed expenses, etc.).

5.3.1.16.4 Financial income and expenses

Financial income and expenses are shown on two separate lines:

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

- “Other financial items", which includes financial income on leased instruments, late-payment interest charged to customers and the non-effective portion of hedge contracts on commercial transactions.

5.3.1.16.5 Income tax

Tax expenses correspond to the aggregate of payable taxes and deferred taxes.

Tax credits are presented as a deduction of tax expenses.

5.3.1.17 Recognition and measurement of financial instruments

Financial instruments include financial assets, financial liabilities and derivatives (swaps, forward contracts, etc.).

Financial instruments are accounted for under several balance-sheet items: financial assets, other non-current assets, accounts receivable, other receivables and other liabilities (e.g. fair value gains and losses on derivatives), current and non-current financial debt, accounts payable, cash and cash equivalents.

As prescribed by the revised IAS 39 “Financial Instruments: Recognition and Measurement”, financial instruments fall into five categories that do not correspond to specific balance-sheet headings. The classification determines the rules for the initial recognition and for measurements at each closing date. The categories and rules applicable to each are as follows:

“Investments held to maturity" consist exclusively of fixed-income securities acquired with the intention of holding on to them until they mature. As this time, the Group does not own any financial instruments corresponding to this definition.

“Financial assets and liabilities at fair value through profit or loss" comprise financial instruments held for the purpose of short-term transactions and those initially considered as such under the option allowed by the standard. The assets concerned are:

- shares of companies listed on an active market (recognized as “financial assets” in the balance sheet) other than those considered held for sale (see below).

- “cash and cash equivalents", including investment securities (reported in the balance sheet under that heading).

At this time, the Group does not have any financial liabilities in this category. The items falling into this class are initially recognized and measured at fair value at the end of each period (exclusive of transaction expenses). Changes in fair value are recognized in the income statement.

“Loans, receivables and liabilities" are financial assets and liabilities recognized and measured "at cost" or "amortized cost", as the case may be.

“Assets and liabilities measured at cost" are primarily deposits and accounts receivable and payable. They are initially recognized at fair value, which, for the Group, means their face value. They are measured at the end of each period at their initial book value, written down if applicable to reflect impairments. Their net book value at the end of the period represents a reasonable approximation of their fair value.

“Assets and liabilities measured at their amortized cost” are primarily current and non-current financial debt, loans and receivables from finance leases, reported on the balance sheet as "non-current assets" or "accounts receivable". These assets and liabilities are initially recognized at fair value, which, for the Group, is close to their implicit nominal value. Their net book value at the end of the period corresponds to their initial value, net of any amortization and written down, if applicable, to reflect impairments. Their net book value at the end of the period represents a reasonable approximation of their fair value.

Financial assets and liabilities that do not belong to any of the above categories are recognized as "assets held for sale". Items in this category are essentially the shares of non-consolidated entities that are unlisted, listed on an inactive market or listed on an active market but that the Group intends to hold on a long-term basis. These investments are shown in the balance sheet under financial assets”.

“Assets held for sale” are recognized at fair value on their purchase date, which is generally close to their acquisition cost. Subsequent valuations are recognized as follows:

- Whenever fair value can be reliably measured at the end of the period, it is adjusted directly to equity. If this causes the recognition of an impairment loss, it would be recognized directly in profit and loss for the part excluding earlier positive variation.

- Conversely, “assets held for sale” are recognized at cost and are subject to impairment tests: a provision is recognized whenever their estimated value at the end of the period, measured on the basis of financial criteria applicable to the company concerned, is less than that cost. Impairments are recognized in the income statement and can be reversed only when the shares are sold.

Currency or interest-rate "derivatives" (e.g. swaps, forward contracts, options, etc.) are initially recognized at fair value. They are measured at fair value at the end of each period and recognized in the balance sheet as “non-operating assets and liabilities”. Accounting for changes in their fair value depends on the derivative and the hedging relationship:

- Fair value gains and losses on derivatives not qualifying as hedging instruments are recognized in the income statement.

- Fair value gains and losses on derivatives qualifying and used as fair-value hedges (e.g. hedges of receivables and liabilities in foreign currencies) are recognized in the income statement for their full value, symmetrically with the hedged item.

- Fair value gains and losses on derivatives qualifying and used as cash-flow hedges (e.g. hedges of future interest expense on variable-interest debt, hedges of future commercial transactions in foreign currencies) are recognized directly in equity for the effective portion of the hedges, and in the income statement for their non-effective portion (mainly the time value of money in the case of forward currency transactions). Sums recognized in equity are reversed in the income statement in a symmetrical manner when the hedge item is accounted for.

The foregoing rules are applied provided that the hedging relationship is clearly set forth and documented at the time the item is hedged, and that the effectiveness of the hedge can be demonstrated.

5.3.1.18 Payments in shares

The only share-based payment transaction is the bonus-share distribution approved by the special shareholders' meeting of June 9, 2005.

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

Its value is definitively measured at grand date, date of the shares. On the other hand, the estimated number of shares is revised when necessary.

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

5.3.1.19 Net income per share

Basic net income per share is calculated by dividing net income of consolidated entities by the weighted average number of shares outstanding for the period (net of treasury shares held for market-making purposes).

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

5.3.1.20 Consolidated statement of change in net financial debt

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

It lists separately:

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

Cash flow used in investing activities includes the cash and cash equivalents of companies acquired or sold on the date of their consolidation or removal from consolidation.

“Cash flow from operating activities before cost of financial debt and income tax" corresponds to the aggregate of net income of consolidated companies, depreciation and provision allowances (except on current assets), expense relating to share-based payment, fair value gains and losses on financial instruments, gains or losses on capital transactions, net cost of debt, current income tax expense and impairments, if any.

5.3.1.21 Segment reporting

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

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

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

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

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

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

5.3.1.22 Treasury shares

The Company has signed a market-making agreement with an investment firm, for the specific purpose of maintaining an orderly market in its shares. In this connection, it sometimes holds a small number of its own shares, which are deducted from shareholders' equity; conversely, all corresponding transactions are recognized directly in equity (gains and losses from disposals, provisions, etc.).

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

5.3.2.1 Year ending 2006

5.3.2.1.1 Changes in the scope of consolidation

Acquisition of Bacterial Barcodes Inc

In September 2006, bioMérieux Inc. acquired all of the shares of Bacterial Barcodes Inc. a molecular biology company based in Georgia (United States), which developed and distributes the DiversiLab® system for automated bacterial DNA fingerprinting and analysis.

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

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

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

Accordingly, the remaining amount to 11.1 million US dollars goodwill.

Acquisition of ReLIA Diagnostic Systems, LLC.

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

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

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

5.3.2.1.2 Highlights

Disposal of the Hemostasis product line

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

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

The Hemostasis line generated revenue of 45 million euros in fiscal 2005. In the first half of fiscal 2006, it had sales of 21 million euros.

bioMérieux will continue to manufacture this range of products for Trinity Biotech over a 12-month transition period.

Proceeds from the sale and the associated restructuring and contingency provisions have been recognized in “other non recurring incomes and expenses” The net aggregate gain amounts to 10.1 million euros before tax (see note 5.3.23).

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

Termination of the microplate business in North America

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

The transaction concerns only a line of products in a given region and is not a discontinued operation within the meaning of IFRS 5 “Non-current assets held for sale and discontinued operations.”

The product line generated revenue of 15.3 million euros in North America in fiscal 2006.
The decision resulted in the recognition of a charge of 6.6 million euros, all of which was accounted for as an ”other non-recurring expense”. The charge corresponds to provisions for announced restructuring measures, indemnities payable to clients and the impairment of inventories and assets, including intangibles, related to this product line (see note 5.3.23).

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

5.3.2.2 Changes in consolidated entities in 2005

Merger with Apibio

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

Buyout of certain bioMérieux Mexico minority interests

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

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

Restructuring of bioMérieux Japan

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

Two new distribution subsidiaries formed

bioMérieux Hungary and bioMérieux Czech Republic were formed at the end of 2005. They are wholly-owned subsidiaries of bioMérieux SA.

5.3.2.3 Year ending 2004

5.3.2.3.1 Changes in consolidated entities

Merger of NBMA into the Company

Nouvelle bioMérieux Alliance (NBMA), a holding entity that held 99.3% of the shares of bioMérieux, was merged into bioMérieux SA, retroactively from January 1, 2004. The merger had no material compact on the 2004 income statement.

In particular, the €3.3-million excess of the price paid resulting from the negative difference between paid-in capital (€186.4 million) and the value of bioMérieux shares held by NBMA (€189.7 million), was charged to retained earnings available for distribution and accordingly did not affect the year's income.

The tax consolidation of bioMérieux SA and Apibio through NBMA, in effect since January 1, 2003, was replaced by a new consolidation of bioMérieux SA and Apibio starting January 1, 2004.

Other transactions

The interest held by CEA-Industrie in Apibio was acquired on December 22, 2004, making Apibio a fully-owned entity as of December 31, 2004.

5.3.2.3.2 Important developments

Initial public offering

bioMérieux shares started trading on the Premier Marché of the Paris stock exchange on July 6, 2004, following a public offering of the interest held by Wendel Investissement. In connection with the IPO, bioMérieux also issued stock for an offering to its personnel.

In order to facilitate the IPO, bioMérieux first took the following steps:

- merged with NBMA (see note 5.3.2.3.1).
- prepaid the syndicated loan set up in 2001 in connection with the acquisition of OTD, and obtained another credit facility from a smaller number of banks.

The total cost of the IPO and of refinancing the debt amounted to €16.6 million.

The cost of the IPO was recognized as a non-recurring charge of €5.2 million, net of the portion paid by Wendel Investissement (€9.1 million) and expenses incurred in connection with the offering to employees were charged to the corresponding share premium (€0.8 million).

5.3.3 Intangible assets

Gross value *In millions of euros*	Patents Technologies	Software	Advances & deposits	Other	Total
Total on December 31, 2004	**27.4**	**24.8**	**1.5**	**2.8**	**56.5**
Translation adjustment	2.2	0.9			3.1
Acquisitions / Increases	0.6	2.6	1.0	0.1	4.3
Disposals / Decreases	-0.6	-0.5			-1.1
Reclassifications	-0.1	1.7	-1.4	-0.1	0.1
Total on December 31, 2005	**29.5**	**29.5**	**1.1**	**2.8**	**62.9**
Translation adjustment	-2.1	-0.9			-3,0
Acquisition of Bacterial Barcodes	12.2			0.2	12.4
Current acquisitions / increases	3.7	2.4	2.1		8.2
Disposals / Decreases	-0.7	-0.3			-1.0
Reclassifications		0.4	-0.4		
Total on December 31, 2006	**42.6**	**31.1**	**2.8**	**3.0**	**79.5**

Amortization and impairments *In millions of euros*	Patents Technologies	Software	Advances & deposits	Other	Total
Total on December 31, 2004	**14.1**	**19.4**	**0.0**	**2.5**	**36.0**
Translation adjustment	1.1	0.7			1.8
Increases	3.1	3.5		0.1	6.7
Disposals / Decreases	-0.6	-0.5			-1.1
Total on December 31, 2005	**17.7**	**23.1**	**0.0**	**2.6**	**43.4**
Translation adjustment	-1.1	-0.6			-1.7
Current acquisitions / increases	4.2	3.2			7.4
Disposals / Decreases	-0.4	-0.3			-0.7
Total on December 31, 2006	**20.4**	**25.4**	**0.0**	**2.6**	**48.4**

Net value *In millions of euros*	Patents Technologies	Software	Advances & deposits	Other	Total
Total on December 31, 2004	**13.3**	**5.4**	**1.5**	**0.3**	**20.5**
Translation adjustment	1.1	0.2			1.3
Acquisitions / Increases	-2.5	-0.9	1.0		-2.4
Disposals / Decreases					
Reclassifications	-0.1	1.7	-1.4	-0.1	0.1
Total on December 31, 2005 (a)	**11.8**	**6.4**	**1.1**	**0.2**	**19.5**
Translation adjustment	-1.0	-0.3			-1.3
Acquisition of Bacterial Barcodes	12.2			0.2	12.4
Current acquisitions / increases	-0.5	-0.8	2.1		0.8
Disposals / Decreases	-0.3				-0.3
Reclassifications		0.4	-0.4		
Total on December 31, 2006 (a)	**22.2** (b)	**5.7**	**2.8**	**0.4**	**31.1**

(a) Impairment tests did not result in impairments being recognized for the fiscal years for which the data is presented
(b) Including Bacterial Barcodes (11.5 million euros), bioMérieux S.A. (7 million euros) and bioMérieux Inc (3.6 million euros)

5.3.4 Goodwill

BREAKDOWN *In millions of euros*	Gross value 12/31/2006	Gross value 12/31/2005	Gross value 12/31/2004
Organon Teknika	51.5	54.2	51.8
Bacterial Barcodes	8.4		
Biotrol	4.8	4.8	4.8
bioMérieux Inc (Vitek)	2.6	2.9	2.5
Micro Diagnostics Inc (USA)	2.0	2.2	1.9
bioMérieux Poland	1.9	1.9	1.8
bioMérieux Greece	1.7	1.7	1.7
Micro Diagnostics (Australia)	1.5	1.5	1.4
bioMérieux Brazil	0.4	0.4	0.3
Total (a)	**74.8**	**69.6**	**66.2**

(a) Impairment tests did not lead to the recognition of impairment losses during the fiscal years for which data is presented

CHANGE *In millions of euros*	Gross value
December 31, 2004	**66.2**
Translation adjustment	3.4
December 31, 2005	**69.6**
Translation adjustment	-2.7
Increases (a)	8.7
Decreases (b)	-0.8
December 31, 2006	**74.8**

(a) Goodwill from Bacterial Barcodes Inc. (United States)

(b) Write-off of the portion of Group goodwill corresponding to the cease of the microplates products line in North America.

5.3.5 Property, plant and equipment - receivables from finance leases

5.3.5.1 Property, plant and equipment - Detailed information

GROSS VALUE *In millions of euros*	Land	Buildings	Equipment	Capitalized instruments	Other fixed assets	Fixed assets in progress	Advances and deposits	Total
Total on December 31, 2004	**16.6**	**186.5**	**148.4**	**240.9**	**60.1**	**16.8**	**2.1**	**671.4**
Translation adjustment	0.5	6.3	6.5	11.3	3.6	1.0		**29.2**
Acquisitions / Increases	0.2	15.9	8.5	38.0	6.6	8.3	1.3	**78.8**
Disposals / Decreases	-2.1	-3.0	-4.0	-17.8	-5.9			**-32.8**
Reclassifications	0.2	10.1	3.8	1.5	1.8	-14.7	-1.4	**1.3**
Total on December 31, 2005	**15.4**	**215.8**	**163.2**	**273.9**	**66.2**	**11.4**	**2.0**	**747.9**
Translation adjustment	-0.4	-4.5	-4.9	-8.2	-2.8	-0.8		**-21.6**
Change in the consolidation scope (a)			0.1					**0.1**
Acquisitions / Increases	2.7	7.0	9.5	46.8	5.0	7.2	1.7	**79.9**
Disposals / Decreases		-1.4	-3.8	-40.8	-2.4		-0.2	**-48.6**
Reclassifications	0.2	3.8	5.2	0.6	0.8	-8.6	-1.9	**0.1**
Total on December 31, 2006	**17.9**	**220.7**	**169.3**	**272.3**	**66.8**	**9.2**	**1.6**	**757.8**

DEPRECIATION AND IMPAIRMENTS *In millions of euros*	Land	Buildings	Equipment	Capitalized instruments	Other fixed assets	Fixed assets in progress	Advances and deposits	Total
Total on December 31, 2004	**0.2**	**83.8**	**103.1**	**178.6**	**44.1**	**0.6**	**0.4**	**410.8**
Translation adjustment		2.6	4.0	8.1	2.6			**17.3**
Increases		10.4	14.2	32.5	6.7			**63.8**
Disposals / Decreases		-2.3	-3.8	-11.3	-5.8		-0.7	**-23.9**
Reclassifications				1.5	-0.2		0.3	**1.6**
Impairment losses recognized under IAS 36 (b)		2.1						**2.1**
Total on December 31, 2005	**0.2**	**96.6**	**117.5**	**209.4**	**47.4**	**0.6**	**0.0**	**471.7**
Translation adjustment		-2.0	-3.4	-6.1	-2.1			**-13.6**
Increases (c)		11.8	14.6	32.2	5.9			**64.5**
Disposals / Decreases		-1.3	-3.6	-29.2	-2.3	-0.1		**-36.5**
Reclassifications		0.2			-0.2			
Total on December 31, 2006 (d)	**0.2**	**105.3**	**125.1**	**206.3**	**48.7**	**0.5**	**0.0**	**486.1**

NET VALUE *In millions of euros*	Land	Buildings	Equipment	Capitalized instruments	Other fixed assets	Fixed assets in progress	Advances and deposits	Total
Total on December 31, 2004	**16.4**	**102.7**	**45.3**	**62.3**	**16.0**	**16.2**	**1.7**	**260.6** (i)
Translation adjustment	0.5	3.7	2.5	3.2	1.0	1.0		**11.9**
Acquisitions / Increases	0.2	5.5	-5.7	5.5	-0.1	8.3	1.3	**15.0**
Disposals / Decreases	-2.1	-0.7	-0.2	-6.5	-0.1		0.7	**-8.9**
Reclassifications	0.2	10.1	3.8		2.0	-14.7	-1.7	**-0.3**
Impairment losses recognized under IAS 36 (b)		-2.1						**-2.1**
Total on December 31, 2005	**15.2**	**119.2**	**45.7**	**64.5**	**18.8**	**10.8**	**2.0**	**276.2** (i)
Translation adjustment	-0.4	-2.5	-1.5	-2.1	-0.7	-0.8		**-8.0**
Change in the consolidation scope (a)			0.1					**0.1**
Acquisitions / Increases	2.7	-4.8	-5.1	14.6	-0.9	7.2	1.7	**15.4**
Disposals / Decreases		-0.1	-0.2	-11.6	-0.1	0.1	-0.2	**-12.1**
Reclassifications	0.2	3.6	5.2	0.6	1.0	-8.6	-1.9	**0.1**
Total on December 31, 2006 (e) (f)	**17.7**	**115.4** (g)	**44.2**	**66.0** (h)	**18.1**	**8.7**	**1.6**	**271.7** (i)

(a) Acquisition of Bacterial Barcodes Inc. (United States)
(b) Additional depreciation of the Boxtel facility (see note 5.3.23).
(c) Including a depreciation allowance of 1.1 million euros on assets used in connection with the Hemostasis and Microplates lines in North America
(d) Accumulated depreciation on December 31, 2006 amounted to 3.2 million euros
(e) The net book value of unused property, plant and equipment was zero on December 31,2006
(f) No pledge of property, plant and equipment has been granted.
(g) Including bioMérieux S.A. (71.2 million euros), bioMérieux Inc (22.0 million euros) and bioMérieux BV (10.5 million euros)
(h) Most of the capitalized instruments are placed with customers.
(i) Detailed information on leased assets is provided in note 5.3.5.2

5.3.5.2 Leased assets

Whenever the Group leases assets under a finance lease equivalent to a purchase, the leased assets are accounted for as property, plant and equipment as set forth in note 5.3.1.7.

Total depreciation allowances on those assets amounted to €1 million in fiscal 2006, €1.1 million in 2005 and €1.6 million in 2004.

The corresponding liability, which is included in the balance sheet under financial debt was €11 million on December 31, 2006, €11,8 million on December 31, 2005 and €10 million on December 31, 2004 (see note 5.3.16.5.1).

LEASED PROPERTY INCLUDED UNDER PROPERTY, PLANT AND EQUIPMENT						
In millions of euros		Land	Buildings	Equipment	Other	Total
12/31/2006	Gross value	0.8	14.3	1.1	1.8	18.0
	Accumulated depreciation		-5.8	-1.0	-1.4	-8.2
	Net value	**0.8**	**8.5**	**0.1**	**0.4**	**9.8**
12/31/2005	Gross value	0.8	14.3	1.3	1.9	18.3
	Accumulated depreciation		-5.1	-1.2	-1.2	-7.5
	Net value	**0.8**	**9.2**	**0.1**	**0.7**	**10.8**
12/31/2004	Gross value	0.8	12.0	1.9	3.1	17.8
	Accumulated depreciation		-4.3	-1.6	-2.3	-8.2
	Net value	**0.8**	**7.7**	**0.3**	**0.8**	**9.6**

5.3.5.3 Receivables from finance leases

Some instruments are leased (see note 5.3.1.7) under finance leases with a usual term of five years and an interest of rate approximately 10%.

Receivables under such leases totaled 31.3 million euros as of December 31, 2006.

BREAKDOWN *In millions of euros*	Under one year (a)	1 to 5 years (b)	Over 5 years (b)	**TOTAL**
Gross value of receivables from finance lease contracts	13.0	25.1	0.1	**38.2**
Accrued interests	-3.0	-3.7		**-6.7**
Present value of minimum future lease payments	10.0	21.4	0.1	**31.5**
Provisions	-0.2			**-0.2**
Present net value of minimum future lease payments	9.8	21.4	0.1	**31.3**

(a) Recognized as accounts receivable (see note 5.3.9).
(b) Recognized as other non-current assets

5.3.6 Financial assets

In millions of euros	**Net book value on 12/31/2006**	**Net book value on 12/31/2005**	**Net book value on 12/31/2004**
Loans and receivables	5.7 (a)	5.8	5.4
Investments held for sale	7.3	7.1	1.6
Financial assets at fair value through profit or loss	1.9	2.8	4.1
Investment in associates (b)		0.1	0.2
TOTAL	**14.9**	**15.8**	**11.3**

(a) Of which €3 million to cover future pension commitments (Germany)

(b) Corresponds in 2004 and 2005 to Bergerie de la Combe au Loup, a company accounted for by the equity method, this amant has been reclassed in "Investment in associates" (see note 5.3.7)

CHANGE *In millions of euros*	**Gross value**	**Depreciation and change in the fair value**	**Net value**
December 31, 2004	**17.7**	**6.4**	**11.3**
Translation adjustment	0.2		0.2
Acquisitions / Increases	6.1	1.4	4.7
Disposals / Decreases	-0.5		-0.5
Reclassifications	0.1		0.1
December 31, 2005	**23.6**	**7.8**	**15.8**
Translation adjustment	-0.2		-0.2
Acquisitions / Increases	0.9	1.0	-0.1
Disposals / Decreases	-2.7	-2.1	-0.6
December 31, 2006	**21.6**	**6.7**	**14.9**

OTHER INVESTMENTS *In millions of euros*	Ownership %	Net value	Shareholder's equity	
			Before net income	Net income
Investments held for sale				
ExonHit	5.8 %	4.0	17.7	-4.5
Avesthagen	6.0 %	1.4	0.8 (a)	
InoDiag	11.0 %	0.8	3.0 (b)	-1.0 (b)
OPI	4.0 %	0.7	15.6	0.6
Altabiopharma	0.9 %	0.1	9.7	-5.9
Sofinnova Ventures III	1.3 %	0.1	3.7 (b)	0.3 (b)
Sofinnova IV	0.6 %	0.1	5.6	-0.5
Europroteome	8.8 %	0.0		In liquidation
Other		0.1		
		7.3		
Financial assets at fair value through profit or loss				
Dynavax Technologies	0.6 %	1.6	98.0	-39.5
Oscient Pharma	0.6 %	0.3	58.1	-59.6
Total		**1.9**		

(a) Last available information : fiscal year ending March 31, 2006
(b) Last available information : fiscal year ending June 30, 2006

5.3.7 Investment in associates

Investments in associates *(in millions of euros)*	12/31/2006
Investment in ReLIA	4.8 (a)
Investment in Bergerie de la Combe au Loup	0.1
TOTAL	**4.9**

(a) No residual goodwill (see note 5.3.2.1.1)

CHANGE *In millions of euros*	Net value
December 31, 2005	
Translation adjustment	-0.6
Acquisition of 15 % of ReLIA's shares	6.8
Reclassification of Bergerie de la Combe au Loup	0.1
bioMérieux' shares of net result of associated companies	-1.4
December 31, 2006	**4.9**

5.3.8 Inventories and work in progress

In millions of euros	12/31/2006	12/31/2005	12/31/2004
Raw materials	54.0	60.0	46.9
Work in progress	33.0	29.3	24.8
Finished goods and other materials	77.0	81.5	68.3
Total gross value	**164.0** (a)	**170.8**	**140.0**
Provisions			
Raw materials	-5.8	-5.5	-4.3
Work in progress	-1.8	-2.2	-1.8
Finished goods and other materials	-9.6	-7.1	-4.8
Total provisions	**-17.2**	**-14.8**	**-10.9**
Raw materials	48.2	54.5	42.6
Work in progress	31.2	27.1	23.0
Finished goods and other materials	67.4	74.4	63.5
Net value	**146.8** (b)	**156.0**	**129.1**

(a) Including gross value of inventories relating to instrumentation: 37%

(b) As of December 31, 2006, no pledge of inventories had been granted.

5.3.9 Accounts receivable

In millions of euros	12/31/2006	12/31/2005	12/31/2004
Accounts receivable	292.6	289.4	274.4
Provisions	-11.8	-11.7	-10.9
Net value (a)	**280.8**	**277.7**	**263.5**

(a) Including short-term portion of receivables from finance lease contracts (see note 5.3.5.3)

5.3.10 Other receivables

In millions of euros	12/31/2006	12/31/2005	12/31/2004
Advances and deposits	1.2	0.4	1.1
Pre-paid expenses	10.2	5.3	4.0
Other receivables	12.3	8.5	13.2
Total gross value	**23.7**	**14.2**	**18.3**
Provisions			
Net value of other operating receivables	**23.7** (a)	**14.2**	**18.3**
Non-operating receivables	11.6	10.8	19.1
Total gross value	**11.6** (b)	**10.8**	**19.1**
Provisions	-1.0	-1.8	-7.0
Net value of non-operating receivables	**10.6** (c)	**9.0**	**12.1**

(a) Most of the net book value of receivables from operations represents sums repayable in less than one year, with the exception, *in particular*, of prepaid expenses related to the settlement of the HIV litigation (2.6 million euros)

(b) Including €2.5 million in tax refunds receivable

(c) The net book value of other receivables includes the net value of receivables from the Italian government (2.6 million euros) which are not expected to be collected within one year, as well as a receivable related to deferred payments by Trinity Biotech plc of 4.3 million euros, of which 1.9 million euros is due in more than one year.

5.3.11 Cash and cash equivalents

Cash and cash equivalents include available cash balances and short-term investments as defined in note 5.3.1.11:

In millions of euros	**12/31/2006**	**12/31/2005**	**12/31/2004**
Cash (a)	32.8	20.3	21.2
Short-term deposit (b)	1.1	0.6	0.7
Cash and cash equivalents	**33.9**	**20.9**	**21.9**

(a) Including €7.5 million in bioMérieux S.A. certificates of deposit.

(b) Short-term investments are the followings:

	2006	**2005**	**2004**
Name	3-month SICAV CA AM	3-month SICAV CA AM	3-month SICAV CA AM
Total	€0.7 million	€0.6 million	€0.7 million
Type	Euro money-market fund	Euro money-market fund	Euro money-market fund
ISIN code	FR0000296881	FR0000296881	FR0000296881
Name	Banamex - Horizontes Empresarial SICAV		
Total	€0.4 million		
Type	Money market fund		
ISIN code	N/A		

5.3.12 Share capital

As of December 31, 2006, the Company's share capital stock of €12,029,370 was divided into 39,453,740 shares, of which 58,539 were entitled to double voting rights. The reference to a par value was deleted by decision of the shareholders' meeting of March 19, 2001. As of December 31, 2006, there were no rights or securities outstanding with a potentially dilutive impact.

The number of shares outstanding did not change during fiscal 2005 and 2006.

On December 31, 2006, the Company held 3,700 of its own shares as part of a market-making contract with an outside firm (see note 5.3.1.22) and another 78,000 treasury shares intended for distribution as bonus shares under a program voted by the shareholders' meeting of June 9, 2005 (see note 5.3.19). During the year, it bought 122,596 of its own shares (including the 78,000 above) and sold 44,896.

5.3.13 Changes in the translation reserve

In millions of euros	**Dollar (a)**	**Latin America**	**Other**	**TOTAL**
Translation reserve on December 31, 2004	**-14.8**	**-0.1**	**1.5**	**-13.4**
Impact of the translation on				
- shareholders' equity at closing exchange rates	26.6	3.6	1.0	31.2
- net income at average exchange rates	3.0	0.1	0.1	3.2
Total	29.6	3.7	1.1	34.4
Translation reserve on December 31, 2005	**14.8**	**3.6**	**2.6**	**21.0**
Reclassification (b)	-1.4		1.4	
Impact of the translation on				
- shareholders' equity at closing exchange rates	-22.9	-1.9	-0.3	-25.1
- net income at average exchange rates	-2.6	-0.2		-2.8
Total	-25.5	-2.1	-0.3	-27.9
Translation reserve on December 31, 2006	**-12.1**	**1.5**	**3.7**	**-6.9** (c)

(a) Dollar and related currencies: includes the United States and China in 2006
(b) Reclassification of Australian dollars and Canadian dollars from the “dollar zone” to “other currencies”
(c) Including a translation reserve of 0.1 million euros on minority interests

5.3.14 Provisions – Contingent assets and liabilities

The table below shows provisions classified as current and non-current liabilities.

In millions of euros	Pensions and retirement indemnities	Product warranties (a)	Restructuring	Other contingencies	Total
December 31, 2004	**37.8**	**2.7**	**3.2**	**32.7** (c)	**76.4** (e)
Allowances	7.6	4.0	0.1	8.0	19.7
Reversal (used)	-6.8	-3.8	-1.6	-3.5	-15.7
Reversal (unused)			-0.4	-0.7	-1.1
Net allowances	0.8	0.2	-1.9	3.8 (b)	2.9
Reclassifications	-0.1				-0.1
Translation adjustment	1.5	0.2	0.2	0.8	2.7
December 31, 2005	**40.0**	**3.1**	**1.5**	**37.3** (c)	**81.9** (e)
Allowances	9.7	3.6	4.7	17.1	35.1
Reversal (used)	-6.9	-3.9	-1.2	-19.5	-31.5
Reversal (unused)	-2.0	-0.1	-0.3	-3.5	-5.9
Net allowances	0.8	-0.4	3.2	-5.9 (d)	-2.3
Reclassifications	-0.2				-0.2
Translation adjustment	-1.3	-0.2	-0.3	-0.7	-2.5
December 31, 2006	**39.3**	**2.5**	**4.4**	**30.7** (c)	**76.9** (e)

(a) Estimate of the costs likely to be incurred for instruments sold under warranty over the remaining warranty period

(b) Including net allowances affecting operating income before non recurring items (2.7 million euros) and operating income (1.1 million euros)

(c) Including litigation provisions of 19 million euros on December 31, 2006, 31.3 million euros on December 31, 2005 and 27 million euros on December 31, 2004; for reasons of confidentiality, the breakdown between litigation cases is not disclosed

Including provisions of 7.9 million euros related to the sold Hemostasis and Microplate operations on December 31, 2006

(d) Including net reversals affecting operating income before non recurring items (13.6 million euros) and operating income (11.3 million euros)

(e) Including provisions classified as current liabilities of 17 million euros on December 31, 2006, 7.7 million euros on December 31, 2005 and 6.4 million euros on December 31, 2004

5.3.14.1 Pension and other long-term benefit obligations

5.3.14.1.1 Defined benefit pension plans

Reconciliation of net liabilities with balance-sheet provisions

Provision for pensions *In millions of euros* **Company**	**Type of liability**	On December 31, 2006 Present value of future obligations	Fair value of funds (a)	Deferred actuarial gains or losses (b)	Provision
France	Contractual retirement payments	14.8	9.4	-0.8	**6.2**
USA	Pensions	51.4	41.0	2.8	**7.6**
Netherlands	Pensions and early retirement	40.4	33.0	2.1	**5.3**
Germany	Pensions	5.2	1.7	0.6	**2.9** (c)
Italy	Contractual retirement payments "TFR"	3.9			**3.9**
Japan	Contractual retirement payments	1.1			**1.1**
		116.8	85.1	4.7	**27.0**

Provision for pensions *In millions of euros* **Company**	**Type of liability**	On December 31, 2005 Present value of future obligations	Fair value of funds (a)	Deferred actuarial gains or losses (b)	Provision
France	Contractual retirement payments	12.6	8.0	-0.3	**4.9**
USA	Pensions	53.7	37.2	8.1	**8.4**
Netherlands	Pensions and early retirement	43.0	29.9	5.5	**7.6**
Germany	Pensions	5.6	1.8	0.9	**2.9** (c)
Italy	Contractual retirement payments "TFR"	3.8		0.1	**3.7**
Japan	Contractual retirement payments	1.2			**1.2**
		119.9	76.9	14.3	**28.7**

(a) Fund or regular payments
(b) All past-service liabilities have been recognized.
(c) The corresponding fund is not irrevocably assigned to covering the liabilities and is booked in financial assets (see note 5.3.6)

Changes in net obligations during the fiscal year

The tables below show the principal pension obligations.

In millions of euros	USA	Nether-lands	France	Germany	Italy	Japan	Total
Defined benefit obligation							
At the beginning of the fiscal year	**53.7**	**43.0**	**12.6**	**5.6**	**3.8**	**1.2**	**119.9**
Net current service costs	4.4	2.7	2.4 (b)	0.1	0.4	0.2	10.2
Interest cost	2.8	1.7	0.4	0.3	0.1		5.3
Benefits payments	-0.8	-0.6	-0.1	-0.2	-0.3	-0.3	-2.3
Settlements and special termination benefits		-2.3		-0.2			-2.5
Translation adjustment	-5.8						-5.8
Actuarial gains (losses)	-2.9	-4.1 (a)	-0.5	-0.4	-0.1		-8.0
At the end of the fiscal year	**51.4**	**40.4**	**14.8**	**5.2**	**3.9**	**1.1**	**116.8**
Funding of obligations							
At the beginning of the fiscal year	**37.2**	**29.9**	**8.0**	**1.8**	**0.0**	**0.0**	**76.9**
Employer contributions	4.8	3.2	1.1	0.1	0.3	0.3	9.8
Expected return on funds	2.7	1.6	0.4	0.1			4.8
Benefits payments	-0.8	-0.6	-0.1	-0.2	-0.3	-0.3	-2.3
Translation adjustment	-4.4						-4.4
Actuarial gains (losses)	1.5	-1.1		-0.1			0.3
At the end of the fiscal year	**41.0**	**33.0**	**9.4**	**1.7**	**0.0**	**0.0**	**85.1**
Of which, payments scheduled for 2006	3.4						3.4
Deferred actuarial gains or losses							
At the beginning of the fiscal year	**8.1**	**5.5**	**-0.3**	**0.9**	**0.1**		**14.3**
Expenses recognized in 2006	-0.3						-0.3
Settlements and special termination benefits		-0.4					-0.4
New deferred items in 2006	-4.4	-3.0	-0.5	-0.3	-0.1		-8.3
Translation adjustment	-0.6						-0.6
At the end of the fiscal year	**2.8**	**2.1**	**-0.8**	**0.6**	**0.0**	**0.0**	**4.7**

(a) Including an experience actuarial loss of 2.1 million euros
(b) Including a non-recurring expense of 1.6 million euros

Net expense for the fiscal year

In millions of euros	2006
Net current service cost	10.2 (a)
Interest cost	5.3
Expected return on plan assets	-4.8
Curtailments	-2.1
Other	0.3
Total	**8.9**

(a) Including non-recurring expenses of 1.6 million euros

Information on pension plan assets

Pension funds are invested as follows:

In millions of euros	12/31/2006				12/31/2005			
	Stocks	Bonds	Other	**TOTAL**	Stocks	Bonds	Other	**TOTAL**
France	1.7	7.0	0.7	**9.4**	1.4	6.0	0.6	**8.0**
USA	22.5	15.1	3.4 (a)	**41.0**	19.9	13.4	3.9 (a)	**37.2**
Netherlands	7.1	25.9		**33.0**	5.8	23.8	0.3	**29.9**
Germany			1.7	**1.7**			1.8	**1.8**

(a) Scheduled contribution

The table below shows the return on assets in 2006:

	2006 return
France	4.1 %
USA	12.4 %
Netherlands	1.6 %
Germany	3.3 %

5.3.14.1.2 Other long-term benefits

Other long-term benefits *In millions of euros* Company	Type of liability	December 31, 2006 Present value of obligations	Fair value of funds	Deferred actuarial gains or losses	Provision
France	Long service payments	6.0			6.0
Netherlands	Long service payments	0.4			0.4
					6.4
Other					
France	Other liabilities	1.0		-0.1	1.1
	Health insurance for retired staff	2.1			2.1
					3.2
Other countries					
Other	Pensions and other benefits				**2.7**
Total provision for other long-term employee benefits					**12.3**

Other long-term benefits *In millions of euros* Company	Type of liability	December 31, 2005 Present value of obligations	Fair value of funds	Deferred actuarial gains or losses	Provision
France	Long service payments	4.8			**4.8**
Netherlands	Long service payments	0.4			0.4
					5.2
Other					
France	Other liabilities	1.0			1.0
	Health insurance for retired staff	2.7		0.4	2.3
					3.3
Other countries					
Other	Pensions and other benefits				**2.8**
Total provision for other long-term employee benefits					**11.3**

5.3.14.2 Other contingencies

5.3.14.2.1 Provisions for litigation

The Company is involved in litigation arising in the ordinary course of business. bioMérieux believes that no current or pending litigation will have a material adverse impact on its operations. The Group is not aware of any exceptional circumstances or litigation that may have a substantial impact on its activity. When a risk is identified, a provision is recognized as soon as the risk can be reliably evaluated. The provision for litigation covers all the litigation in which the Group is involved and amounted to 19 million euros on December 31, 2006. The main litigations in progress are:

Litigation pertaining to the use of patents related to AIDS

bioMérieux, Bio-Rad Laboratories Inc. and Institut Pasteur settled a dispute that was pending for many years concerning the use of certain patents related to the diagnosis of the VIH virus with the signature of several agreements concerning, *inter alia*, the exploitation by bioMérieux of rights to those patents. An aggregate sum of 18 million euros was paid in 2006 in connection with the May 2006 signature of these agreements. The settlement resulted in a gain of 1.9 million euros, recognized in operating income before non recurring items, from the reversal of provisions previously set aside.

D.B.V. Litigation

The French Court of Cassation ruled in favor of bioMérieux S.A. on March 28, 2006, when it set aside a Paris Appeals Court decision of May 5, 2004 concerning infringement charges by International Microbio and Diffusion Bactériologie du Var (D.B.V.). The case has been sent back to the Appeals Court for reconsideration by other judges.

International Microbio and D.B.V. have filed similar infringement suits against the Company's subsidiaries in Italy, Germany and Spain. They had two different outcomes. In Germany, the courts before which the infringement case was brought ruled in favor of the plaintiffs, forcing the Company to suspend sales of the product concerned. The decision has been appealed and another German court must still rule on the validity of the patent. In Italy, a court in Rome rejected all of the claims by International Microbio and D.B.V., finding that the patent was invalid and that there had been no infringement; new action has been brought before a court in Milan by International Microbio and D.B.V.

In the opinion of bioMérieux, overall revenue would not be materially affected by restrictions on the sale of the product concerned, should the outcome of the proceedings go against the Company.

5.3.14.2.2 Restructuring charges

Restructuring operations

The 2006 income statement includes new provisions or adjustments to existing provisions for restructuring in connection with the following:

- Durham (United States): the decision to discontinue the production and distribution of the microplates product line was announced in December 2006; a provision of 2.2 million euros was recognized in this connection. In addition, the sale of the Hemostasis line to Trinity Biotech Plc caused a provision for restructuring of 1.9 million euros to be recognized, of which 0.6 million euros had been used by December 31, 2006.

- Rockland (United States): the decision to close this facility had been announced in March 2003; an additional provision of 0.5 million euros was recognized in the 2006 financial statements for rent still outstanding.

- Grenoble (France): The transfer of all French molecular biology research and development to a single site in Grenoble was announced in April 2004 and was carried out in fiscal 2005 and 2006. It generated restructuring charges of 0.3 million euros in 2005 and 0.2 million euros in 2006, related to the relocation of employees.

Provisions

The provisions include provisions for restructuring resulting from recent measures and restructurings in progress. As of December 31, 2006, those provisions amounted to 4.4 million euros and concerned the US facilities at Durham (3.3 million euros) and Rockland (1.1 million euros).

5.3.14.3 Contingent assets and liabilities

Contingent assets

There were no material contingent assets as of December 31, 2006.

Contingent liabilities

There were no material contingent liabilities as of December 31, 2006.

5.3.15 Deferred income tax

Change *In millions of euros*	Deferred tax assets	Deferred tax liabilities
December 31, 2004	**18.6**	**4.8**
Translation adjustment	2.3	
Net allowances	2.9	-1.3
Recognition in reserves	0.8	
December 31, 2005	**24.6**	**3.5**
Translation adjustment	-1.9	-0.1
Change in the consolidation scope (a)		3.7
Net allowances	3.8	-1.1
Recognition in reserves	-1.0	
Other movements (b)	-0.6	-0.6
December 31, 2006	**24.9**	**5.4**

(a) Deferred tax resulting from the purchase of Bacterial Barcodes Inc., calculated on the fair value of the technology and licenses, net of the tax asset from prior losses

(b) Reclassification of net deferred taxes

Deferred tax assets exist mainly in the United States and France, due to temporary tax differences resulting mainly from the depreciation period of fixed assets, the non-deductibility of certain provisions and the unrecognized transferred profit in inventories.

Deferred tax assets *In millions of euros*	Pension provisions	Unrecognized transferred profit in inventories and PPE	Other	**Total**
December 31, 2004	4.9	9.0	4.7	**18.6**
Changes for the period		0.4	3.3	**3.7**
Translation adjustment	0.4	0.7	1.2	**2.3**
December 31, 2005	5.3	10.1	9.2	**24.6**
Changes for the period	0.6	-0.7	2.3	**2.2**
Translation adjustment	-0.3	-0.6	-1.0	**-1.9**
December 31, 2006	5.6	8.8	10.5	**24.9**

Deferred tax assets resulting from entries in shareholders' equity (in the Group's case primarily the recognition of financial instrument at fair value) amounted to - €.0,5 million.

Deferred tax assets resulting from losses carried forward amounted to €0.5 million on December 31, 2006.

Tax losses carried forward, which are not included in the calculation of deferred tax assets, amount to €20 million (i.e. a potential tax saving of €6.2 million). Furthermore, no deferred tax assets are recognized on the restatements pertaining to the concerned entities; the restatements amount to €8.2 million (for potential tax savings of €2.3 million).

The deferred tax liabilities arise mainly from booking Bacterial Barcodes (€3.5 million) and bioMérieux B.V. fixed assets at their fair value (€1.2 million) when these companies were acquired.

5.3.16 Net financial debt

5.3.16.1 Debt refinancing

bioMérieux S.A. has access to a seven-year syndicated credit facility of 260 million euros (expiring in January 2013) repayable in full at maturity and subject to certain covenants clauses (see note 5.3.16.3).

As of December 31, 2006, no funds had been drawn down under the facility.

5.3.16.2 Maturity of the debt

In millions of euros	**12/31/2006**	**12/31/2005**	**12/31/2004**
Over five years	1.7	1.4	6.0
Between one and five years	15.6	15.5	108.5
Total long-term debt	**17.3** (a)	**16.9**	**114.5** (d)
Short-term confirmed debt maturing in less than one year	1.2 (b)	2.4	1.7
Other short-term debt	25.9	44.9	23.8
Total short-term debt	**27.1**	**47.3**	**25.5**
Total financial liabilities	**44.4**	**64.2**	**140.0**
Cash	-32.8	-20.3	-21.2
Short-term deposits	-1.1 (c)	-0.6	-0.7
Net indebtedness	**10.5**	**43.3**	**118.1**

(a) Including a €7.1 million liability from the finance lease of the Plaine de l'Ain logistics facility, of which €5.2 million for the purchase option. The lease expires in 2010, at which time bioMérieux will have the choice to either continue to lease the facility or purchase the building for the option price.
Including the balance outstanding under the employee profit-sharing plan (6.3 million euros)

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

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

(d) Primarily the syndicated loan for the acquisition of Organon Teknika

5.3.16.3 Debt covenants

As of December 31, 2006, the syndicated facility was subject to compliance with only the ratio of net debt to operating income before non recurring items, which must be 3 or less.

As of December 31, 2006, the long-term debt consisted mainly of a debt arising from the leased Plaine de l'Ain logistics facility (IDC) and the employee profit-sharing plan; none of these debts are subject to covenants clauses.

5.3.16.4 Interest rates

On December 31, 2006, the €44.4 million financial debt is fully made of floating rate debts, among which 20 million euros have been hedged (see note 5.3.27.2.2).

5.3.16.5 Borrowings on assets under capital leases

5.3.16.5.1 Debt (principal portion)

In millions of euros	**12/31/2006**	**12/31/2005**	**12/31/2004**
Under one year	1.2	1.0	0.9
One to five years	8.6	9.4	3.1
Over five years	1.2	1.4	6.0
Total	**11.0**	**11.8**	**10.0**

5.3.16.5.2 Future lease payments

In millions of euros	**12/31/2006**	**12/31/2005**	**12/31/2004**
Minimum future payments	**12.1**	**13.1**	**11.3**
under one year	*1.5*	*1.3*	*1.2*
two to five years	*9.4*	*10.4*	*4.0*
over five years	*1.2*	*1.4*	*6.1*
Less interest portion	-1.1	-1.3	-1.3
Present value of future lease payments	**11.0**	**11.8**	**10.0**

5.3.16.6 Breakdown of net debt by currency

In millions of euros	**12/31/2006**	**12/31/2005**	**12/31/2004**
Euro zone - IAS / IFRS	68.1	92.1	132.5
Other			
Japanese yen	10.9	13.3	15.3
Indian rupee	3.6	2.9	3.0
UK sterling	-2.2	2.1	3.0
US dollar	-64.3	-63.3	-32.1
Swiss franc		-0.2	-1.0
Other currencies	-5.6	-3.6	-2.6
Total	**10.5**	**43.3**	**118.1**

5.3.16.7 Loan guarantees

None of the Group's assets have been pledged as collateral to a bank.

Most of the loans taken out by Group subsidiaries are guaranteed by bioMérieux SA.

5.3.17 Accounts payable and other liabilities

In millions of euros	12/31/2006	12/31/2005	12/31/2004
Accounts payable	**95.8**	**99.2**	**87.1**
Advances and deposits received	1.0	1.1	0.5
Tax and payroll	98.3	96.0	85.6
Deferred income	23.6	23.4	20.1
Other	9.4	11.0	10.2
Other operating liabilities	**132.3** (a)	**131.5**	**116.4**
Taxes outstanding	**11.0**	**14.5**	**10.6**
Payables on property, plant and equipement	14.9	10.0	8.4
Other (b)	1.4	2.8	3.4
Non-operating liabilities	**16.3** (c)	**12.8**	**11.8**

(a) Operating liabilities are generally due in less than one year, with the exception of the bioMérieux SA employee profit-sharing plan (€3.3 million) and the sums in connection with the Boxtel social plan (€0,8 million), as well as certain deferred revenues under maintenance contracts

(b) Including derivative instruments of €0.3 million 2006, €2.7 million in 2005 and - €0,3 million in 2004

(c) Non-operating liabilities are for the most part due in less than one year, with the exception of deferred payments related to the purchase of Bacterial Barcodes Inc (5.5 million euros)

5.3.18 Payroll and benefits

In millions of euros	2006 12 months	2005 12 months	2004 12 months
Wages and salaries (a)	263.4	246.2	236.2
Benefits	92.2	84.7	80.5
Employee profit sharing (b)	8.5	7.5	5.9
Total (c) (d)	**364.1**	**338.4**	**322.6**
Average number of employees	**5,663**	**5,498**	**5,430**
No. of employees as of Dec. 31	**5,747**	**5,570**	**5,456**

(a) Of which €1.3 million corresponds to the fair value of the 198,500 shares distributed under the bonus share plan (see note 5.3.19).

(b) bioMérieux SA

(c) Including €0,9 million in restructuring charges recognized in other non-recurring incomes and expenses

(d) Including €21.4 million in contributions to defined contribution pension plans (excluding Spain and Portugal, for which the information is not available)

5.3.19 Payment in shares

The Board of Directors, using the authority granted to it by the shareholders' meeting of June 9, 2005 to distribute bonus shares and after consulting with the compensation committee, decided to grant 198,500 shares, subject to recipients satisfying certain conditions and criteria. They will be definitively owned after a period on 2 years ending on September 27, 2007 and December 20, 2008.

An expense of 1.3 million euros was recognized in this connection in employee compensation for 2006 (see note 5.3.18).

As of December 31, 2006, bioMérieux S.A. held 78,000 of its own shares for the purpose of such payments.

bioMérieux S.A. must purchase an additional 120,500 of its own shares; this amount corresponds to an obligation of 6.2 million euros, based on the shares' trading price on December 31, 2006.

5.3.20 Operating leases expenses

In millions of euros	**2006 12 months**	**2005 12 months**	**2004 12 months**
Operating leases expenses	17.6	17.6	16.7

5.3.21 Net depreciation allowances and provisions

Net depreciation allowances and provisions *In millions of euros*	**2006 12 months**	**2005 12 months**	**2004 12 months**
Depreciation allowance for property, plant and equipement	71.9	71.9	72.1
Provisions	-2.3	2.9	3.3
Provisions of current assets	2.4	-3.3	3.6
Provisions of financial assets	-1.1	1.4	2.9
TOTAL	70.9	72.9	82.2

5.3.22 Net financial expenses

5.3.22.1 Cost of net financial debt

In millions of euros	Income	Expenses	**2006 12 months**	**2005 12 months**	**2004 12 months**
Interest on loans	0.2 (a)	2.1	-1.9	-3.5	-5.1
Foreign-exchange gains (losses) on loans	1.3		1.3	2.3	-0.4
Arranging fees		0.6	-0.6	-0.1	-1.1
Interest-rate hedges	0.3		0.3	-0.2	-2.7
Currency hedges				-0.1	
TOTAL	**1.8**	**2.7**	**-0.9**	**-1.6**	**-9.3**

(a) Interest income on invested cash balances

5.3.22.2 Other financial items

In millions of euros	Income	Expenses	**2006 12 months**	**2005 12 months**	**2004 12 months**
Interest income on leased assets	3.4		3.4	3.3	2.8
Provisions on non-consolidated investments	2.1	1.0	1.1 (a)	-1.4 (c)	-2.9 (d)
Other	1.8	4.5	-2.7 (b)	-0.7	-1.1
Total	**7.3**	**5.5**	**1.8**	**1.2**	**-1.2**

(a) Of which: Dynavax (+2.1 million euros), Oscient Pharma (-1 million euros)
(b) Of which: trade hedge contracts (-2.2 million euros)
(c) Of which: Dynavax (-0.8 million euros), Oscient Pharma (-0.5 million euros)
(d) Of which: Dynavax (-0.2 million euros), Oscient Pharma (-1.7 million euros), Europrotéome (-1 million euros)

5.3.22.3 Foreign-exchange gains and losses

Foreign-exchange gains and losses result from variations between the accounting rate and the rate at the time of payment (or the rate at the close of the fiscal year, if the payment has not been made). These differences only partially reflect the impact of currency fluctuations.

Transactions are initially translated at the exchange rate in effect on the date they take place. The exchange rate applicable to payments is either the rate in effect on the date of payment or the hedge rate (exclusive of time value) if the transaction was covered by a currency hedge.

Translation gains and losses on transactions are recognized under the relevant headings in income. The table below shows their impact in the income statement:

In millions of euros	**2006 12 months**	**2005 12 months**	**2004 12 months**
Sales	-1.3	0.3	-0.5
Cost of material supplies and other external charges	-0.1	-5.9	-0.8
Financial items	-0.1	2.3	-0.4
Total	**-1.5**	**-3.3**	**-1.7**

5.3.23 Non-recurring incomes and expenses

In millions of euros	Income	Expenses	**Net 2006**	Net 2005	Net 2004
Net capital gain on the sale of the haemostasis product line	35.9	25.8	**10.1** (a)		
Charges for the termination of the microplates business (USA)		6.6	**-6.6** (b)		
Gains (losses) on capital transactions	7.7	7.7		0.3 (d)	1.3 (e)
Restructuring charges	1.5	1.9	**-0.4** (c)	-0.1	-0.9 (f)
Initial public offering expenses					-5.2 (g)
Other	2.0	2.0		-0.1	0.2
Total	**47.1**	**44.0**	**3.1**	**0.1**	**-4.6**

(a) This capital gain corresponds essentially to:
- the proceeds of 35.9 million euros from the sale (selling price of 44.3 million US dollars less 6 million US dollars in deferred payments);
- less:
  - the net book value of the assets sold, written off or scrapped and the corresponding provisions (20.1 million euros),
  - provisions for contingencies and restructurings (4.7 million euros).

(b) The expenses include provisions for planned restructurings (-2.2 million euros) and provisions for risks and for depreciation of future unused fixed assets (-4,4 million euros).

(c) See note 5.3.14.2.2

(d) Of which: disposal of a Boxtel building and land in Boxtel (Netherlands): 2.1 million euros
Additional depreciation of the Boxtel facility (Netherlands): -2.1 million euros, from the vacant portion of certain buildings

(e) Including 1.6 million euros from the sale of the Spanish bioMérieux headquarters

(f) Of which Saitama, Japan (-0.6 million euros), Grenoble, France (-1 million euros), Rockland, United States (-0.8 million euros), Boxtel, Netherlands (1.5 million euros)

(g) Initial public offering expenses of 5.2 million euros incurred by bioMérieux SA.

5.3.24 Income tax

5.3.24.1 Analysis of income tax expenses

In millions of euros	2006 12 months		2005 12 months		2004 12 months	
	Tax	**Rate**	**Tax**	**Rate**	**Tax**	**Rate**
Theoretical tax at French normal rate (a)	**52.8**	**34.4 %**	**47.7**	**34.4 %**	**41.6**	**34.9 %**
- Impact of reduced tax rates on certain incomes and foreign tax rates	1.8	1.2 %	0.9	0.6 %	1.9	1.6 %
- Taxes on dividends	4.4	2.9 %	2.1	1.5 %	1.9	1.6 %
- Impact of permanent differences	-1.2	-0.8 %	0.4	0.3 %	-0.8	-0.6 %
- Deferred tax assets not recognized on losses carried forward	0.4	0.2 %	2.7	2.0 %	2.5	2.1 %
- Use of deferred tax assets not previously recognized	-4.6	-3.0 %	-0.8	-0.6 %	-1.9	-1.7 %
- Tax credits (including tax credit on R&D expenditure)	-7.0	-4.5 %	-4.6	-3.3 %	-5.9	-4.9 %
Actual consolidated tax expenses	**46.6**	**30.4 %**	**48.4**	**34.9 %**	**39.3**	**33.0 %**

(a) Normal French corporate income tax rate applied to income before taxes of consolidated companies.
The basic corporate income tax rate in France is 33.33%%. Act no 99-1140 of December 29, 1999 on the Funding of Social Security created an additional tax that raised the legal rate by 1.1%. The Finance Act 2004-1484 of December 30, 2004 provides for the gradual elimination of the additional tax, since 2002 at 3% of basic tax payable. The tax was lowered to 1.5% on January 1, 2005 and will no longer be applicable in 2006.

5.3.24.2 Breakdown of income tax expense

In millions of euros	**2006**	**2005**	**2004**
Income tax on current operating income	45.6	48.8	45.4
Income tax on non-recurring income and expenses	0.6	-0.3	-2.4
Income tax on net financial expenses	0.4	-0.1	-3.7
Net Income tax expense	**46.6**	**48.4**	**39.3**
of which current income tax expense	51.5	52.6	37.2
of which net deferred income tax expense	-4.9	-4.2	2.1

(a) Of which 47 million euros excluding the sale of the Hemostasis product line

5.3.25 Segment reporting

bioMérieux is organized by geographical region (Europe, North America, Asia-Pacific and Latin America). Africa and the Middle East are part of the European region.

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

December 31, 2006 *In millions of euros*	Europe	North America	Asia-Pacific	Latin America	Intra-group transactions	Consolidated total
Net sales						
Consolidated net sales (based on end-customer's nationality)	**586.0**	**268.8**	**113.1**	**69.0**		**1036.9**
Net export sales from the region	594.2	276.3	105.8	60.6		1036.9
Inter-region sales	94.6	135.1		0.6	-230.3	0.0
Net sales generated by the region	**688.8**	**411.4**	**105.8**	**61.2**	**-230.3**	**1036.9**
Income						
Current operating income for the sector	70.1	72.9	3.0	3.1	0.3	149.4
Other unallocated operating income and expenses						3.1
Operating income						**152.5**
Cost of net financial debt						-0.9
Other unallocated financial expenses						1.8
bioMérieux' shares of net result of associated companies						-1.4
Income before taxes						**152.0**
Income tax						-46.6
Net income of consolidated companies						**105.4**
Other information						
Total capital expenditures (including long-term finance leases)	**55.1**	**33.1**	**5.6**	**6.1**		**99.9**
Depreciation and amortization	**-35.6**	**-13.6**	**-5.6**	**-2.7**		**-57.5**
Unallocated depreciation and amortizations						-13.4
Total depreciation and amortization						**-70.9**
Balance sheet						
Assets						
Segment assets	545.0	234.1	52.4	42.8	-80.2	794.1
of which PPE	*204.2*	*76.3*	*9.9*	*12.4*		*302.8*
Investments in associated companies						4.9
Unallocated assets						140.6
Consolidated assets						**939.6**
Liabilities and shareholder's equity						
Segment liabilities	248.6	103.5	29.6	18.4	-80.2	319.9
Shareholder's equity (incl. minority interests)						557.5
Financial debt						44.4
Other unallocated liabilities						17.8
Consolidated liabilities and shareholder's equity						**939.6**

December 31, 2005 *In millions of euros*	Europe	North America	Asia-Pacific	Latin America	Intra-group transactions	Consolidated total
Net sales						
Consolidated net sales (based on end-customer's nationality)	**566.8**	**255.9**	**107.5**	**63.4**		**993.6**
Net export sales from the region	576.6	260.6	101.3	55.1		993.6
Inter-region sales	86.9	131.6		0.3	-218.8	0.0
Net sales generated by the region	**663.5**	**392.2**	**101.3**	**55.4**	**-218.8**	**993.6**
Income						
Current operating income for the sector	65.9	67.7	6.4	3.6	-4.8	138.8
Other unallocated operating income and expenses						0.1
Operating income						**138.9**
Cost of financial debt						-1.6
Other unallocated financial expenses						1.2
Income before taxes						**138.5**
Income tax						-48.4
Net income of consolidated companies						**90.1**
Other information						
Total capital expenditures (including long-term finance leases)	**59.2**	**18.2**	**4.8**	**2.9**		**85.1**
Depreciation and amortization	**-46.8**	**-15.2**	**-5.4**	**-2.7**		**-70.1**
Unallocated depreciation and amortizations						-2.8
Total depreciation and amortization						**-72.9**
Balance sheet						
Assets						
Segment assets	524.9	229.3	54.3	37.9	-69.5	776.9
of which PPE	*202.9*	*72.1*	*10.3*	*10.4*		*295.7*
Unallocated assets						129.2
Consolidated assets						**906.1**
Liabilities and shareholder's equity						
Segment liabilities	259.9	88.9	15.1	28.1	-69.5	322.5
Shareholder's equity (incl. minority interests)						498.5
Financial debt						64.2
Other unallocated liabilities						20.9
Consolidated liabilities and shareholder's equity						**906.1**

December 31, 2004 *In millions of euros*	Europe	North America	Asia-Pacific	Latin America	Intra-group transactions	Consolidated total
Net sales						
Consolidated net sales (based on end-customer's nationality)	**533.0**	**244.3**	**96.4**	**55.6**		**929.3**
Net export sales from the region	542.4	248.9	88.9	49.1		929.3
Inter-region sales	76.7	117.7		0.1	-194.5	0.0
Net sales generated by the region	**619.1**	**366.6**	**88.9**	**49.2**	**-194.5**	**929.3**
Income						
Current operating income for the sector	60.4	64.9	3.5	6.8	-1.5	134.1
Other unallocated operating income and expenses						-4.6
Operating income						**129.5**
Cost of financial debt						-9.3
Other unallocated financial expenses						-1.2
Income before taxes						**119.0**
Income tax						-39.3
Net income of consolidated companies						**79.7**
Other information						
Total capital expenditures (including long-term finance leases)	**55.6**	**18.2**	**4.6**	**2.5**		**80.9**
Depreciation and amortization	**-64.4**	**-13.7**	**-4.4**	**-1.8**		**-84.3**
Unallocated depreciation and amortizations						2.1
Total depreciation and amortization						**-82.2**
Balance sheet						
Assets						
Segment assets	503.3	198.6	44.6	31.5	-59.8	718.2
of which PPE	*198.9*	*63.3*	*10.7*	*8.2*		*281.1*
Unallocated assets						120.4
Consolidated assets						**838.6**
Liabilities and shareholder's equity						
Segment liabilities	238.5	74.9	24.0	10.8	-59.8	288.4
Shareholder's equity (incl. minority interests)						391.5
Financial debt						140.0
Other unallocated liabilities						18.7
Consolidated liabilities and shareholder's equity						**838.6**

5.3.26 Auditors' fees

In thousands of euros	2006							2005						
	Deloitte & Associés		CCA		Other		**Total**	Deloitte & Associés		CCA		Other		**Total**
Auditing	**729**	*91%*	**141**	*100%*	**179**	*80%*	**1,049**	**678**	*86%*	**145**	*100%*	**178**	*79%*	**1,001**
- bioMerieux SA	146	*18%*	141	*100%*			287	153	*19%*	145	*100%*			298
- fully consolidated companies	583	*73%*			179	*80%*	762	525	*67%*			178	*79%*	703
Associated missions	**16**	*2%*			**3**	*1%*	**19**	**18**	*2%*			**2**	*1%*	**20**
AUDIT	**745**	*93%*	**141**	*100%*	**182**	*81%*	**1,068**	**696**	*88%*	**145**	*100%*	**180**	*80%*	**1,021**
Legal, tax, social	(a) 58	*7%*			38	*17%*	96	(b) 91	*11%*			42	*19%*	133
Other					4	*2%*	4	5	*1%*			3	*1%*	8
Other missions	**58**	*7%*	**0**		**42**	*19%*	**100**	**96**	*12%*			**45**	*20%*	**141**
TOTAL	**803**	*100%*	**141**	*100%*	**224**	*100%*	**1,168**	**792**	*100%*	**145**	*100%*	**225**	*100%*	**1,162**

(a) Of which, tax audit: € 58,000
(b) Of which, tax audit: € 86,000, social audit: € 5,000

5.3.27 Management of currency and market risks

5.3.27.1 Currency risks

5.3.27.1.1 Group policy

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

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

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

The Group's current policy, which is subject to change, is to seek to hedge the impact of exchange rate fluctuations on budgeted net income. It uses hedging instruments, when they are available at a reasonable cost, in order to lessen risks from currency fluctuations. Its current practice is to put in place global hedges covering similar risks. Hedge contracts are purchased to cover transactions within budget and not for speculative purposes.

Distribution subsidiaries are currently billed in their local currencies by manufacturing subsidiaries (except where prohibited by law), so that currency risks can be managed at the corporate level.

Whenever possible, the Group hedges currency risks from financial debt in currencies other than those of the country in which operations are located, so as to offset any accounting risks.

The Group's hedge contracts consist primarily of forward currency purchases or sales (all of which had maturities of less than 18 months on December 31, 2006). Detailed information on the notional amount, the breakdown between current and future transaction hedges and the market value of hedging instruments is provided in note 5.3.27.1.3.

5.3.27.1.2 Currency exposure

For information purposes, the table below shows the currencies of sales by Group entities:

In millions of euros	**2006 12 months**	**%**	**2005 12 months**	**%**	**2004 12 months**	**%**
Euro	**472**	***46 %***	**471**	***47 %***	**447**	***48 %***
Other						
US dollar	273	*26 %*	253	*26 %*	243	*26 %*
UK sterling	42	*4 %*	43	*4 %*	40	*4 %*
Japanese yen	31	*3 %*	35	*4 %*	34	*4 %*
Brazilian real	27	*3 %*	24	*2 %*	21	*2 %*
Other currencies	192	*18 %*	168	*17 %*	144	*16 %*
TOTAL	**1,037**	**100 %**	**994**	**100 %**	**929**	**100 %**

5.3.27.1.3 Currency hedging instruments

bioMérieux uses hedging instruments to reduce currency risks that may have an impact on budgeted net income. Its general policy is to use global hedges covering similar risks. Hedge contracts are purchased to cover transactions within budget and not for speculative purposes.

The table below shows currency hedging instruments not yet allocated to specific payables or receivables as of December 31, 2006.

Hedging on December 31, 2006 *In millions of euros*	Amount	Maturity under 1 year	 1 to 5 years	Market value (a)
Commercial transaction hedges				
- Forward exchange	33.0	33.0		
- Options	16.0	16.0		
Total	49.0	49.0		
Future commercial transactions hedges				
- Forward exchange	133.0	116.1	16.9	0.2

(a) Difference between the present value of the hedge instrument on December 31, 2006 and its market value on December 31, 2006

The market value of hedges on future transactions in effect on December 31, 2006 (+0.2 million euros) was recognized in other reserves (+1.3 million euros) and in the income statement (-1.1 million euros).

Futures and options outstanding on December 31, 2006 mature within 18 months.

5.3.27.2 Market risk

5.3.27.2.1 Liquidity risk

The “maturity of the debt” table in note 5.3.16.2 indicates the maturity of the Group's debt on December 31, 2006.

5.3.27.2.2 Interest rate risk

At December 31, 2006, the following hedges were in effect:

Interest rate hadging on December 31, 2006 *In millions of euros*	Notional amounts	Maturity under 1 year	 1 to 5 years	Market value (a)
Interest-rate swap (floating to fixed rate)	20.0	20.0		0.1

(a) Difference between the present value of the hedge instrument on December 31, 2006 and its market value on December 31, 2006

The underlying debt (the syndicated loan) for which the hedge contracts were purchased having since been repaid, the fair value loss on those instruments (€0.1 million) was recognized in the income statement on December 2006, 31.

5.3.27.2.3 Counterparty risks

The Group's financial transactions (credit facilities, financial market transactions, etc.) are with leading banks and the Group ensures that its transactions they do not involve a too limited number of counterparties.

5.3.28 Off-balance-sheet commitments

Outstanding commitments given or received on December 31, 2006 were as follows:

- Real estate operating lease commitments by Group entities amounted to €26.1 million on December 31, 2006, of which €19.3 million was payable in more than one year.

- bioMérieux SA participates in a research program coordinated by Mérieux Alliance, together with Transgene, Genosafe and the Genethon association; the project's objective is to develop a new generation of diagnostics and therapies focusing on cancers, infectious diseases and genetic disorders. Known under the acronym "ADNA" (for "*Avancées Diagnostiques pour de Nouvelles Approches thérapeutiques*"), the program receives financing from the French government's Industrial Innovation Agency. In this connection, bioMérieux SA has agreed to spend 173 million euros in research and development from 2007 to 2017. In return, bioMérieux SA will receive subsidies and repayable grants of up to 25.6 million euros and 28.9 million euros, respectively. If projects are successful, bioMérieux SA will have to reimburse the repayable grants proportionally to its revenue (1 to 2 percent depending on the projects) and then to pay 0.51 to 1% of the revenue depending on the projects until 2025.. The public financing agreement still requires the approval of the European authorities, which have not yet reached a decision.

- bioMérieux Inc, bioMérieux SA and bioMérieux BV are parties to various agreements that call for payments based on progress in corresponding research projects (€27.1 million).

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

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

- As part of the purchase of CEA-Industrie's interest in Apibio, bioMérieux SA agreed to an incentive clause with CEA-Industrie covering the period from 2010 to 2014, under which it would pay CEA-Industrie 3.5% of any revenue generated by the application of technologies developed by Apibio (primarily MICAM and OLISA), up to a ceiling of €1.1 million.

- bioMérieux SA has access to a syndicated facility of 260 million euros (which had not been drawn on as of December 31, 2006) expiring in 2013 (see note 5.3.16.1).

- Bank guarantees obtained by the Group in connection with bids made by it totaled €8.6 million as of December 31, 2006.

- bioMérieux SA's obligations to its employees in terms of training (*Droit Individuel à la Formation*) were estimated as of December 31, 2006 to amount to a maximum of 135,748 working hours.

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

- Other commitments of €1.7 million were given (endorsements, and guarantees other than real estate lease obligations).

- Other commitments of €0.1 million were received (sureties).

5.3.29 Transactions with related parties

5.3.29.1 Compensation of board members

A total of €180,000 was paid to board members as directors' fees in fiscal 2006.

In addition, some directors are entitled to supplementary pension benefits because of previous service with the Company. No expenses were recognized or disbursements made in this connection during the fiscal year.

5.3.29.2 Transactions with entities accounted for by the equity method

In 2006, bioMérieux SA purchased raw materials and services for 2.4 million euros from La Bergerie de la Combe au Loup, a company in which it holds a 20% equity interest and which is accounted for by the equity method in the consolidated financial statements.

bioMérieux S.A. has billed ReLIA, a company in which it holds a 15% interest and that is accounted for by the equity method, 0.1 million euros for services.

5.3.29.3 Other transactions with non-consolidated affiliates

Mérieux Alliance, which held 58.9% of bioMérieux SA's shares on December 31, 2006, provided consultancy and support services to bioMérieux SA, bioMérieux Inc. and bioMérieux BV valued at 4.1 million euros for the year. Conversely, bioMérieux S.A. billed Mérieux Alliance 0.3 million euros for services performed.

bioMérieux S.A. billed Transgene (50% of whose shares are indirectly held by Mérieux Alliance through TSGH), 0.2 million euros during the year for research work.

The Group provided reagents and instruments valued at 2.2 million euros in fiscal 2006 to companies of the Silliker Group Corp., of which Mérieux Alliance is the majority owner. In addition, bioMérieux S.A. and bioMérieux Italy billed 0.1 million euros for services performed by them.

ABL, which is wholly owned by TSGH, owned at 95% by Mérieux Alliance, is a bioMérieux Inc subcontractor; it billed a total of 4.1 million euros for goods supplied in 2006. bioMérieux Inc also provided services to ABL valued at 1.2 million euros during the year.

bioMérieux SA contributed 0.9 million euros to Fondation Rodolphe Mérieux and €0.3 million euros to Fondation Mérieux for humanitarian projects.

5.3.30 Developments subsequent to the end of the fiscal year

There were no events subsequent to the end of the fiscal year likely to have a material impact on the income or financial position of the Group.

5.3.31 Consolidation

bioMérieux is a fully consolidated entity of Mérieux Alliance S.A. (17 rue Bourgelat, 69002 - Lyons).

5.3.32 List of consolidated companies as of December 31, 2006

		2006	2005
bioMérieux SA	69280 Marcy l'Etoile - France R.C.S. Lyon B 673 620 399	Parent company	
ABG STELLA	1409 Foulk Road, Suite 102, P.O.Box 7108 Wilmington, DE 19803-0108 - USA	100%	100%
Bacterial Barcodes Inc	425 River Road - Athens - GA 30602 - USA	100%	
bioMérieux West Africa	08 BP 2634 - Abidjan 08 - Ivory Coast	100%	100%
bioMérieux Germany	Weberstrasse 8 - D 72622 Nürtingen - Germany	100%	100%
bioMérieux Argentina	Av. Congreso 1745 - (C1428BUE) Capital federal - Buenos Aires - Argentina	100%	100%
bioMérieux Australia	Unit 25, Parkview Business Centre - 1 Maitland Place Baulkham Hills NSW 2153 - Australia	100%	100%
bioMérieux Austria	Eduard-Kittenberger-Gasse 97, A-1230 Wien - Austria	100%	100%
bioMérieux Belgium	Media Square - 18-19 Place des Carabiniers - 1030 Bruxelles - Belgium	100%	100%
bioMérieux Benelux BV	Boseind 15 - PO Box 23 - 5281 RM Boxtel - Netherlands	100%	100%
bioMérieux Brazil	Estrada Do Mapuá, 491 Jacarepaguá - CEP 22710 261 Rio de Janeiro - RJ - Brazil	100%	100%
bioMérieux BV	Boseind 15 - PO Box 84 - 5281 RM Boxtel - Netherlands	100%	100%
bioMérieux Canada	7815 Henri Bourassa - West - H4S 1P7 Saint Laurent (Québec) Canada	100%	100%
bioMérieux Chile	Seminario 131 - Providencia - Santiago - Chile	100%	100%
bioMérieux China	17/Floor, Yen Sheng Center 64 Hoi Yuen Road, Kwun Tong - Kowloon - Hong Kong - China	100%	100%
bioMérieux Colombia	Avenida 15 n° 100-43 - Piso 2 - Bogota - Colombia	100%	100%
bioMérieux Korea	7th floor Yoo Sung Building #830-67, Yeoksam-dong, Kangnam ku - Seoul - Korea	100%	100%
bioMérieux CZ	Praha 5, Kosire, Jinonickà 80/804 - Czech Republic	100%	100%
bioMérieux Denmark	Smedeholm 13C - 2730 Herlev - Denmark	100%	100%
bioMérieux Spain	Manuel Tovar 45 - 47 - 28034 Madrid - Spain	100%	100%
bioMérieux Finland	Rajatorpantie 41C - 01640 Vantaa - Finland	100%	100%
bioMérieux Greece	Papanikoli 70 - 15232 Halandri - Athens - Greece	100%	100%
bioMérieux Hungary	Foti ut.56 - HU - 1047 Budapest - Hungary	100%	100%
bioMérieux Inc	100 Rodolphe Street - Durham NC 27712 - USA	100%	100%

		2006	2005
bioMérieux India	A-32, MohanCo-operative Ind. Estate - New Delhi 110 044 - India	100%	100%
bioMérieux Italy	Via Fiume Bianco, 56 - 00144 Roma - Italy	100%	100%
bioMérieux Japan	Seizan Bldg., 12-28, Kita-Aoyama 2-chome Minato-ku - Tokyo 107-0061 - Japan	100%	100%
bioMérieux Mexico	Chihuahua 88, col. Progreso - Mexico 01080, DF - Mexico	93%	93%
bioMérieux Norway	Økernveien 145 - N-0580 Oslo - Norway	100%	100%
bioMérieux New Zealand	22/10 Airbourne Road - North Harbour - Auckland - New Zealand	100%	100%
bioMérieux Poland	ul. Zeromskiego 17 - Warsawa 01-882 - Poland	100%	100%
bioMérieux Portugal	Rua do Alto do Montijo, Lotes 1 e 2 - 2790-012 Carnaxide - Portugal	100%	100%
bioMérieux United Kingdom	Grafton Way, Basingstoke - Hampshire RG 22 6HY - United Kingdom	100%	100%
bioMérieux Russia	Petrovsko - Razoumovskii proyezd, 29 - Stroyeniye 2 127287 Moscou - Russia	100%	100%
bioMérieux Sweden	Hantverksvagen 15 - 43633 Askim - Sweden	100%	100%
bioMérieux Switzerland	51 Avenue Blanc - Case Postale - 1211 Genève 2 - Switzerland	100%	100%
bioMérieux Thailand	Regent House Bldg, 16th floor - 83 Rajdamri Road - Lumpini - Pathumwan - Bangkok 10330 - Thailand	100%	100%
bioMérieux Turkey	Degirmen Sok. Nida Plaza Kat:6 - 34742 Kozyatagi - Istanbul - Turkey	100%	100%
Stelhys	69280 Marcy l'Etoile - France	100%	100%

Two companies accounted for by the equity method :

Bergerie Combe Au Loup	Bazourgues - Boisset St Priest - 42560 St Jean Soleymieux - France	20%	20%
ReLIA Diagnosic Systems LLC	One Market - Suite 1475 - Steuart Tower - San Francisco - USA	15%	

5.4 AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

Commissariat Contrôle
Audit - C. C. A.
43 Rue de la Bourse
69002 Lyons
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Deloitte & Associés
81 Blvd. Stalingrad

69100 Villeurbanne
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This is a free translation into English of the statutory auditors' report on the consolidated financial statements issued in the French language and is provided solely for the convenience of English speaking readers. The statutory auditors' report on the consolidated financial statements includes information specifically required by French law in such reports, whether qualified 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 on the consolidated financial statements should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Shareholders,

In accordance with our appointment as statutory auditors by your Annual General Meetings, we have audited the accompanying consolidated financial statements of bioMérieux for the year ended December 31, 2006.

These consolidated financial statements have been approved by the Board of Directors. Our role is to express an opinion on those financial statements, based on our audit.

5.4.1 Opinion on the consolidated financial statements

We conducted our audit in accordance with professional standards applicable in France. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement.
An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and results of the consolidated group in accordance with IFRS, as adopted in the European Union.

5.4.2 Justification of assessments

In accordance with the requirements of Article L.823-9 of the French Commercial Code (*Code de Commerce*) relating to the justification of our assessments, we bring to your attention the following matters:

- As disclosed in notes 1.12 and 14.1 to the consolidated financial statements, provisions to cover Group pension commitments are calculated based on actuarial estimates by experts appointed by the Group companies concerned. Our procedures consisted in examining the data used, assessing the assumptions applied. We are satisfied that notes 1.12 and 14.1 to the consolidated financial statements provide appropriate disclosure in this regard.

- - As disclosed in note 1.8 to the consolidated financial statements, your company systematically conducts impairment test for goodwill. We have examined the terms and conditions for implementing this impairment test, the data and assumptions used by your company as well as the disclosure provided in this regard in note 1.8 to the consolidated financial statements.

– Finally, the Group raises provision to cover disputes and litigation, as disclosed in notes 1.13 and 14.2 to the consolidated financial statements. Our procedures consisted in assessing the data and assumptions on which these estimates rely, reviewing the calculations performed by the company and examining management's approval procedures for these estimates.

We also assessed whether the estimates used are reasonable.

These assessments were made as part of our audit approach for the consolidated financial statements taken as a whole and therefore contributed to the formation of our opinion expressed in the first part of this report.

5.4.3 Specific procedures and disclosures

In accordance with professional standards applicable in France, we have also verified the information given in the Group Management Report.

We have no matters to report regarding its fair presentation and consistency with the consolidated financial statements.

Lyon and Villeurbanne, 6 April 2007

Lyons and Villeurbanne, 6 April 2007
THE STATUTORY AUDITORS

Commissariat Controle Audit C.C.A.	**Deloitte & Associés**
represented by	represented by
Bernard Chabanel	Alain Descoins

5.5 STATUTORY AUDITORS' SPECIAL REPORT ON REGULATED AGREEMENTS

Commissariat Contrôle
Audit - C. C. A.
43 Rue de la Bourse
69002 Lyons
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Deloitte & Associés
81 Blvd. Stalingrad

69100 Villeurbanne
==========

This is a free translation into English of the Statutory Auditors' special report on regulated agreements and commitments that is issued in the French language and is provided solely for the convenience of English speaking readers. This report on regulated agreements and commitments should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France. It should be understood that the agreements reported on are only those provided by the French Commercial Code (Code de Commerce) and the report does not apply to those related party agreement described in IAS 24 or other equivalent accounting standards.

To the Shareholders,

In our capacity as statutory auditors of your company, we hereby report to you on regulated agreements and commitments.

Agreements and commitments authorized during the year

In accordance with Article L.225-40 of the French Commercial Code (Code de Commerce), we have been informed of the following agreements and commitments which were subject to the prior approval of your Board of Directors.

The terms of our engagement do not require us to identify such other agreements and commitments, if any, but to communicate to you, based on information provided to us, the principal terms and conditions of those agreements and commitments brought to our attention, without expressing an opinion on their usefulness and appropriateness. It is your responsibility, pursuant to Article R. 225- 31 of the French Commercial Code (Code de commerce), to assess the interest involved in respect of the conclusion of these agreements and commitments for the purpose of approving them.

We conducted our procedures in accordance with professional standards applicable in France. Those standards require that we agree the information provided to us with the relevant source documents.

Resolution of the HIV litigation

Nature and purpose: An agreement between BIORAD and the INSTITUT PASTEUR, signed on 11 May 2006, put an end to the litigation involving the AIDS testing patents. On behalf of the Group, bioMérieux paid a total of approximately €18 million with respect to compensation and the acquisition of patent licences. The costs were then divided between bioMérieux S.A., bioMérieux Inc. and bioMérieux B.V. based on the amount of cumulative sales of patented products.

Terms and conditions: With respect to fiscal year 2006, bioMérieux S.A. will invoice:

- bioMérieux Inc. for €2,000,000
- bioMérieux B.V for €5,337,000

Director concerned: Alain Mérieux representing bioMérieux S.A. for bioMérieux B.V.

Purchase of molecular biology patent rights

Nature and purpose: An agreement, effective 31 December 2006, was concluded between bioMérieux S.A. and bioMérieux B.V concerning the purchase, by bioMérieux S.A., of the molecular biology activity of bioMérieux B.V. for €25.5 million, representing the purchased goodwill, the patent rights portfolio and the activity's brands and know-how.

Terms and conditions:

Purchased goodwill	K€ 9,852
Patents portfolio	K€ 5,450
Know-how	K€ 184

Director concerned: Alain Mérieux representing bioMérieux S.A. for bioMérieux B.V.

Cancer co-operation programme with Transgène

Nature and purpose: Co-operation between bioMérieux and Transgène in a programme designed to discover genomic markers for lung cancer diagnosis and prognosis. The programme is conducted by Transgène as part of a clinical study (MVA-MUC1-IL2).

Terms and conditions: The contributions of the two parties to the programme are as follows:

- Contribution of bioMérieux: installation and three years' maintenance of an Affymetrix station, training of Transgène personnel in the use of this station, supply of chips and reagents necessary for analyses and support for Transgène if necessary.

- Contribution of Transgène: purchase over 2006 of an Affymetrix station from bioMérieux via a leasing company for €260,000, collection and sorting of samples, analysis using the Affymetrix station, biomathematical analysis of data obtained.

Each party assumes the costs relating to its contribution; there is no payment of research and development expenses from one party to another.

Directors concerned: Messrs Alain Mérieux and Philippe Archinard.

Agreements and commitments approved in previous years with continuing effect during the year

In addition, pursuant to Article R. 225-30 of the French Company Law (Code de Commerce), we have been informed that the performance of the following agreements and commitments, approved in previous fiscal years, continued during the year.

With Mérieux Alliance

IT and telephone service agreement

Nature and purpose: Your company entered into an IT and telephone service agreement with Mérieux Alliance for a term of one year and thereafter tacitly renewable for an identical period. The re-invoicing of these IT services by your company includes a 10% margin, while an annual lump sum of €1,500 has been set for the telephone service.

Terms and conditions: With respect to fiscal year 2006, the total amount invoiced by your company amounts to €83,205.

Using the family name "Mérieux"

Nature and purpose: Mérieux Alliance has the possibility of using the family name "Mérieux" for identified activities that are distinct from those of your company, provided such use is not detrimental to the interests of your company. Mérieux Alliance may also be granted the exclusive use of the family name "Mérieux" should your company come to be controlled by a third party not wishing to conserve the corporate name.

Terms and conditions: This agreement had no impact during the fiscal year.

Service agreement

Nature and purpose: Your Company entered into a service agreement with Mérieux Alliance as of 1 January 2002. The remuneration is based on services rendered by Mérieux Alliance (expenses and personnel costs plus 8%).

Terms and conditions: With respect to fiscal year 2006 your company recorded an expense of €2,120,353.

Benefit pension plan

Nature and purpose: Your Company initiated a common defined benefit pension plan for managers with a professional classification coefficient of 800, within the meaning of the national collective agreement governing the pharmaceutical industry. Following the group restructuring, Mérieux Alliance employees were eligible to become plan beneficiaries. The purpose of the agreement therefore was to secure the membership of Mérieux Alliance.

Terms and conditions: Alain Mérieux was the plan's sole beneficiary. The agreement was terminated and no amount was paid in 2006.

With Thera McCann

Nature and purpose: Your Company entered into a two-year agreement with Thera McCann with respect to advisory, assistance and implementation services in the area of promotional communication. The invoicing by Thera McCann is based on services provided with the possibility of discounts according to annual revenue.

Terms and conditions: With respect to fiscal year 2006, your company was invoiced by Thera McCann in the amount of €939,013.

With Fondation Rodolphe Mérieux

Nature and purpose: Your Company entered into a humanitarian patronage agreement with Fondation Rodolphe Mérieux. The amount paid is subject to annual approval by the Board of Directors.

Terms and conditions: With respect to fiscal year 2006, your company recorded an expense of €900,000.

With bioMérieux Inc.

Nature and purpose: Your Company entered into a molecular biology joint development agreement with bioMérieux Inc. A contract dated 11 October 1996 sets forth the terms of cooperation between the research teams of your company and those of BioMérieux Inc.

Terms and conditions: With respect to fiscal year 2006, your company recorded an expense of €17,000 invoiced by Biomérieux Inc. the total amount invoiced by your company to Biomérieux Inc amounts to €113,729.

With bioMérieux Stelhys and Transgene

Nature and purpose: Your Company entered into a three-party memorandum of agreement relating to multiple sclerosis with BioMérieux Stelhys and Transgene, the terms and conditions of payment attaching to this agreement being agreed between the parties prior to any direct or indirect commercial exploitation.

Terms and conditions: This agreement had no impact during the fiscal year.

With bioMérieux Stelhys

Nature and purpose: Your Company entered into a non-exclusive licensing agreement relating to multiple sclerosis with BioMérieux Stelhys, the terms and conditions of payment attaching to this agreement being agreed between the parties prior to any direct or indirect commercial exploitation.

Terms and conditions: This agreement had no impact during the fiscal year.

With Fondation Mérieux

Nature and purpose: Your Company entered into an agreement to provide support to Fondation Mérieux, under which it pledges to contribute to the financing of the foundation's activities.

Terms and conditions: With respect to fiscal year 2006, your company's contribution amounted to €345,000.

Nature and purpose: Your Company entered into an administrative assistance agreement with Fondation Mérieux, dated 26 April 2002. Under the agreement, management of the Hurriet law protocols is

remunerated based on a 12% deduction from the cumulative amount of compensation paid by your company.

Terms and conditions: This agreement had no impact during the fiscal year.

With Silliker Group Corp

Nature and purpose: Your Company entered into a corporate services agreement dated 4 January 1999.

Terms and conditions: With respect to fiscal year 2006, your company invoiced Silliker Group Corp in the amount of €137,180.

With Transgene

Nature and purpose: Transgene conducts research for your company involving the production of preclinical batches of poxvirus vectors (MVA-TAT-REV programme).

Terms and conditions: With respect to fiscal year 2006, your company recorded an expense of €11,000.

Nature and purpose: Transgene conducts research for your company involving the construction of a vector (MCA.HCV 1). As set forth in the contract of 19 January 2004, Transgene re-invoices your company for the time spent by researches and technicians.

Terms and conditions: This agreement had no impact during the fiscal year.

Lyons and Villeurbanne, 6 April 2007
THE AUDITORS

Commissariat Controle Audit C.C.A.	**Deloitte & Associés**
represented by	represented by
Bernard Chabanel	Alain Descoins

5.6 BOARD OF DIRECTORS' REPORT TO THE ANNUAL AND SPECIAL SHAREHOLDERS' MEETING OF JUNE 7, 2007

5.6.1 General management

Pursuant to article 148 of the Decree of March 23, 1967, the Board of Directors has decided to combine the position of chairman of the Board of Directors and chief executive officer, as provided by article L. 225-51-1 of the Commercial Code. Accordingly, Mr. Alain Mérieux, Chairman of the Board of Directors, is also the Company's Chief Executive Officer.

5.6.2 Position and business of the Company

The main highlights of the year ended December 31, 2006 were as follows:

5.6.2.1 Business

See section 5.2.2 above.

5.6.2.2 New products

A total of 32 new products (25 reagents, six software applications and one instrument) were brought out during the fiscal year. They reinforce the presence of bioMérieux in molecular biology (NucliSENS EasyQ® Influenza H5 and N1 tests), immunoassays (VIDAS® Troponin I Ultra, improvement of the VIDIA® menu), and industrial applications (VIDAS® LDUO, CampyFood ID culture media and improvement of the TEMPO® menu).

The installed base continued to expand, with 3,900 new instruments put in place during the year. Following the sale of the hemostasis line, the installed base consisted of approximately 45,400 systems on December 31, 2006.

5.6.2.3 Key alliances and partnerships

See sections 4.4.5 and 4.7 above.

5.6.2.4 Industrial developments and capital expenditures

Capital expenditures amounted to 88 million euros in 2006, of which 47 million euros for placed instruments, compared with, respectively, 83 million and 38 million euros in 2005. The balance of 2006 spending was for investments in production and the purchase of land and a building next to the Saint Louis, Missouri, facility in the United States

In December 2006, the Company decided to discontinue the production of microplate immunoassays at Durham, North Carolina (United States). The line, sold mainly in the United States, covered tests used primarily for diagnosing HIV and HTLV (human T-cell lymphotropic virus) by laboratories attached to blood banks. The business generated sales of some 15 million euros in 2006, the same as in 2005. The decision was motivated by the Company’s desire to focus in every region on core product lines for its future growth. It resulted in a charge of about 7 million euros in the 2006 financial statements.

5.6.2.5 Legal Proceedings

See section 4.9 "Legal proceedings" above.

5.6.2.6 Corporate patronage

See section 6.2.3

5.6.3 Recent events /Prospects

See section 7 below.

5.6.4 Research and Development

See section 4.4.3 above.

5.6.4.1 Strategy

See section 4.4.1 above.

5.6.4.2 Research and Development projects

See section 4.4.3 above.

5.6.5 Ownership – subsidiaries and investments

5.6.5.1 Ownership on December 31, 2006

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

	Situation on December 31,2005			Situation on December 31,2006		
Shareholders	**Number of shares**	**% of shares**	**% of voting rights**	**Number of shares**	**% of shares**	**% of voting rights**
Mérieux Alliance (formerly ACCRA)	23,240,090	58,90%	58,79%	23,240,090	58,90%	58,79%
GIMD**	2,013,470	5,10%	5,09%	2,013,470	5,10%	5,09%
Free Float	11,843,353	30,02%	30,33%	11,865,381	30,08%	30,22%
Other***	2,356,827	5,98%	5,75%	2,334,799	5,92%	5,90%
Total	39,453,740	100%	100%	39,453,740	100%	100%

* Mérieux Alliance SA is the Mérieux family holding entity

** Groupe Industriel Marcel Dassault

*** As of December 31, 2006 this heading covered shares held by employees through mutual funds, by the Company under a market-making agreements and for distribution as bonus shares, as well as by various registered shareholders; it should be noted that no individual shareholder owned more than 5% of the company's shares outstanding or voting rights.

5.6.5.2 Equity investments and divestitures

See section 3.1.15 above.

5.6.5.3 Acquisitions

The Company did not acquire a controlling interest in another company during the year. It should be noted, however, that bioMérieux Inc. acquired Bacterial Barcodes Inc., a molecular biology company based in Georgia (United States), in September 2006. That company has developed and distributes DiversiLab®, a patented system for automated genotyping of bacteria. The system is an ideal complement for the microbiology technology sold by bioMérieux; it provides labs with faster, more accurate and less expensive solution for identifying and tracking nosocomial infections and bacterial contaminations.

5.6.6 Organization chart

The organization chart is included in section 3.1.16 of this document; the 2006 results of subsidiaries are summarized in the table showing subsidiaries and investments below.

	Share capital (currency millions)		Reserves and retained earnings before income allocation (currency millions)	Percentage of equity held	Book value of shares held, before impairment depreciation In millions of euros	Book value of shares held, after impairment depreciation (In millions of euros)	Outstanding loans and advances by the Company (In millions of euros)	Revenue for the last fiscal year (currency millions)	Net income for the last fiscal year (currency millions)	Dividends received by the Company during the year (In millions of euros)	Notes
A - SUBSIDIARIES (50 or more of the equity held by bioMérieux):											
. ABG STELLA	USD	0.0	304.8	100.0%	55.5	55.5		500.9	67.4	37.5	1/1/06 - 12/31/06
. bioMérieux West Africa	EUR	0.1	0.1	100.0%	0.1	0.1		0.4	0.0		1/1/05 - 12/31/05
. bioMérieux Argentina	ARS	0.5	8.8	99.0%	5.4	3.8		29.8	1.4		1/1/06 - 12/31/06
. bioMérieux Colombia	COP	502.9	10861.7	99.0%	2.2	2.2		23131.1	747.9	0.7	1/1/06 - 12/31/06
. bioMérieux Brazil	BRL	29.1	13 .3	99.9%	24.0	19.5		75.5	2.2		1/1/06 - 12/31/06
. bioMérieux Germany	EUR	3.5	2.7	100.0%	3.8	3.8	0.9	48.3	0.8	0.9	1/1/06 - 12/31/06
. bioMérieux Austria	EUR	0.1	1.2	100.0%	0.1	0.1	1.1	14.2	0.3	1.0	1/1/06 - 12/31/06
. bioMérieux Belgium	EUR	0.3	2.8	99.9%	0.3	0.3		22.5	1.1	1.0	1/1/06 - 12/31/06
. bioMérieux Chile	CLP	1 686.6	276.0	100.0%	3.1	3.1		4033.8	217.2		1/1/06 - 12/31/06
. bioMérieux Korea	KRW	1 000.0	1706.5	100.0%	0.7	0.7		17389.3	1165.6	0.7	1/1/06 - 12/31/06
. bioMérieux Denmark	DKK	0.5	4.1	100.0%	0.5	0.5		34.5	1.2	0.1	1/1/06 - 12/31/06
. bioMérieux Finland	EUR	0.0	0.1	100.0%	0.1	0.1	0.2	3.0	0.0	0.1	1/1/06 - 12/31/06
. bioMérieux Greece	EUR	2.0	-0.1	100.0%	4.1	4.1	0.5	13.3	-0.8		1/1/06 - 12/31/06
. bioMérieux Benelux BV	EUR	0.0	3.6	100.0%	0.1	0.1	0.2	29.6	1.0		1/1/06 - 12/31/06
. bioMérieux China	HKD	1.5	48.3	50.0%	0.1	0.1		252.7	2.6	0.8	1/1/06 - 12/31/06
. bioMérieux Hungary	HUF	3.0	1.5	96.7%	0.0	0.0		4.9	5.4		1/1/06 - 12/31/06
. bioMérieux India	INR	60.8	-34.0	100.0%	1.4	1.4		593.0	-1.6		1/1/06 - 12/31/06
. bioMérieux Italy	EUR	9.0	16.3	100.0%	12.8	12.8	25.9	97.3	0.0		1/1/06 - 12/31/06
. bioMérieux Japan	JPY	480.0	-1241.1	100.0%	5.9	5.9	5.5	4559.7	-54.7		1/1/06 - 12/31/06
. bioMérieux Spain	EUR	0.2	11.7	100.0%	0.3	0.3	0.6	43.7	2.5	2.4	1/1/06 - 12/31/06
. bioMérieux Norway	NOK	2.8	4.1	100.0%	0.3	0.3		41.7	3.4	0.3	1/1/06 - 12/31/06
. bioMérieux Poland	PLN	0.4	39.5	100.0%	1.5	1.5		93.1	7.5	2.7	1/1/06 - 12/31/06
. bioMérieux Portugal	EUR	1.6	8.5	100.0%	2.0	2.0	1.7	19.7	1.1	2.0	1/1/06 - 12/31/06
. bioMérieux Czech Republic	CZK	0.2	2.5	100.0%	0.0	0.0		47.3	2.5		1/1/06 - 12/31/06
. bioMérieux Russia	USD	0.3	0.3	100.0%	0.2	0.2		8.0	0.1		1/1/06 - 12/31/06
. bioMérieux Sweden	SEK	0.5	5.5	100.0%	0.2	0.2		37.8	3.1	0.1	1/1/06 - 12/31/06
. bioMérieux Switzerland	CHF	0.4	1.9	100.0%	0.6	0.6		22.3	1.1	0.8	1/1/06 - 12/31/06
. bioMérieux Thailand	THB	35.0	28.6	99.99%	0.9	0.9	0.0	254.5	4.8		1/1/06 - 12/31/06
. bioMérieux Turkey	EUR	2.9	7.6	100.0%	2.7	2.7		15.7	1.0	0.5	1/1/06 - 12/31/06
. bioMérieux England	GBP	0.0	6.5	100.0%	1.2	1.2		28.8	1.6	1.4	1/1/06 - 12/31/06
. bioMérieux BV	EUR	22.7	-1.3	100.0%	53.3	34.4		34.6	16.3		1/1/06 - 12/31/06
. bioMérieux Stelhys	EUR	0.0	0.0	100.0%	1.4	0.0		0.0	0.0		1/1/06 - 12/31/06
. Stella	EUR	0.0	0.0	100.0%	0.0	0.0		0.0	0.0		1/1/06 - 12/31/06
B - INVESTMENTS (5% to 50 of the equity held by bioMérieux)											
. Théra Conseil	EUR	0.0	0.2	14.9%	0.0	0.0		1.3	-0.2	0.0	1/1/06 - 12/31/06
. Bergerie Combe aux Loups	EUR	0.1	0.6	20.0%	0.0	0.0		3.4	0.1	0.0	1/1-12/31/06 PROV
. Inodiag	EUR	0.1	1.9	11.0%	0.8	0.8		0.0	-1.0		Period ended 6/30/06
. Exonhit	EUR	0.4	13.2	5.7%	4.0	4.0		5.6	-4.5		1/1/06 - 12/31/06
. GeNeuro	CHF	0.1	0.2	10.0%	0.0	0.0		0.0	-0.4	0.0	1/1/06 - 12/31/06
. ReLIA diagnostic systems ,Inc.	EUR				6.8	6.8					1/1/06 - 12/31/06
TOTAL SUBSIDIARIES AND INVESTMENTS					**196.6**	**170.2**					
C – OTHER SECURITIES											
. Sofinnova Ventures II NV	USD	1.0	-0.3	1.0%	0.0	0.0		N/A	0.3		1/1/05 - 12/31/05
. Europroteome AG	EUR			8.8%	2.0	0.0					In liquidation
. Sofinnova IV	USD	70.6	-63.9	0.57%	0.2	0.1		N/A	-0.7		1/1/06 - 12/31/06
. Altabiopharma	USD	106.9	-101.8	0.94%	0.4	0.0		0.0	7.8		1/1/06 - 12/31/06
. Dynavax	USD	198.8	-151.4	0.6%	2.4	1.6		2.4	-35.6		Period ended 9/30/06
. Oscient Pharma	USD	413.1	-401.4	0.6%	3.5	0.3		27.9	-63.8		Period ended 9/30/06
. Orphan Pharma International	EUR	0.6	15.6	4.0%	0.7	0.7		18.1	0.6		1/1/06 - 12/31/06
. Avesthagen	INR	29.4	217.5	6.0%	1.4	1.4		178.4	-0.3		01/04/05 – 31/03/06
TOTAL OTHER INVESTMENTS					**10.8**	**4.2**					
GRAND TOTAL					**207.4**	**147.5**					

5.6.7 Employee stock ownership

As required by article L. 225-102 of the Commercial Code, we hereby inform you that, at the close of the fiscal year on December 31, 2006, the Company's employees held, through mutual funds, 369,557 shares, amounting to 0.94% of those outstanding.

Neither the Company nor any of its affiliates granted stock options to any officers or employees during fiscal 2006. As of December 31, 2006, there were no stock options outstanding that were likely to be exercised. The Company has not purchased any shares for distribution to its employees under a profit-sharing plan.

The Company distributed bonus shares in 2006, as set forth in the special report prepared in this connection.

5.6.8 Presentation of the consolidated financial statements; business and financial results

See sections 5.2 and 5.3 above

5.6.9 Presentation of the Company financial statements

The annual financial statements for the year ended December 31, 2006 have been prepared in accordance with the presentation rules and valuation methods of applicable regulations.

Highlights for the period

- In January 2006, the Company purchased shares issued by ReLia, a Californian corporation that designs rapid in-vitro tests, for 8 million US dollars, giving bioMérieux a 15-percent interest in that company.

- The hemostasis line was sold on June 22, including the business, the installed base and inventories. The Company has continued to provide certain services after that date (billing and logistics, after-sale service) in consideration for fees. The income generated is treated as non-recurring and had virtually no impact on income for the year.

- A dispute arising from the use of patents for AIDS testing was settled with the signature on May 11, 2006 of an agreement with Bio-Rad and Institut Pasteur calling for the payment of compensation and advances on royalties. The cost was then divided among bioMérieux S.A., bioMérieux Inc. and bioMérieux B.V. The settlement had a positive impact for bioMérieux S.A. of 1.2 million euros.

- An agreement was signed with bioMérieux BV on December 31, 2006 concerning the purchase of its molecular biology division (business, industrial property and trademarks) for an aggregate of 25.5 million euros. The transaction had no material impact on income for the year.

5.6.9.1 Sales

Net sales by the Company for the year ended December 31, 2006 amounted to €530.5 million, an increase of 10.3% from €480.8 million the previous year.

Export sales to subsidiaries and distributors increased significantly, especially those to the Asia and Pacific region (up 20%) and to the Europe / Middle East / Africa region (+16 %), where bioMérieux profited from successful tenders in the Democratic Republic of Congo, South Africa and Botswana. In France, however, sales declined somewhat (by 1.8% from the previous year).

The increase in revenue was attributable in part to sales of instruments, led by molecular biology platforms, and to sales of reagents, especially prepared culture media and molecular biology.

5.6.9.2 Cash flow

Cash flow from operation amounted to 77.5 million euros, or 14.6% of revenue. It was 1.2% down from the previous year's level.

The decline was due to increased purchases in connection with a sharp increase in intermediation during fiscal 2006.

Purchases of services rose less sharply, although transportation costs continued to represent the bulk of the expenses incurred.

5.6.9.3 Operating income

Operating income, after depreciation and amortization allowances, was €45.9 million (€42.4 million in 2004) and represented 8.6% of revenue, compared with 8,8% a year ago.

5.6.9.4 Financial income

Financial income amounted to 31 million euros, up from 18.3 million euros in fiscal 2005, reflecting in part the increase of 27.2 million euros in dividends from subsidiaries.

5.6.9.5 Current income

There was a current profit before taxes of €77 million, up from €60.7 million in 2005.

5.6.9.6 Extraordinary items

The Company had extraordinary losses of €1.4 million, as compared with a gain of €1,7 million in 2005.

5.6.9.7 Net income

Net income for the year amounted to €61.8 million (€51.3 million in 2005) and represented 11.7% of revenue, compared with 10,7% in fiscal 2005.

5.6.9.8 Capital expenditures

During the year, a total of €53.7 million was spent to acquire intangible assets and property, plant and equipment, including €7.2 million for instruments.

The Company has, among other things, taken over the molecular biology operations of bioMérieux BV and continued to invest in its facilities at Craponne and La Balme.

Assets with a book value of €2 million were sold or otherwise disposed of.
The value of financial assets declined by €13.9 million, as advances to subsidiaries fell by €20.1 million while investment holdings rose €6.1 million, partly due to the acquisition of ReLIA shares for €6,8 million.

5.6.9.9 Debt

The Company's debt declined by €28.3 million to €66.4 million.

5.6.10 Appropriation of income

It is proposed that distributable earnings at the end of fiscal 2006, consisting of income from the year of €61,834,398.72 and retained earnings from previous periods of €21,106,273.61, for a total of €82,940,672.33, be appropriated as follows:

– A sum of €69,756.32 would be allocated to the "Special Patronage Reserve", increasing it from €261,038.61 to €330,794.93:	€ 69 756,32	
– A sum of €20,000,000.000 would be allocated to the "General Reserve", increasing it from €174,000,000 to €194,000,000:	€ 20 000 000,00	
– A sum of €29,984,842.40 would be used to pay a dividend of €0.76 on each of the 39,453,740 shares outstanding.	€ 29 984 842,40	(*)
– The balance of €32,886,073.61 would be transferred to "Retained Earnings":	€ 32 886 073,61	(*)
Total earnings available for distribution:	€ 82 940 672,33	

(*) Provided that all dividends payable on shares held by bioMérieux SA on the dividend date will be added to retained earnings. It should also be noted that, as provided by article 158.3 (2) of the French General Tax Code, only individuals subject to income tax are entitled to the tax abatement resulting from the annual dividend.

5.6.11 Prior years' dividends

See section 3.4.1 above.

5.6.12 Non-deductible expenses

The financial statements for the year ended do not include any expense that cannot be deducted from taxable income within the meaning of articles 223 (4) and 223 (5) of the General Tax Code.

5.6.13 Positions held by Company officers

See section 6.1.1.2 below.

5.6.14 Compensation of Company officers

See section 6.2.1, 6.2.3 and 6.3.2 below.

5.6.15 Polluting or hazardous operations

The Company does not operate any facility that exceeds the higher threshold of the Seveso Directive.

5.6.16 Social and environmental impact

5.6.16.1 Social impact

See section 4.10 above.

5.6.16.2 Environmental impact

See section 4.13 above.

5.6.17 Information concerning tender offers

Article L. 225-100-3 of the Act of March 31, 2006 provides that, in order to ensure the full disclosure of measures that may have an impact on the pricing or outcome of tender offers, the report must include information on the following items:

- Share ownership: See section 5.1

- **Bylaw restrictions on the exercise of voting rights and share transfers:** In addition to the shareholders' legal obligation to notify the AMF by letter of the number of shares and voting rights they hold whenever such ownership increases above or falls below certain thresholds (5%, 10%, 15%, 20%, 25%, 33 1/3%, 50%, 66 2/3%, 90% or 95%), within five trading days of crossing said thresholds, article 10 of the articles of incorporation and bylaws provides that individual or entities, acting alone or jointly, who own, directly or indirectly (within the meaning of articles L233-7 *et seq*. of the French Commercial Code) more than 1% of the Company's shares and voting rights must report to the Company by registered letter, return receipt requested, within five trading days, the total number of shares and voting rights they hold, as well as the number of securities exercisable for shares and the potential voting rights attached to them.

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

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

- Article L. 228-1 of the Commercial Code requires intermediaries acting as holders of records for non-resident shareholders to report increases or decreases if their aggregate holdings exceed or fall below the above thresholds, without prejudice to the reporting obligations of the actual owners of shares.

- Control mechanisms applicable to share ownership

Two mutual funds, Opus and Opus Multi, have been created in connection with stock offerings to bioMérieux employees subsequent to the IPO.

- **Authority granted to the Board of Directors to buy back or issue shares:** a table showing the grants of authority by the shareholders' meeting to the Board of Directors is appended to this report.

- Change-of-control clauses

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

Type of agreement	Other party or parties	Purpose
Credit facility	BNP Paribas, Calyon, Natexis Banques Populaires, Société Générale	Syndicated facility of 260 million euros, expiring in 2013
Research agreement	ExonHit Therapeutics	Breast cancer
License	Gen-Probe	Ribosomal RNA
License	Roche Diagnostics	NT-pro–BNP
License	Chiron	HIV
License	Bio-Rad	HIV2
License	Institut Pasteur	HIV1

bioMérieux is not aware of any other factors likely to have an impact in the event of a tender offer for its shares, of the kind listed in article L. 225-100-3 of the Commercial Code.

5.6.18 Auditors' report on regulated agreements

The auditors' general report and special report on agreements governed by articles L. 225-38 *et seq*. of the Commercial Code are included under sections 5 and 5.5, respectively.

5.6.19 Terms of office of the directors and directors' fees

The Board of Directors appointed Mr. Jean-Luc Bélingard as a director on September 15, 2006 and the shareholders' meeting will accordingly be asked to confirm this appointment and to elect Mr. Bélingard to the bioMérieux Board of Directors for the balance of his predecessor's term, which expires at the shareholders' meeting held in 2011 to approve the financial statements for the year ending December 31, 2010.

Mr. Philippe Villet was appointed as a director July 20, 2001 for a term expiring at the close of the Company's shareholders' meeting called to approve the financial statements for the year ending December 31, 2006. The shareholders' meeting will be asked to elect Mr. Villet as a non-voting board member (*censeur*), in accordance with article 11-III of the Company's articles of incorporation and bylaws (*statuts*), for a three-year term expiring at the close of the shareholders' meeting convened in 2010 to approve the financial statements for the year ending December 31, 2009.

5.6.20 Terms of office of the auditors

No resolution has been submitted to the shareholders' meeting to appoint or extend the term of directors.

5.6.21 Risk factors

See sections 4.11 and 5.2 above.

APPENDICES
Five-year company financial summary

	Fiscal year ended 12/31/2002	Fiscal year ended 12/31/2003	Fiscal year ended 12/31/2004	Fiscal year ended 12/31/2005	Fiscal year ended 12/31/2006
I. CAPITAL AT THE END OF THE YEAR					
Share capital	11,879,045	11,879,045	12,029,370	12,029,370	12,029,370
Common shares outstanding	3,896,071	3,896,071	39,453,740	39,453,470	39,453,470
Preferred, non-voting shares outstanding	0	0	0	0	0
Maximum number of shares to be issued	0	0	0	0	0
for the conversion of bonds	0	0	0	0	0
for the exercise of options	0	0	0	0	0
II. REVENUE AND INCOME FOR THE YEAR					
Net sales	369,956,812	384,024,025	405,451,004	480,775,659	530,467,073
Income before taxes, employee profit sharing, depreciation and amortization	69,587,705	83,484,421	94,590,784	90,392,367	116,163,375
Corporate income tax	9,632,750	15,705,903	5,851,708	8,472,519	10,512,384,
Employee profit-sharing contribution.	2,259,433	3,138,822	1,230,705	2,636,451	3,237,535
Income after taxes, employee profit sharing, depreciation and amortization	36,510,863	42,155,670	40,532,742	51,277,249	61,834,399
Distributed earnings (1)	4,012,953	17,999,848	15,781,496	18,148,720	29,984,842
Special distribution from general reserves.	5,064,892	0	29,961,770	0	0
III. EARNINGS PER SHARE (2)					
Income before taxes and employee profit sharing, but before depreciation and amortization	14,81	16,56	2,22	2,01	2,60
Income after taxes, employee profit sharing, depreciation and amortization	9,37	10,82	1,03	1,30	1,57
Dividend per share (3)	1,03	4,62	0,40	0,46	0,76
IV. PERSONNEL					
Average workforce during the year	2,034	2,057	2,123	2,217	2,299
Total payroll for the year	83,729,701	84,114,056	90,603,261	96,907,147	105,294,789
Employee benefits paid during the year (social security, social programs)	37,731,793	38,921,734	40,952,473	45,015,526	49,443,252

(1) Subject to the unpaid dividend on treasury shares held on the payment date

(2) A 2004-for-1 stock split occurred in 2, following the merger with Nouvelle bioMérieux Alliance and prior to the IPO

(3) The amount of special dividends per share is not shown in this table.

Table and report on authority granted to issue shares (see 3.2.4 above)

5.7 REPORT BY THE CHAIRMAN OF THE BOARD OF DIRECTORS ON THE PREPARATION AND ORGANIZATION OF THE BOARD'S WORK AND ON INTERNAL CONTROL PROCEDURES

5.7.1 Preparation and organization of the Board of Directors' work

5.7.1.1 Composition of the Board of Directors

Our Board of Directors is currently composed of nine members.

A list of the Company's directors is included in section 6.1.1.2 of this document.

5.7.1.2 Frequency of meetings

The Company's Board of Directors met four times last year, or once every quarter.

5.7.1.3 Notices of meetings and attendance by the directors

Meeting notices are sent to the directors by regular mail, sufficiently in advance, as provided in the articles of incorporation and bylaws. On average, notices of Board of Directors' meetings are sent fourteen days before the meeting date.

The Board of Directors' attendance records show that all directors were present or represented at each meeting held in 2006.

As provided by article L. 225-238 of the Commercial Code, the company auditors are invited to attend meetings of the Board of Directors at which interim and annual financial statements are examined and approved.

5.7.1.4 Chairing of Board of Directors meetings

All four meetings of the Board of Directors held last year were presided over by its chairman.

5.7.1.5 Minutes

Minutes of Board of Directors meetings are prepared after each meeting and submitted to the directors' approval at the next meeting, following which they are signed and entered into the records of proceedings.

5.7.1.6 Activities of the Board of Directors in 2006

The Board of Directors met four times in 2006. It conducted quarterly reviews of business and of the Company's major projects. It approved the Company and consolidated financial statements for fiscal year 2005 and prepared the shareholders' meeting, proposed financial authorizations, made an assessment of its operation, decided the sale of the hemostasis business, approved the interim financial statements, appointed a new director, approved a draft budget for fiscal 2007, discussed the 2007 business strategy, decided the sale of bioMérieux BV's assets to bioMérieux SA and approved regulated agreements.

At the Board's meeting of June 8, 2006, it conducted a self-assessment using, inter alia, a questionnaire in which each directors expressed his position. An analysis of the replies, which was discussed by the board, indicates that its members consider the composition, the structure and the way the Board of Directors works to be satisfactory.

5.7.1.7 Activities of the Audit Committee in 2006

The make-up of the audit committee is described in section 6.1.2.1.1 of this document.

The audit committee met twice in 2006:

- on March 13, 2006, with all of its members and the Company auditors attending, to examine the main aspects of the financial statements for fiscal 2005, the draft Board of Director**s**' report, the principal risks to which the Company is exposed and the draft of a press release on the financial results for the year.

- on September 12, 2006, with all of its members and the Company auditors attending, to examine the principal features of the interim financial statements for the six months to June 30, 2006, the draft interim report on business, the proposed sale of bioMérieux BV's assets to bioMérieux SA and the draft press release on the half-year financial results.

The committee also met via conference calls to review press releases on revenue for the third quarter of fiscal 2005.

As required by its own rules, the audit committee reported to the Board of Directors on the performance of its assignment and presented the observations it deemed relevant.

5.7.1.8 Activities of the Compensation Committee in 2006

The make-up of the compensation committee is described in section 6.1.2.2.1 of this document.

The compensation committee met three times in 2006, with all of its members attending, on March 16, September 15 and December 15. The main issues dealt with at those meetings were the measures taken with regard to the disclosure of officers' compensation and the amount of that compensation in relation to other firms and the general matter of executive compensation, as well as the handling of persons with senior executive potential.

As required by its own rules, the audit committee reported to the Board of Directors on the performance of its assignment and presented the observations it deemed relevant.

5.7.2 Directors' compensation for the year ended December 31, 2006

The directors of bioMérieux S.A. did not receive any compensation from the Company other than directors' fees.

The Board of Directors has agreed to set fees paid to directors on the basis of their attendance at Board of Directors and committee meetings.

5.7.3 Senior management of the Company and restrictions on the authority of the chief executive officer

The Company's Board of Directors has opted to combine the positions of chairman of the Board of Directors and chief executive officer.

The Board of Directors did not impose any special restrictions on the authority of the chief executive officer, other than certain clauses of its internal rules and regulations that require the chief executive officer to submit the following for approval: (i) the strategic plans of the Company and its subsidiaries, (ii) the annual budget and its quarterly implementation, and (iii) the authority to engage in any strategic transactions (acquisitions, exchange, compromise, creation of security interests, financing of any kind, etc.) not previously included in the strategic plan or the budget and involving more than €30 million.

The chairman and chief executive officer has extensive authority to act on behalf of the Company in all circumstances. He may exercise such authority within the scope of the Company's corporate purpose and

subject to the powers expressly granted by law to the shareholders' meetings and the Board of Directors. He represents the Company in its relations with third parties.

5.7.4 Internal control procedures

5.7.4.1 Objectives of the Company's internal control procedures

The main purposes of the internal control procedures introduced by the Company and its Group are:

- to ensure that the management and performance of operations and the conduct of employees are consistent within the framework of guidelines set forth regarding corporate business by the governing bodies, applicable laws and regulations and the Company's internal rules and regulations.

- to ascertain that accounting, financial and management information provided to the Company's governing bodies fairly reflects the business and position of the Company and the Group.

Internal control cannot however guarantee absolutely that the above mentioned objectives will be attained.

The description of the Company's internal control systems contained in this report was prepared on the basis of a full review of existing procedures, through interviews with the main executives in charge of the Company and an examination of available documents relating to issues at hand.

5.7.4.2 Internal control of operations

5.7.4.2.1 Persons and departments in charge of internal control

In order to deal with its expansion and operations in many countries, bioMérieux has structured its organization in such a way as to enable facilities in all countries to have the skills that they require, given the nature of their business and the size of their operations.

The officers of bioMérieux are assisted in their work by several committees:

- **The Strategy Committee** currently has four members (Alain Mérieux, Stéphane Bancel, Alexandre Mérieux and Jean Le Dain). The committee proposes to the Board of Directors medium to long-term strategic objectives for the Group, focusing on (i) business activities and development goals, (ii) scientific and technological options, (iii) geographical expansion objectives, (iv) strategic alliances and partnerships, and (v) corporate communication strategy and image.

- **The Management Committee** is chaired by Stéphane Bancel, Chief Executive Officer. Its membership consists of the Chief Operating Officer, the heads of Sales, Industrial Applications, Research and Development, Strategy and Business Development and of Production and Quality, the Chief Executive Officer of bioMérieux Inc. and the Chief Financial Officer. The Management Committee is in charge of putting into practice the general corporate strategy decisions made by the Board of Directors. It meets once a month and each of its meetings includes a review of operations, human resources, strategy implementation and research and development management. The Committee’s task is to oversee strategic projects, set priorities and ensure that the Company’s various divisions have access to the resources they require.

- **The Investment Committee** meets monthly and consists of the Chief Executive Officer, the heads of Industrial Applications, Infrastructures, Property, Safety and Security, along with the Chief Financial Officer. It makes decisions regarding all industrial investments (in property, plant and equipment or intangible assets) above a given amount set annually and monitors the progress of capital projects. Commitments made are reported to the Management Committee.

- **The Project Approval Committee** is chaired by the Chief Executive Officer and includes the heads of Sales, Industrial Applications, Research and Development, Strategy and Business Development, Production and Quality, as well as the Chief Financial Officer. The committee makes decisions regarding the start of new projects under the development program. It selects project teams and

allocates resources. It monitors and validates the various project stages up to the moment a product is brought out. Projects are reviewed at least once a year and may be subject to special reviews in the event of important changes.

Certain departments also play a key role in the internal control of operations:

The **Corporate Quality Assurance and Regulatory Compliance Division** is responsible for overseeing:

- the conformity of processes used to design, produce, distribute, install and maintain bioMérieux products in accordance with the needs of its clients and legal and regulatory requirements
- the effectiveness of the quality management system at all bioMérieux entities,
- the consistency of bioMérieux products with the needs of its clients and legal and regulatory requirements,
- the tracking of customer complaints and the implementation of monitoring measures.

The division carries out the measures necessary to comply with, or to ensure that all of the Company's personnel complies with, the rules necessary to achieve quality objectives. It also plays a key role in authorizing the marketing of products, deciding on information to be released to customers and, if necessary, recalling products. A procedure known as "post market surveillance" was also set forth. It is used to regularly ascertain that products are consistent with current scientific information. The division is in charge of documents relating to products, and tracks client complaints and how they are handled. It ascertains that regulatory requirements are complied with in all of the countries where bioMérieux products are sold.

For the purpose of these various objectives, the division is divided into departments:

- a monitoring department, in charge of contacts with supervisory authorities,
- a Group quality systems management department,
- a research and development quality systems management department,
- a manufacturing operations quality systems management department, and
- regulatory affairs departments in Europe and the United States.

Internal auditors also ascertain periodically that the quality systems of facilities and subsidiaries are in compliance.

The Legal Affairs and Intellectual Property Division oversees the Company's relations with third parties (suppliers, clients, partners, governments, etc.) and the functioning of corporate governance, and sees to it that existing rules and regulations are complied with and that the Company's interests are protected. Jointly with the divisions concerned, it oversees the protection and appreciation of scientific innovations generated by bioMérieux. In order to achieve these objectives, the division has two main offices in France and the United States and employs consultants in other parts of the world. It is structured along operating and geographic lines.

The Infrastructures, Property, Safety and Security Division creates, promotes and controls the implementation of health, safety and environmental policies.

The Company has a clearly stated health, safety and environmental policy that forms part of its general quality approach. It encompasses a wide range of measures, including (i) the prevention of occupational accidents and diseases, using specific indicators to monitor occurrences, (ii) the improvement of energy efficiency, the protection of natural resources and the environment, and (iii) restrictions on access to facilities and sensitive locations and information. Each entity's management implements this policy and is responsible for ensuring the protection of persons and assets at the operations under its authority and for limiting the environmental impact of bioMérieux's activities.

The Information Systems Division is in charge of:

- contributing to the bioMérieux business strategy and systems by providing services and equipment meeting the needs of users of information systems, while complying with applicable laws and regulations;
- ensuring the availability, continuity and quality of applications provided;
- managing and protecting information in terms of its security and integrity, in accordance with confidentiality levels;
- providing technical support and assistance to customers within the Group.

In order to fulfill its objectives, the division operates out of two facilities in France and the United States and relies on a network of IT correspondents at all Group subsidiaries.

5.7.4.2.2 General procedures for the internal control of operations

Quality Policy

The Company's quality policy has three objectives:

- to satisfy customer demand while complying with regulatory restrictions,
- to ensure that everyone is responsible for or involved in attaining this compliance objective,
- to anticipate differences in clients' needs and to contribute actively to progress and innovation.

For each production facility or region, quality assurance manuals describe the bioMérieux quality management system that covers all of the Company's activities, from the design of products to their distribution, installation and maintenance. Those manuals are used as permanent references for the implementation, operation and improvement of the Quality Management System, as well as for relations between bioMérieux and its clients, as they describe all measures carried out to guarantee the quality of products and services sold.

Company-wide procedures apply to management practices for certain processes involving more than one facility, in particular project management, capital expenditures, etc.

Regulatory standards

All bioMérieux products are designed, manufactured and distributed in accordance with regulatory standards applicable to in vitro diagnostics.

The quality control system for the development and manufacture of products has obtained ISO 9001 version 2000 and ISO 13485 certifications, voluntarily or when required by regulation.

All the manufacturing facilities are ISO 9001 certified. The main manufacturing facilities are also ISO 13485 certified.

Audit

The Company's facilities are subject to audits and inspections by regulatory authorities (FDA, AFSSAPS), agencies acting on behalf of regulatory authorities and certifying organizations commissioned by the Company in connection with the voluntary measures referred to above, to ensure conformity with the ISO 9001 and ISO 13485 standards. Other audits and inspections are performed mainly by customers wishing to ascertain that the Group's products and processes comply with applicable standards and their own requirements, or for the purpose of obtaining quality assurances.

Manufacturing processes are inspected 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.

These regulatory features are described in detail in section 4 above under the heading "Quality Systems and Applicable Regulations".

Except for the inspections of the Company's facility in Durham (United States), the most recent of which are described below, audits conducted by regulatory authorities in various countries (France, United States, etc.) since 2000 have not found any material breach of applicable regulations or else have resulted in action plans that made it possible to resolve the problems (Saint Louis in the United States and Boxtel in the Netherlands, in 2004).

A 2004 FDA inspection of blood culture and hemostasis production at the Durham facility resulted in a warning letter being issued. In addition, in May 2005, the FDA conducted an inspection of the microplate immunoassay product ranges manufactured at the facility and sold exclusively in the United States, and sent a warning letter to bioMérieux on July 29, 2005. The agency took issue mainly with certain manufacturing and control methods, as well as with the procedure for following through on customer complaints and for implementing corrective measures. In response to observations from the FDA, the North American subsidiary focused its efforts on action plans to strengthen the quality assurance system at the plant. These initiatives focused on upgrading facilities, improving processes and overhauling certain teams. A follow-up inspection by the FDA in late 2005 re-emphasized the need to step up the corrective action plans already underway.

5.7.4.2.3 Control procedures applicable to subsidiaries

The operational control of subsidiaries is provided by:

- regional management structures (in Europe, North America, Latin America, Pacific Asia) that, together with support structures, verify that the appropriate human, financial and business resources are available locally;
- a financial and administrative management structure at each subsidiary;
- an annual budget and detailed monthly reports prepared by each subsidiary and sent to the regional offices and the international management control department;
- a monthly review by the management committee of the subsidiaries' main performance indicators, pertaining primarily to their revenue and financial structure. Following those reviews, the head of the region informs each subsidiary of the management committee's observations and decisions, and ascertains that any measure to be taken is duly implemented.

5.7.4.3 Internal accounting and financial control

5.7.4.3.1 Persons and departments in charge of internal control

The administrative and financial management structure of bioMérieux includes:

- the administrative and financial management structures of each Group entity, under the authority of the general manager of the subsidiary concerned and of the Group's finance division;
- a management control structure, adapted to the Group's own structure, comprising:
  - controllers for manufacturing, distribution or supporting activities (e.g. research and development) who are in charge of analyzing, in liaison with the managers concerned, the performance and cost of the Group's principal structures,
  - international controllers, who are responsible for the financial and accounting control of subsidiaries outside France; in the case of bioMérieux Inc., international control is provided by specialized local staff;
- a treasurer's office;
- a financial reporting and consolidation structure;
- a taxation structure.

This arrangement enables corporate management to set budgetary objectives for each structure and subsidiary, which can then be monitored on a monthly basis so that detailed accounting and financial information on the various corporate levels can be analyzed.

The Group's chief administrative and financial officer is a member of the management committee and is responsible for reporting on all indicators monitored by it.

The accounting and financial structure employs two main software tools: Movex, an ERP system used at large facilities, and Solomon, a system for smaller entities.

In addition to the organizational measures and internal control outlined above, significant internal control systems have been put in place for accounting and finance, management audits, consolidation and cash management.

5.7.4.3.2 Accounting and finance

bioMérieux has issued a "manual of accounting and consolidation principles" for use by the Group's entities. It lists the principal items in the consolidated financial statements and describes what is included under each; the manual was updated in 2005 to reflect the adoption of accounting rules consistent with IFRS.

For bioMérieux SA and its principal subsidiaries, the procedures necessitated by the application of those principles and local regulations when accounting for ordinary and recurrent transactions are incorporated in the accounting software, in order to make data processing secure and automatic. A limited number of entries are made by hand at those entities.

The administrative and financial management of each entity also performs credit management functions to decide and periodically review the amount of credit allowed for individual clients, and to anticipate risks of insolvency, including by subscribing to credit-rating services.

5.7.4.3.3 Controller

The annual budget is prepared on the basis of the three-year corporate strategic plan and is validated by the Board of Directors. The budget serves as a basis to evaluate the performance of each Group entity and business division.

bioMérieux and its subsidiaries all have controllers whose duties include verifying compliance with the budget. In addition, certain structures (such as research and development and manufacturing) have their own controller's office, which draws up their annual budget, coordinates it with those of other Group entities and provides budgetary control.

5.7.4.3.4 Consolidation

The consolidation process is carried out at the bioMérieux corporate level. It provides an opportunity for the consolidating staff to ascertain that the financial statements of the Company's subsidiaries are prepared in accordance with the Group's accounting principles.

The consolidation process includes a thorough analysis of the financial statements:

- the financial statements of each subsidiary are examined by the controller's office before being consolidated;

- the staff in charge of consolidation compares the consolidated financial statements with the available financial indicators for the Group (including sales statistics) and the budgetary forecast and results of previous periods. Corporate debt is compared with cash records. The internal audit is summarized in a report attached to the consolidated financial statements and submitted to the Group's top management.

5.7.4.3.5 Cash management

Because of the large number of countries in which bioMérieux operates, cash management plays an important role in the internal accounting and financial control system. It is a corporate activity carried out locally under the authority of the Group treasurer. It is mainly concerned with:

- maintaining a balance between the finances of Group entities, by means of:
  - annual cash forecasts revised monthly on the basis of schedules included in reporting guidelines;
  - a cash pooling system under which bioMérieux coordinates the cash needs and resources of seventeen subsidiaries; the system is backed up by fund transfer procedures established with one of the Group's principal banks;
  - very prudent investment practices for temporary cash surpluses, which are invested exclusively in money-market instruments;
- managing currency risks so as to mitigate the impact of exchange-rate fluctuations on budgeted income; this is done through:
  - a policy of billing third parties exclusively in strong currencies;
  - the hedging, whenever possible, of about 80 % of the exposed cash flow at the start of the year,
  - monthly adjustments in hedges depending on actual transactions.

Nevertheless, some risk exposure exists, due in part to the volume of business and the debt in emerging countries.

In addition to having an impact on the Company's income, exchange-rate fluctuations can affect its net worth. The Company does not hedge the risk to which its assets are exposed in this respect.

5.7.4.4 External audit

As required by law, the financial statements of bioMérieux are audited by independent financial auditors. The terms of their assignment cover all consolidated entities; the financial statements of each entity are either fully audited or subject to a limited audit, as the case may be.

In addition to the reports required by law, the audits by the independent auditors are summarized in a report that covers the significant items identified and the manner in which they have been resolved, as well as recommendations regarding the Group's internal auditing system. These recommendations are examined with the management of the subsidiaries concerned and their implementation is monitored.

Chairman of the Board of Directors
Alain Mérieux

5.8 STATUTORY AUDITORS' REPORT PREPARED IN ACCORDANCE WITH THE ARTICLE L.225-235 OF THE FRENCH COMMERCIAL CODE, ON THE REPORT PREPARED BY THE CHAIRMAN OF THE BOARD OF DIRECTORS ON THE INTERNAL CONTROL PROCEDURES RELATING TO THE PREPARATION AND PROCESSING OF FINANCIAL AND ACCOUNTING INFORMATION

This is a free translation into English of the statutory auditors' report issued in French language and is provided solely for the convenience of English speaking readers. This report should be read in conjunction with, and construed in accordance with French law and professional auditing standards applicable in France.

To the Shareholders,

As statutory auditors of BioMérieux and in accordance with Article L.225-235 of the French Commercial Code (Code de Commerce), we hereby report on the report prepared by the Chairman of the Board of Directors of your Company in accordance with Article L.225-37 of the French Commercial Code (Code de Commerce) for the year ended December 31, 2006.

In his report, the Chairman reports, in particular, on the conditions for the preparation and organization of the Board of Directors' work and the internal control procedures implemented by the Company.

It is our responsibility to report to you our observations on the information set out in the Chairman's report on the internal control procedures related to the preparation and processing of financial and accounting information.

We performed our procedures in accordance with French professional standards. These standards require that we perform the necessary procedures to assess the fairness of the information provided in the Chairman's report on the internal control procedures related to the preparation and processing of financial and accounting information. These procedures consisted principally of:

- obtaining an understanding of the objectives and general organization of internal control, as well as the internal control procedures related to the preparation and processing of financial and accounting information, as set out in the Chairman's report;

- -obtaining an understanding of the work performed to support the information given in the report.

On the basis of these procedures, we have nothing to report on the information provided on the Company's internal control procedures related to the preparation and processing of financial and accounting information, contained in the Chairman of the board's report, in accordance with Article L.225-37 of the French Commercial Code (Code de Commerce).

Lyons and Villeurbanne, 6 April, 2007

The Statutory Auditors

Commissariat Controle Audit CCA	**DELOITTE & ASSOCIES**
Bernard Chabanel	Alain Descoins

5.9 DRAFT RESOLUTIONS SUBMITTED BY THE BOARD OF DIRECTORS

I. BEFORE THE ANNUAL SHAREHOLDERS' MEETING

RESOLUTION 1
(The purpose of this resolution is to approve the financial statements for the year ended December 31, 2006)

The Shareholders, having examined the Company's financial statements for the year ended December 31, 2006 and having heard the Board of Directors' report and the Auditors' general report, approve the annual financial statements for the year ended December 31, 2006 as submitted to them, showing income of €61,834,398.72. They further approve the transactions reflected in those financial statements or summarized in those reports.

The Shareholders take note of (i) the report by the Chairman of the Board of Directors on the conditions in which the work of the Board of Directors is prepared and on internal control procedures implemented by the Company, and (ii) the Auditor's reports concerning the said report.

RESOLUTION 2
(The purpose of this resolution is to approve the consolidated financial statements for the year ended December 31, 2006)

The Shareholders, having heard the Board of Directors' report on the management of the Group included in its report, as required by article L. 233-26 of the Commercial Code and the Auditors' general report on the consolidated financial statements, approve the consolidated financial statements for the year ended December 31, 2006 as submitted to them and approve the transactions reflected in those financial statements or summarized in the report on the management of the Group.

RESOLUTION 3
(The purpose of this resolution is to decide the appropriation of income for fiscal 2006)

The Shareholders note that the financial statements for the year ended December 31, 2006 show income of €61,834,398.72 that, combined with retained earnings of €21,106,273.61, adds up to distributable earnings of €82,940,672.33.

They therefore resolve, on a motion by the Board of Directors, to appropriate distributable earnings as follows:

- A sum of €69,756.32 would be allocated to the "Special Patronage Reserve", increasing it from €261,038.61 to €330,794.93;

- A sum of €20,000,000 would be allocated to the "General Reserve", increasing it from €174,000,000 to €194,000,000;

- a sum of €29,984,842.40 shall be distributed as dividends, amounting to €0.76 per share on each of the 39,453,740 shares outstanding (*); dividends shall be payable as of June 13, 2007.

- The balance of €32,886,073.61 would be transferred to "Retained Earnings":

- The Shareholders take note of the fact that the following sums have been distributed as dividends as well as the following corresponding tax credits, over the past three fiscal years, have been as follows:

Year ended	Distributed dividends (in euros)	Tax credit and tax withheld (in euros)	Aggregate (in euros)
12/31/2006*	29,984,842.40**	None	29,984,842.40
12/31/2005	18,148,720.40**	None	18,148,720.40
12/31/2004	15,781,496.00**	None	15,781,496.00
12/31/2004	29,955,788.55	5,981.75	29,961,770.30
12/31/2003	17,999,848.00	8,999,924.01	26,999,772.01

* Subject to approval by the shareholders' meeting of June 7, 2007

** The Company has not earned and will not earn dividends on any of its own shares held by it on the dividend date or which it may hold in the future. The corresponding sum will be added back to retained earnings. It should also be noted that annual dividends have qualified and will continue to qualify for a tax abatement exclusively to the extent that shares are owned by individuals subject to personal income tax, as provided by article 158.3 (2) of the French General Tax Code.

RESOLUTION 4

(The purpose of this resolution is to approve the regulated agreements entered into by the Company and described in the Auditors' special report)

The Shareholders, having heard the Auditors' special report on agreements governed by articles L. 225-38 *et seq.* of the Commercial Code, as required by article L. 225-40 of that same Code, take note of the information contained in that report and approve the agreements referred to therein and the report's conclusions.

RESOLUTION 5

(The purpose of this resolution is to ratify the appointment by the Board of Directors of Jean-Luc Bélingard as a director on September 15, 2006)

The Shareholders, having heard the Board of Directors' report, ratify the appointment by the Board of Directors at its meeting of September 15, 2006 of Jean-Luc Bélingard as a director, to replace Doctor Christophe Mérieux for the balance of his predecessor's term, expiring at the close of the shareholders' meeting convened in 2011 to approve the financial statements for the year ending December 31, 2010.

RESOLUTION 6

(The purpose of this resolution is to appoint Philippe Villet as a non-voting director)

The Shareholders, having heard the Board of Directors' report, appoint Philippe Villet as a non-voting director, in accordance with article 11-III of the Company's articles of incorporation and bylaws (*statuts*), for a three-year term expiring at the close of the shareholders' meeting convened in 2010 to approve the financial statements of the year ending December 31, 2009.

RESOLUTION 7

(The purpose of this resolution is to grant authority to the Board of Directors to enable repurchases by the Company of its own shares)

The Shareholders, subject to the quorum and majority voting requirements applicable to annual shareholders' meetings, having reviewed the Board of Directors' report, the special report on past share repurchases authorized by the shareholders' meeting and the description of the program filed with the Financial Markets Authority (AMF), grant authority to the Board of Directors, which authority may be delegated in accordance with the laws and regulations applicable at the time of such delegation, and sub-delegated in accordance, inter alia, with the provisions and requirements of articles L. 225-209 *et seq.* of the Commercial Code to purchase, on the Company's behalf, in one or more transactions and at the time it deems appropriate, a number of the Company's own shares not in excess of 10% of those outstanding, provided that purchases of shares for future use as means of payment or exchange in connection with a merger, demerger or transfer of assets shall not exceed 5% of the shares outstanding, as provided by law.

The authority hereby granted is intended to enable the Company to:

- provide liquidity in the market for its shares, under a market-making agreement with a financial service provider acting with full discretion, in accordance with the AFEI code of conduct approved by the Financial Markets Authority;

- remit shares upon the exercise of rights attached to securities with rights to shares of the Company and to stock option plans, or in connection with the distribution of bonus shares to employees and officers of the Company or companies of its group, or the offering of shares to employees under profit-sharing plans, share-ownership plans or employee savings plans;

- hold on to shares so that they can be used subsequently as means of exchange or payment in connection with acquisitions;

- retire shares, subject to the adoption of resolution 8 by special shareholders' meeting authorizing such reductions of capital.

Under the authority hereby granted, the Company shall be permitted to buy back its own shares provided it complies with the following requirements (which may be adjusted in connection with transactions affecting the capital of the Company):

- the price at which shares may be purchased shall not exceed 100 euros, exclusive of fees and commissions;

- the aggregate funds used to carry out share repurchases under this plan shall not exceed €394,537,400. However, the Board of Directors shall be authorized to adjust the abovementioned purchase price in the event of changes in the par value of shares, increases in capital by means of the capitalization of reserves and the distribution of bonus shares, stock splits or reverse splits, retirements of shares or reductions of capital, distributions of reserves or other assets and any other operation affecting equity, in order to take into account the impact of such transactions on the value of shares.

The Shareholders resolve that purchases, sales and transfers of the Company's own shares may be carried out by any means, including the use of derivatives, on stock exchanges or over the counter, except the sale of put options other than in connection with exchanges of shares in accordance with applicable regulations. No restriction shall apply to the portion of repurchases accounted for by block trades, which may account for the entire program.

Shares held for purposes that are no longer compatible with the Company's strategy may be disposed of subject to the approval of the Board of Directors and provided that the financial markets are informed thereof.

Full authority is accordingly granted to the Board of Directors, in particular for the purpose of determining the advisability of initiating a share buyback program and of setting the terms and conditions thereof, to use the authority hereby granted or to delegate same to the Chief Executive Officer or, subject to the CEO's approval, to one or more Executive Vice Presidents, who shall report to the Board of Directors on how this authority has been used, by placing all trading orders, entering into all agreements and completing all registrations and formalities with government agencies, in particular the AMF, including amending the articles of incorporation and bylaws and, as a general matter, doing whatever is necessary.

The authority hereby granted replaces and supersedes all authorizations previously granted for the same purpose and is for a period of no more than eighteen months from this shareholders' meeting, expiring at the close of the annual shareholders' meeting called to approve the financial statements for the year ending December 31, 2007. It may be used at any time, included during a period when a tender offer for cash or stock is in effect, subject to applicable laws and regulations.

The Board of Directors shall report to the annual shareholders' meeting on transactions performed pursuant to the authority hereby granted.

II. BEFORE THE SPECIAL SHAREHOLDERS' MEETING

RESOLUTION 8
(The purpose of this resolution is to grant authority to the Board of Directors to reduce capital by retiring shares).

The Shareholders, subject to the quorum and majority voting requirements applicable to special shareholders' meetings, having reviewed the Board of Directors' report and the Auditors' special report, subject to the adoption of resolution 7 before this Meeting, authorize the Board of Directors, pursuant to article L. 225-209 of the Commercial Code, to reduce the Company's capital stock by retiring shares repurchased pursuant to resolution 7 of this Meeting, at its discretion, in one or more transactions, by up to 10 % of the capital over a period of twenty-four months from this Meeting, and to reduce capital by the corresponding amount. The said 10% limit applies to the capital stock of the Company, which may be adjusted to take into consideration transactions with an impact on the said capital stock subsequent to this shareholders' meeting.

The Shareholders authorize the Board of Directors to charge any excess of the purchase price of retired shares over their nominal value to existing paid-in capital or reserve accounts and grant full authority to the Board of Directors, which may delegate such authority as permitted by law, for the purpose of executing all documents and completing all formalities or registrations necessary to finalize reductions of capital under the authority hereby granted, and to amend the articles of incorporation and bylaws accordingly.

The authority hereby granted to the Board of Directors is for the period from this Meeting until the Company's next shareholders' meeting called to approve the financial statements for fiscal 2007. It replaces, effective this day, the previous authority granted by the shareholders' meeting of June 8, 2006.

RESOLUTION 9
(Grant of authority to the Board of Directors to increase the Company's capital by up to 35% by issuing common stock or securities with rights to shares, with preemptive subscription rights by the Shareholders)

The Shareholders, subject to the quorum and majority voting requirements applicable to special shareholders' meetings, having reviewed the Board of Directors' report and the Auditors' special report, pursuant to articles L. 225-129-2 and L. 228-92 of the Commercial Code:

- authorize the Board of Directors to increase capital in one or more transactions by issuing, in France or elsewhere, euro-denominated common shares of the Company or any securities with rights of any kind for common shares of the Company, exercisable immediately or in the future, which securities may also be issued in any currency or in units representing a basket of currencies; the authority hereby granted is for a period of twenty-six months from this Shareholders' Meeting;

- resolve that the nominal value of shares issued, immediately or in the future, shall not exceed 35% of capital stock as of the date of this Meeting, after taking into account capital increases pursuant to resolutions 10 and 14 of this Meeting and any shares that may have to be issued in order to protect the rights of holders or securities with rights to shares, as required by law;

- resolve that the nominal value of debt securities with rights to shares thus issued shall not exceed 500 million euros;

- resolve that the Shareholders shall be entitled to preemptively subscribe for securities issued pursuant to this resolution in proportion to the number of Company shares held by them;

- take note of the fact that this grant of authority automatically entails the waiver by the Shareholders of their rights to Company shares for which securities issued may be exercisable, immediately or in the future, in favor of the holders of such securities;

- resolve that, if subscription and allotment rights have not been exercised for all of the securities referred to above, the Board shall be authorized to offer some or all of the remaining securities to the public;

– resolve that, the number of securities to be issued pursuant to this resolution may be increased, as permitted by article L. 225-135-1 of the Commercial Code, up to the ceiling set herein, if the Board of Directors determines that the issued is oversubscribed, subject to the adoption of resolution 14;

– resolve that the Board of Directors shall be authorized to charge, if necessary, expenses, duties and fees resulting from such security issues to the corresponding share premiums and to deduct from said share premiums the sums necessary to increase the legal reserve;

– resolve that the amount by which share issues may be adjusted upward in excess of the above ceiling in order to protect the rights of holders of securities with rights to shares, as required by law, shall not exceed the balance of paid-in capital, reserves and retained earnings on the date of the issue;

– resolve that the Board of Directors shall, in accordance with the law, be granted full authority, which authority it may delegate to the chief executive officer as permitted by law, to implement this resolution, protect the rights of securities holders, record the completion of issues and amend the Company's articles of incorporation and bylaws accordingly;

– take note that this authorization cancels and supersedes any previous authority granted for the same purpose, particularly the authority granted by the shareholders' meeting of June 9, 2005 (in resolution 16).

RESOLUTION 10
(Grant of authority to the Board of Directors to increase the Company's capital by up to 35% by issuing common stock or securities with rights to shares, without preemptive subscription rights by the Shareholders)

The Shareholders, subject to the quorum and majority voting requirements applicable to special shareholders' meetings, having reviewed the Board of Directors' report pursuant to articles L. 225-129-2, L. 225-135, L. 225-136, L. 228-92 and L. 228-93 of the Commercial Code, grant authority to the Board of Directors

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

– to authorize the issuance of all securities and the exercise of all rights with regards to the Company, held by owners of securities issued by any entity that owns, directly or indirectly, more than one-half of the Company's shares, with rights of any kind, including by means of distribution or subscription, immediately or in the future, to existing or new common shares of the Company and, for this purpose, to decide any increase in capital.

This authority is granted to the Board of Directors for a period of twenty-six months from this Meeting;

– resolve that the nominal value of shares issued pursuant to this authority, immediately or in the future, shall not exceed 35% of capital stock as of the date of this Meeting, which amount shall count against the ceiling set by resolution 9 of this Shareholders' Meeting;

– resolve that the nominal value of debt securities with rights to shares issued pursuant to this authority shall not exceed 500 million euros, and that their value shall count against the ceiling set by resolution 9 of this Shareholders' Meeting;

– resolve that shareholders will not have preemption rights to subscribe for the securities issued, as permitted by law and that the Board of Directors shall have the authority to grant shareholders a priority subscription right pursuant to articles L. 225-135 of the Commercial Code;

– resolve that the sum received or to be received by the Company for each share issued or to be issued, after taking into account, if applicable, the issue price of warrants in the event of issues of stand-alone stock warrants, shall not be less than the price under applicable laws and regulations on

the date of issue, regardless of whether the securities to be issued immediately or in the future are fungible with existing equity securities.

– resolve that the Board of Directors shall, in accordance with the law, be granted full authority, which authority it may delegate to the chief executive officer as permitted by law, to implement this resolution, record the completion of issues and amend the Company's articles of incorporation and bylaws accordingly;

– take note that this authorization cancels and supersedes any previous authority granted for the same purpose, particularly the authority granted by the shareholders' meeting of June 9, 2005 (in resolution 17).

RESOLUTION 11
(Grant of authority to the Board of Directors to increase the Company's capital by up to 10%, without subscription rights by the Shareholders, as permitted by article L. 225-136 (1) (2) of the Commercial Code)

The Shareholders, having heard the Board of Directors' report, in accordance with article L. 225-136 of the Commercial Code:

– grant authority to the Board of Directors to decide, subject to the adoption of resolution 10, to increase capital, subsequent to this Meeting and at its sole discretion, in one or more transactions, by issuing euro-denominated common shares of the Company or other securities with rights of any kind, exercisable immediately or in the future for common shares of the Company or of a company of which the Company owns more than one-half of the stock, either directly or indirectly, in which case the shares issued may be denominated in any currency or in units reflecting a basket of currencies, including in connection with consecutive issues of securities.

This authority is granted to the Board of Directors for a period of twenty-six months from this Meeting;

– resolve that the number of shares issued annually under this authority, either immediately or in the future, shall not exceed 10% of the shares outstanding on the date use is made of this authority;

– resolve that the price at which shares are to be issued shall be decided by the Board of Directors as either the price of Company shares (on the Eurolist market of Euronext Paris S.A) on any of the thirty trading days immediately preceding the date of issue, or the average of the price of shares (on the Eurolist market of Euronext Paris S.A) over some or all of the thirty trading days immediately preceding the date of issue.

The Board of Directors shall report, by means of a supplementary report certified by the Company auditors, on the use of this authority, including on the final conditions of the issue, and shall provide the basis for estimating the effective impact for shareholders;

– take note that this authorization cancels and supersedes any previous authority granted for the same purpose, particularly the authority granted by the shareholders' meeting of June 9, 2005 (in resolution 18).

RESOLUTION 12
(The purpose of this resolution is to grant authority to the Board of Directors to issue shares for offering to "qualified investors" or to those belonging to a "limited circle of investors")

The Shareholders, having reviewed the Board of Directors' report and the Auditors' special report, pursuant to article L. 225-138 of the Commercial Code:

– resolve to grant the Board of Directors authority to increase capital stock, in one or more transactions, by issuing shares without preemptive subscription rights for offering to the following categories of investors:

  · investment funds,
  · investment holding companies,
  · industrial corporations,

active in particular in the field of medical and health-care technology, bio-medical and pharmaceutical research, with the understanding that the Board of Directors shall draw up a list of investors in the above categories at the time it uses the authority hereby granted (the "Investors");

– delegate authority to the Board of Directors, which may further delegate such authority as provided by law, to draw up a final list of Investors and of the number of shares to be offered to each within the limits below, in accordance with article L. 225-138 of the Commercial Code;

– resolve that this delegation of authority to issue shares shall expire on the date of the annual shareholders' meeting immediately following this shareholders' meeting;

– resolve that the nominal value of shares issued, immediately or in the future, under this delegation of authority shall not exceed 35% of capital stock as of the date of this Meeting, with the further specification that the shares issued, immediately or in the future, under the authority hereby delegated shall count against the ceiling set by resolution 10 of the shareholders' meeting;

– resolve to waive, in favor of the Investors, the preemptive rights of shareholders to subscribe for shares issued pursuant to this authorization;

– resolve that the issue price of the new shares offered to Investors pursuant to this delegation of authority shall not be less than the weighted average trading price of existing shares on the Euronext Paris SA Eurolist over the three trading days preceding the start of the offering period;

– resolve that the Board of Directors shall be granted full authority, including the right to delegate that authority as permitted by law, to be used, one or more times, to:

· decide the maximum number of shares to be issued, within the limits set by this resolution;

· record the final amount of each capital increase and amend the articles of incorporation and bylaws accordingly,

· set the dates and all other terms and conditions of share issues, including the date, which may be retroactive, from which new shares shall bear interest;

· if applicable, charge the cost of shares issued to the resulting proceeds from premiums and deduct from such additional paid-in capital the sums necessary to bring the legal reserve to one-tenth of the new capital stock resulting from the share issue;

· as a general matter, execute all agreements, including to finalize all contemplated issues, take all steps and decisions and complete all formalities required by the issuance, listing and servicing of the shares issued under the authority hereby delegated, as well as the exercise of rights attached thereto or resulting from completed share issues.

– take note that this authorization cancels and supersedes any previous authority granted for the same purpose, particularly the authority granted by the shareholders' meeting of June 8, 2006 (in resolution 10)

RESOLUTION 13

(Use of the authority to issue shares without preemptive subscription rights in consideration for shares tendered under a tender offer or contributed in kind)

The Shareholders, subject to the quorum and majority voting requirements applicable to special shareholders' meetings, having reviewed the Board of Directors' report, resolve that shares issued pursuant to resolution 10 of this Meeting may, if necessary, be used as payment or exchange for securities tendered under a tender offer in accordance with article L. 225-148 of the Commercial Code.

The Shareholders also authorize the Board of Directors, for a period of twenty-six months, to issue, in one or more times, common stock or other securities with a right to shares, on the basis of reports by transfer appraisers (*commissaires aux apports*), pursuant to the authority granted to it by resolution 10, for up to 10% of the shares outstanding, for the purpose of compensating transfers in kind made to the Company in the form of shares or securities with rights to shares, whenever the provisions of article L. 225-148 are not applicable.

In all circumstances, the shares issued pursuant to this resolution shall count against the ceilings of resolutions 9 and 10 of this Meeting.

The Shareholders resolve that the Board of Directors shall, in accordance with the law, be granted full authority, which authority it may delegate to the chief executive officer as permitted by law, to implement this resolution, record the completion of issues and amend the Company's articles of incorporation and bylaws accordingly.

The Shareholders take note that this authorization cancels and supersedes any previous authority granted for the same purpose, particularly the authority granted by the shareholders' meeting of June 9, 2005 (in resolution 20).

RESOLUTION 14
(Grant of Authority to the Board of Directors to increase the number of shares or other securities to be issued in the event of an increase in capital with or without preemptive subscription rights by the Shareholders)

The Shareholders, subject to the quorum and majority voting requirements applicable to special shareholders' meetings, having reviewed the Board of Directors' report and pursuant to articles L. 225-135-1 of the Commercial Code, authorize the Board of Directors, subject to the adoption of resolutions 9 and 10, to increase the number of shares or securities authorized in connection with rights or other subscription offerings to be issued, for a period of twenty-six months from this Meeting, pursuant to article R. 225-118 of Decree 2007-431 of March 25, 2007 (formerly article 155-4 of Decree 67-236 of March 23, 1967) or any other applicable statute, at its sole discretion and in a number not in excess of the aggregate ceiling set in resolution 9, within thirty days of the closing of the original subscription period and for up to 15% of the original offering, at the same price as that applicable to the original offering, in the case of an increase in capital with or without preemptive subscription rights by the Shareholders, as resolved in resolutions 9 and 10.

The Shareholders take note of the fact that the limit set pursuant to the first paragraph of article L. 225-134 (I) of the Commercial Code shall then be raised in the same proportion.

The Shareholders take note that this authorization cancels and supersedes any previous authority granted for the same purpose, particularly the authority granted by the shareholders' meeting of June 9, 2005 (in resolution 21).

RESOLUTION 15
(Grant of authority to the Board of Directors to increase the par value of existing shares by capitalizing other paid-in capital, reserves, earnings or other equity)

The Shareholders, subject to the quorum and majority voting requirements of article L. 225-130 of the Commercial Code, having reviewed the Board of Directors' report, and pursuant to articles L. 225-129, L. 225-129-2 and L. 225-130 of the Commercial Code:

- grant authority to the Board of Directors, for a period of twenty-six months, to increase the capital, in one or more times, by capitalizing other paid-in capital, reserves, retained earnings or other equity, as permitted by law and by the articles of incorporation and bylaws and under the form of issuance of bonus shares or increase of the nominal value of existing shares.

- resolve that the aggregate of shares issued immediately or in the future shall not exceed 35% of those outstanding;

- resolve that the number of shares issued may be adjusted upward above the above ceiling in order to protect the rights of holders of securities with rights to shares, as required by law.

- resolve that, should the Board of Directors make use of the authority hereby granted, in accordance with article L. 225- 130 of the Commercial Code, fractional rights will not be transferable and the corresponding shares will be sold; the proceeds from such sales will be remitted to the rights' holders in a timely manner as prescribed by regulations

– take note that this authorization cancels and supersedes any previous authority granted for the same purpose, particularly the authority granted by the shareholders' meeting of June 9, 2005 (in resolution 22);

In all circumstances, the shares issued pursuant to this resolution shall count against the overall ceiling provided for in resolutions 9 of this Meeting.

The Shareholders take note that this resolution cancels and supersedes any previous authority granted for the same purpose, particularly the authority granted by the shareholders' meeting of June 9, 2005 (in resolution 22).

RESOLUTION 16

(The purpose of this resolution is to authorize the Board of Directors to grant options to purchase shares of the Company).

The Shareholders, having reviewed the Board of Directors' report and the Auditors' special report, resolve to authorize the Board of Directors, pursuant to articles L. 225-177 to L. 225-185 of the Commercial Code, to grant options to purchase shares of the Company bought back by the Company as permitted by law, in an amount not in excess of 10% of the shares outstanding on the date of grant of the options by the Board of Directors, in accordance with the law, one or more time, over a period of thirty-eight months from this Meeting, to members of the personnel selected by the Board of Directors from among the officers and employees of the Company or of entities or groupings in which the Company holds at least 10% of the shares or voting rights, or of entities or groupings that hold at least 10% of the Company's shares.

The exercise price of the options shall be to be set by the Board of Directors in accordance with the conditions and restrictions of applicable laws, without discount.

The stock options must be exercised no later than eight years after their date of grant. The special shareholders' meeting of the Company may extend this time limit. The increase in the Company's capital stock resulting from the exercise of stock options shall be deemed effective as soon as notifications of the exercise of options are received together with purchase forms and payment of the corresponding exercise price, either in cash or by means of the set-off of Company debt.

Shares purchased pursuant to this authorization shall be in registered form.

The Board of Directors has been granted full authority, for the purpose of, in one or more times, (i) drawing up the list of recipients of options and the number of options allotted to each of them, being specified that the Board of Directors may delegate this authority to its chairman, (ii) set the terms and conditions of the options, including the conditions on which options may be granted, exercised and temporarily suspended, the dates or periods when the options may be exercised and, if applicable, the conditions on which the shares may be locked up, (iii) decide the number of shares to be purchased subsequent to the exercise of options, (iv) perform all required transactions and comply with all regulations that may become applicable while the authorization is in effect and that do not require an express resolution by the shareholders' meeting, and (v) grant all powers, as legally permitted, for the purpose of documents and formalities, including to carry out any increase in capital resulting from this authorization and to amend the articles of incorporation and bylaws accordingly.

The Shareholders take note that this authorization cancels and supersedes any previous authority granted for the same purpose, particularly the authority granted by the shareholders' meeting of April 16, 2004 (in resolution 39).

RESOLUTION 17
(Issue of shares for offering to employees enrolled in a company savings plan)

The Shareholders, subject to the quorum and majority voting requirements applicable to special shareholders' meetings, having reviewed the Board of Directors' report and the Auditors' special report, pursuant to articles L. 443-1 *et seq.* of the Labor Code and articles L. 225-129-6 and L. 225-138-1 of the Commercial Code, and in accordance with the provisions of the Commercial Code:

- authorize the Board of Directors to issue shares and other equity securities with rights for common shares of the Company, over a period of twenty-six months from the date of this resolution, in one or more transactions and at its discretion, for offering to members of company savings plans of the Company's French and foreign affiliates, within the meaning of article L. 225-180 of the Commercial Code and L. 444-3 of the Labor Code, with an aggregate nominal value of up to 5% of the Company's capital stock on the date this authorization is used;

- resolve that the details of other equity securities shall be decided by the Board of Directors in accordance with applicable regulations;

- resolve to waive, in favor of employees enrolled in a company savings plan, the preemptive right to shares to which the shares or other equity securities issued pursuant to this resolution entitle them, now or in the future, and to waive any right to shares or other securities resulting from the implementation of this resolution

- resolve to grant full powers b the Board of Directors, with the right to further delegate such powers as permitted by law, for the purpose of implementing this resolution, within the limits and subject to the conditions set forth above, including by:

  · deciding the characteristics of the securities to be issued and the amounts offered and setting, inter alia, the offering price, if applicable with a discount as permitted by article L. 443–5 of the Labor Code, dates, waiting periods and subscription, payment and delivery terms and conditions, as well as the effective date of the securities, subject to applicable laws and regulations;

  · recording the increase in capital by the value of effectively subscribed shares or other securities issued pursuant to this authorization;

  · if applicable, charging the cost of capital increases to the value of effectively subscribed shares or other securities issued pursuant to this authorization;

  · executing all agreements, performing or arranging to have performed all of the transactions and procedures, including completing the formalities required by capital increases and the corresponding amendments to the articles of incorporation and bylaws and, as a general matter, doing all that is necessary;

  · as a general matter, entering into all agreements, including those aimed at finalizing the contemplated equity issues, taking all steps and completing all formalities required by the issuance, listing and servicing of securities issued under this authorization and the exercise of rights attached thereto;

- resolve that this authorization terminates, effective on this date, previous authorizations - or the unused portion thereof - granted to the Board of Directors to increase the Company's capital by issuing shares for offering to members of employee savings plans, with waivers of preemptive subscription rights in favor of said members.

RESOLUTION 18
(The purpose of this resolution is to grant full powers to the bearer of the minutes for the purpose of completing formalities)

The Shareholders grant full powers to the bearer of the minutes of this Meeting, or of a copy or extract thereof, for the purpose of completing all necessary formalities.

5.10 DESCRIPTION OF THE COMPANY'S SHARE REPURCHASE PROGRAM

Subject to adoption of resolution 7 by the annual shareholders' meeting of June 7, 2007, the Company intends to carry out a share repurchase program on the following terms and conditions:

- Share concerned: common stock
- Maximum percentage of shares to be repurchased: 10%
- Maximum percentage of shares to be repurchased by the Company for holding and subsequent use as a means of payment or exchange in connection with mergers, demergers or acquisitions: 5%
- Maximum cost of the plan: €394,537,400
- Maximum purchase price: €100 per share
- Objectives of the repurchase program, ranked in decreasing order of importance:
  - provide liquidity in the market for its shares, under a market-making agreement with a financial service provider acting with full discretion, in accordance with the AFEI code of conduct approved by the Financial Markets Authority;
  - remit shares upon the exercise of rights attached to securities with rights to shares of the Company and to stock option plans, or in connection with the distribution of bonus shares to employees and officers of the Company or affiliates, or the offering of shares to employees under profit-sharing plans, share-ownership plans or employee savings plans;
  - holding on to shares for subsequent use as means of exchange or payment in connection with acquisitions;
  - retire shares, subject to the adoption of resolution 8 by the special shareholders' meeting authorizing such reductions of capital.

Term of the plan: up to eighteen months, terminating at the end of the annual shareholders' meeting called to approve the financial statements for the year ending December 31, 2007,.

The Company's shares are traded on the Euronext Paris Eurolist, Compartment A, under ISIN code FR0010096479.

A market-making agreement, compliant with the AFEI code of conduct approved by the AMF, was entered into by the Company and Crédit Agricole Cheuvreux on December 23, 2004 and was later revised to conform to the new AFEI code of conduct included as an attachment to the AMF decision of March 22, 2005.

Under the market-making agreement, Crédit Agricole Cheuvreux made various trades in the Company's shares during the year ended December 31, 2006.

5.10.1 Transactions by means of purchases, sales or transfers under the previous share repurchase program

The Company did not retire any shares during the past 24 months and did not purchase any of its own share prior to October 13, 2004, when new regulations went into effect governing share repurchase programs, as a result of the implementation of the European "Market Abuse" Directive.

For a description of trades by the Company in its own shares from January 1, 2006 to December 31, 2006, see section 3.2.3 above.

The table below summarizes the trading by the Company in its own shares from January 1, 2006 to December 31, 2006:

	Cumulative gross transactions		Open positions on the date this information was submitted			
	Purchases	Sales /Transfers	Open buy positions		Open sell positions	
Number of shares	122,596	44,896	Call options bought	Forward sales	Call options sold	Forward sales
Average expiration			None	None	None	None
Average trading price* (€)	47.27	48.51	None	None	None	None
Average strike price (€)	None	None	None	None	None	None
Amount (€)	5,795,346.89	2,177,932.04	None	None	None	None

(*) Including stock-exchange taxes

The trades in shares described above were carried out for two of the objectives of the program authorized by the shareholders' meeting of June 9, 2005 and June 8, 2006, to provide liquidity in the market for the shares, under a market-making agreement with a financial service provider acting with full discretion, in accordance with a code of conduct approved by the Financial Markets and to deliver shares to employees and officers of the Company or of its Group with rights to bonus shares.

The Company has not made use of derivatives in connection with this share repurchase program and had no open buy or sell position on derivatives as of the filing date of this document.

5.10.2 Limits on the percentage of shares outstanding, number, characteristics and purchase price of shares bought back

bioMérieux may not purchase more than 10% of its own shares outstanding, subject to a limit of 5% as indicated below; for information, this number would have been to 3 945 374 shares on March 31, 2007. Given the fact that bioMérieux held 82,400 of its own shares on March 31, 2007, the maximum number that could be purchased under this program would be 3,862,974 shares, or approximately 9.79% of those outstanding, subject to subsequent changes in the number of treasury shares held by the Company.

The Company may repurchase no more than 5% of its shares outstanding for the purpose of holding and subsequent use as means of payment or exchange in connection with mergers, demergers or acquisitions.

The maximum purchase price is 100 euros per share. Accordingly, the maximum sum that bioMérieux could pay would be 386,297,400 euros in the event that it should buy 3,862,974 shares at the highest price authorized by the shareholders' meeting.

Pursuant to the authority granted by the annual and special shareholders' meeting of June 8, 2006 and in accordance with the Company's share buyback program described in subsection 5.12 of the 2005 Reference Document, Crédit Agricole Cheuvreux performed the following transactions in the period from January 1 to April 30, 2007:

Percentage of shares outstanding held by the Company directly or indirectly on April 30, 2007	0.23%
Number of shares retired over the previous 24 months	0
Number of shares held in treasury on April 30, 2007	90,910
Book value of treasury shares on April 30, 2007	€ 4,505,748.55
Market value of treasury shares on April 30, 2007	€ 5,627,329.00

PART 6

CORPORATE GOVERNANCE

6.1 COMPOSITION AND OPERATION OF THE GOVERNING BODIES

The Company is a French corporation *(société anonyme)* with a Board of Directors *(Conseil d'administration).*

6.1.1 Board of Directors

6.1.1.1 Legal framework

The Board of Directors is composed of at least three members and up to the maximum number permitted by law.

Board membership may be revoked at any time by the shareholders' meeting.

In terms of corporate governance, the Company complies with applicable legal obligations, including those of the French "New Economic Regulations" Act *(Loi sur les Nouvelles Régulations Economiques)*. It also follows the recommendations set forth in the AFEP/MEDEF report on current corporate governance practices.

6.1.1.2 Composition of the Board of Directors

Our Board of Directors currently has nine members.

Name	Number of shares held	First elected on	Expiration date of current term	Management experience and expertise	Principal Company position	Principal offices and positions held in other companies	Other positions and offices held
Alain Mérieux 68 years born 7/10/1938 Father of Alexandre Mérieux (director); business address: Chemin de l'Orme — 69280 Marcy l'Etoile	90	7/10/1986	Shareholders' meeting called to approve the 2009 financial statements	- Harvard Business School graduate (1968); - Company Chairman of the Board and Chief Executive Officer since 1965; - 30 years as senior business executive; - Chairman of the Board of Mérieux Alliance, the family holding and majority owner of the Company	Chairman and Chief Executive Officer	None	- Chairman of Mérieux Alliance (formerly ACCRA SA) - Trustee and honorary chairman of Fondation Rodolphe Mérieux - Chairman of the Board of Fondation Mérieux - Director of Compagnie Plastic Omnium SA - Member of the Supervisory Board of Eurazeo - Director of Transgene SA* - Member of the supervisory board of Akzo Nobel (the Netherlands) - Chairman of the Board of bioMérieux Hellas (Greece)* - Chairman of the Board of bioMérieux Italia SpA (Italy)* - Chairman of Silliker Group Corp. (United States)*

Name	Number of shares held	First elected on	Expiration date of current term	Management experience and expertise	Principal Company position	Principal offices and positions held in other companies	Other positions and offices held
Alexandre Mérieux 33 years born 1/15/1974 Son of Alain Mérieux (Chairman and CEO) business address: Chemin de l'Orme – 69280 Marcy l'Etoile	20	4/16/2004	Shareholders' meeting called to approve the 2009 financial statements	- HEC Montreal; - Vice president for marketing of Silliker* in 2003 and 2004	Vice president, industrial applications	None	- Director of Mérieux Alliance (formerly ACCRA SA) - Trustee of Fondation Rodolphe Mérieux - Chairman of SGH SAS* - Manager of SCI ACCRA* - Director of Silliker Group Corp. (United States)* - PR of Silliker Group Corp. President of Silliker France SAS - PR of Silliker Group Corp, President of ADRIANT SAS - Director of ECOSILK (Limited States)
Philippe Villet 69 years born 7/7/1937	8,750	7/20/2001	Shareholders' meeting called to approve the 2006 financial statements	Graduate of ESSEC Chief financial officer and General Secretary of bioMérieux S.A.	None	None	- Director of Mérieux Alliance (formerly ACCRA SA)
Michele Palladino 66 years born 6/13/1940 **Outside director ****	1,000	7/6/2004	Shareholders' meeting called to approve the 2009 financial statements	CEO of bioMérieux S.A. until 1993; Chairman of the Board and CEO of Max Meyer	None	Senior Executive of Michele Palladino & C SAS	None

* Company controlled by Mérieux Alliance (formerly ACCRA SA) within the meaning of article L.233-16 of the Commercial Code - See sections 3.3.1 and 3.1.16
** Outside director under the definition contained in the rules of the Company's board of directors (see 6.1.1.4 below)

Name	Number of shares held	First elected on	Expiration date of current term	Management experience and expertise	Principal Company position	Principal offices and positions held in other companies	Other positions and offices held
Michel Angé 67 years born 11/27/1939 **Outside director ****	160	9/30/2004	Shareholders' meeting called to approve the 2009 financial statements	Graduate of Institut Technique de Banque; CEO of Lyonnaise de Banque for 13 years	None	None	- Director of Lyonnaise de Banque SA - Director and vice chairman of the supervisory board of Banque de Vizille SA - Director of Tessi SA - Chairman of Apicil Prévoyance - Chairman of the supervisory board of Apicil Assurance SA - Chairman of Apicil Preci SA - Director of Centre Technique des Institutions de Prévoyance - Vice chairman and director of Fonds de Garantie des Institutions de Prévoyance
Jean-Luc Bélingard 58 years born 10/28/1948 **Outside director ****	50	9/15/2006	Shareholders' meeting called to approve the 2010 financial statements	H.E.C. Paris M.B.A. Cornell University (United States) Member of the Management Board and CEO of bioMérieux Pierre-Fabre from 1999 until 2001 Chairman and Chief Executive Officer of IPSEN since 2001	None	Chairman and Chief Executive Officer of IPSEN	- Director of Applera Corp. (United States) - Director of LabCorp Of America (United States) - Director of ExonHit Therapeutics (France) - Director of NicOx (France) - Director of Inserm (France)

*Name	Number of shares held	First elected on	Expiration date of current term	Management experience and expertise	Principal Company position	Principal offices and positions held in other companies	Other positions and offices held
Georges Hibon 69 years born 11/3/1937	10	7/6/2004	Shareholders' meeting called to approve the 2009 financial statements	H.E.C. Paris - Chairman of MSD Chibret France - Vice chairman of Merck International - Chairman and CEO of Pasteur Mérieux Connaught	None	None	- Director of Cerep SA - Director of Care France (non-governmental organization) - Director of BioAlliance Pharma - Chairman of the Board of Shantha Biotechnics Limited (India)*
Groupe Industriel Marcel Dassault represented by Benoît Habert 42 years born 7/12/1964 **Outside director** **	2,013,470	4/16/2004	Shareholders' meeting called to approve the 2009 financial statements	- Vice president of Groupe Industriel Marcel Dassault; - Chairman and CEO of Dassault Développement	None	- Vice president of Groupe Industriel Marcel Dassault - Chairman and CEO of Dassault Développement	- Director of Chapitre.com - Chairman of the Board and CEO of Dassault Développement** - Director of Groupe Industriel Marcel Dassault** - Director of Transgene SA* - Director of Socpresse SA** - Director of Société du Figaro SA** - Director of KTO - Director of Sport 24** - Director of Dupuis (Belgium) - Director of LSF Network (United States) - Director of TM4 (Canada) - Member of the supervisory board of AdenClassifieds** - Permanent representative of Dassault Développement, director of Unimédecine
****T.S.G.H.*** represented by Philippe Archinard 47 years born 11/21/1959	10	4/16/2004	Shareholders' meeting called to approve the 2009 financial statements	- Harvard Business School graduate; - CEO of Innogenetics (Belgium) from 2000 to 2003 - CEO of Transgene SA.	None	- CEO of Transgene SA. - President of Association Lyon BioPôle	- CEO and director of Transgene SA* Other office held by TSGH*: Director of Transgene SA*

- AGO: annual shareholders' meeting;
- PCA: chairman of the Board of Directors
- PCS: chairman of the supervisory board;
- DG: chief executive officer
- PDG: chairman and chief executive officer

* Company controlled by Mérieux Alliance (formerly ACCRA SA) within the meaning of article L.233-16 of the Commercial Code - See sections 3.3.1 and 3.1.16
** Outside director under the definition contained in the rules of the Company's board of directors (see 6.1.1.4 below)
*** Company controlled by Groupe Industriel Marcel Dassault within the meaning of article L.233-16 of the Commercial Code

- Adm.: Director
- MCS: member of the supervisory board
- RP: permanent representative

History of appointments	2005	2004	2003	2002
Alain Mérieux	- Chairman of the Board of Mérieux Alliance (formerly ACCRA SA) - Trustee and honorary chairman of Fondation Rodolphe Mérieux - Chairman of Fondation Mérieux - Director of Compagnie Plastic Omnium SA - Member of the supervisory board of Eurazeo - Director of Transgene SA* - Member of the supervisory board of Akzo Nobel (the Netherlands) - Chairman of the Board of bioMérieux Hellas (Greece)* - Chairman of the Board of bioMérieux Italia SpA (Italy)* - Chairman of Silliker Group Corp. (United States)*	- Chairman of the Board of ACCRA SA - Trustee and honorary chairman of Fondation Rodolphe Mérieux - Chairman of Fondation Mérieux (formerly Fondation Marcel Mérieux) - Director of Compagnie Plastic Omnium SA - Member of the supervisory board of Eurazeo - Chairman of the Board of SGH SA* - Director of Transgene SA* - Member of the supervisory board of Akzo Nobel (the Netherlands) - Chairman of the Board of bioMérieux Hellas (Greece)* - Chairman of the Board of bioMérieux Italia SpA (Italy)* - Chairman of Silliker Group Corp. (United States)*	- Chairman of the Board of ACCRA SA - Trustee and honorary chairman of Fondation Rodolphe Mérieux - Chairman of Fondation Mérieux (formerly Fondation Marcel Mérieux) - Director of Compagnie Plastic Omnium SA - Member of the supervisory board of Eurazeo - Chairman of the Board and director of Nouvelle bioMérieux Alliance SA* - Chairman of the Board of SGH SA* - Manager of SCI ACCRA* - Director of Transgene SA* - Director of Rue Impériale de Lyon SA - Director of Wendel Investissement SA - Member of the supervisory board of Akzo Nobel (the Netherlands) - Chairman of the Board of bioMérieux Hellas (Greece)* - Chairman of the Board of bioMérieux Italia SpA (Italy)* - Chairman of Silliker Group Corp. (United States)* - Director of Lazard LLC (United States)	- Chairman of the Board of ACCRA SA - Chairman of Fondation Marcel Mérieux - Director of Compagnie Plastic Omnium SA – Member of the supervisory board of Eurazeo - Chairman of the Board of SGH SA* - Manager of SCI ACCRA* - Chairman of the Board and director of Transgene SA* - Director of Rue Impériale de Lyon SA . of Wendel Investissement SA - Chairman of the Board of Nouvelle bioMérieux Alliance SA* - Chairman of BMH* - Member of the supervisory board of Akzo Nobel (the Netherlands) - Chairman of the Board of bioMérieux Hellas (Greece)* - Chairman of the Board of bioMérieux Italia SpA (Italy)* - Chairman of Silliker Group Corp. (United States)* - Director of Lazard LLC (United States)

History of appointments	2005	2004	2003	2002
Alexandre Mérieux	- Director of Mérieux Alliance (formerly ACCRA SA) - Trustee of Fondation Rodolphe Mérieux - Director of SGH SA* - Manager of SCI ACCRA* - Director of Silliker Group Corp. (United States)*	- Director of ACCRA SA* - Trustee of Fondation Rodolphe Mérieux - Director of SGH SA* - Manager of SCI ACCRA* - Director of Silliker Group Corp. (United States)*	- Director of ACCRA SA* - Trustee of Fondation Rodolphe Mérieux - Director of SGH SA* - Director of Silliker Group Corp. (United States)*	- Director of ACCRA SA* - Trustee of Fondation Rodolphe Mérieux - Director of SGH SA* - Director of Silliker Group Corp. (United States)*
Philippe Villet	- Director of Mérieux Alliance (formerly ACCRA SA)	- Director of ACCRA SA* - CEO and director of SGH SA*	- Director of ACCRA SA* - CEO and director of SGH SA*	- Director of ACCRA SA* - CEO and director of SGH SA*

		- Director of Silliker SA*	- Director of Silliker SA* - Director of Nouvelle bioMérieux Alliance SA*	- Director of Silliker SA* - Director of Nouvelle bioMérieux Alliance SA* - Member of the supervisory board of bioMérieux Pierre Fabre SA* - Director of BMH SA*
Michele Palladino	None	None	None	None
Michel Angé	- Director of Lyonnaise de Banque SA - Director and vice chairman of the supervisory board of Banque de Vizille SA - Director of Tessi SA - Vice chairman of Apicil Prévoyance - Vice chairman of the supervisory board of Apicil Assurance SA - Vice chairman of Apicil Preci SA - Director of Centre Technique des Institutions de Prévoyance - Vice chairman and director of Fonds de Garantie des Institutions de Prévoyance	- Director of Lyonnaise de Banque SA - Director and vice chairman of the supervisory board of Banque de Vizille SA - Director of Tessi SA - Vice chairman of the employer group of Apicil Prévoyance - Vice chairman of the supervisory board of Apicil Assurance SA - Vice chairman of Apicil Preci SA - Director of Centre Technique des Institutions de Prévoyance - Vice chairman and director of Fonds de Garantie des Institutions de Prévoyance	- Director of Lyonnaise de Banque SA - Director and vice chairman of the supervisory board of Banque de Vizille SA - Director of Tessi SA - Chairman of the employer group of Apicil Prévoyance - Chairman of the supervisory board of Apicil Assurance SA - Chairman of Apicil Preci SA - Director of Centre Technique des Institutions de Prévoyance - Chairman of GIE Santelog	- Director of Lyonnaise de Banque SA - Director and vice chairman of the supervisory board of Banque de Vizille SA - Director of Tessi SA - Chairman of the employer group of Apicil Prévoyance - Chairman of the supervisory board of Apicil Assurance SA - Chairman of Apicil Preci SA - Director of Centre Technique des Institutions de Prévoyance - Chairman of GIE Santelog

History of appointments	2005	2004	2003	2002
Groupe Industriel Marcel Dassault, represented by Benoît Habert	- Vice president of Groupe Industriel Marcel Dassault - Director of Chapitre.com - Chairman and CEO and director of Dassault Développement - Director of Groupe Industriel Marcel Dassault - Director of Transgene SA* - Permanent representative of Dassault Développement, director of Unimédecine - Permanent representative of Groupe Industriel Marcel Dassault, director of bioMérieux*	- Director of Chapitre.com - Chairman and CEO and director of Dassault Développement - General Manager of Groupe Industriel Marcel Dassault - Director of Transgene SA* - Permanent representative of Dassault Développement, director of Unimédecine - Permanent representative of Groupe Industriel Marcel Dassault, director of bioMérieux*	- Director of Chapitre.com - Chairman and CEO and director of Dassault Développement - Director of Groupe Industriel Marcel Dassault - Director of Transgene SA* - Permanent representative of Dassault Développement, director of Unimédecine - Permanent representative of Groupe Industriel Marcel Dassault, director of Nouvelle bioMérieux Alliance*	- Director of Chapitre.com - Chairman and CEO and director of Dassault Développement - Director of Groupe Industriel Marcel Dassault - Director of Nouvelle bioMérieux Alliance SA* - Director of Transgene SA* - Permanent representative of Dassault Développement, director of Unimédecine - Permanent representative of Groupe Industriel Marcel Dassault, director of Nouvelle bioMérieux Alliance*
T.S.G.H.* represented by Philippe Archinard	- CEO and director of Transgene SA* Other office held by TSGH: Director of Transgene SA*	- CEO of Transgene SA* - Director of Innogenetics – Belgium Other office held by TSGH: Director of Transgene SA*	- Director of Innogenetics - Belgium	- Director of Innogenetics - Belgium
Jean-Luc Bélingard	- Director of Applera Corp. (United States) - Director of LabCorp Of America (United States) - Director of ExonHit Therapeutics (France) - Director of NicOx (France) - Director of Inserm	- Director of Applera Corp. (United States) - Director of LabCorp Of America (United States) - Director of ExonHit Therapeutics (France) - Director of NicOx (France) - Director of Inserm	- Director of Applera Corp. (United States) - Director of LabCorp Of America (United States) - Director of ExonHit Therapeutics (France) - Director of NicOx (France) - Director of Inserm	- Director of Applera Corp. (United States) - Director of LabCorp Of America (United States) - Director of ExonHit Therapeutics (France) - Director of NicOx (France) - Director of Inserm

* Company controlled by Mérieux Alliance (formerly ACCRA SA) within the meaning of article L.233-16 of the Commercial Code - See sections 3.3.1 and 3.1.16

Notices addressed to the members of the Board of Directors should be sent to the Company's principal office at Marcy L'Etoile (Rhône).

As of the filing date of this document, the Board of Directors also had an honorary chairman, Gérard Trouyez, elected to that position on May 18, 1990.

The Company's Board of Directors does not include any member elected by the employees.

To the best of the Company's knowledge:

- no member of the Board of Directors or senior officer of the Company has been convicted of fraud in the past five years;

- no member of the Board of Directors or senior officer of the Company has been involved, over the past five years, in a bankruptcy, court-ordered receivership or liquidation, in his or her capacity as member of company boards or executive officers;

- no sentence has been pronounced over the past five years against members of the Board of Directors or senior officers of the Company barring them from serving on a public company's board or from participating in the management of a public company's affairs and business;

- no member of the Board of Directors or senior officer of the Company has been charged or formally sanctioned by legal or regulatory authorities (including recognized trade bodies).

To the best of the Company's knowledge, there is no potential conflict of interest involving the corporate duties of any member of the Board of Directors or senior officer of the Company. In addition, the Company has established corporate governance procedures (see 6.1.1.4 and 6.1.2 below).

Information on transactions under regulated agreements is provided in sections 5.5 and 6.2.2 of this Reference Document.

The Company's articles of incorporation and bylaws *(statuts),* as amended by the shareholders' meeting of April 16, 2004, provide that up to three advisors *(censeurs)* may be appointed to assist the Board of Directors in its work. These non-voting directors may be selected from among individuals or entities holding shares of the Company or third parties. They participate in meetings of the Board of Directors but may not vote. Their general mission is to advise the directors, who are not required to follow their advice or recommendations. Non-voting directors are bound by the same confidentiality rules as directors and may be discharged at any time by the annual shareholders' meeting. The Board of Directors intends to propose to the shareholders' meeting of June 7, 2007 that it elects a non-voting director.

6.1.1.3 Interests held by the Company officers in the Company and its affiliates

Alain Mérieux and Alexandre Mérieux are the principal shareholders and together own an absolute majority of the shares and voting rights of Mérieux Alliance, the holder of the majority of the Company's shares (see 3.3.4). The Company's officers do not hold any significant direct interest in the Company or its affiliates.

To the best of the Company's knowledge, the Company's governing bodies and management are not directly and personally bound by any service agreement with the Company or any of its subsidiaries, other than as set forth in sections 5.5 and 6.2.2.

6.1.1.4 Internal rules of the Board of Directors

The Company's Board of Directors adopted a set of rules on March 15, 2004, setting forth its operation and complementing the provisions contained in the law, regulations and the Company's articles of incorporation and bylaws.

Those rules provide that, prior to taking their seat, all directors must make sure that they are fully informed of their general and specific obligations and are familiar with securities regulations pertaining to breaches of exchange regulations. They must become acquainted with, *inter alia,* laws and regulations, the articles of incorporation and bylaws, the Board of Directors' rules and any additional instructions that the Board of Directors may give them, and must comply with same. The rules also provide that directors (i) while they are themselves shareholders and must own at least ten shares, represent all of the shareholders and must in all circumstances act with the interest of the Company in mind, (ii) are required to report to the Board of Directors any conflict of interest situation or potential situation and must abstain from voting on any related issue, (iii) must give all of the necessary time and attention to the performance of their duties, (iv) must be diligent and participate in all meetings of the Board of Directors and, if applicable, of committees on which they serve, (v) must consider themselves bound by an obligation of confidentiality that goes beyond the simple requirement contained in laws and regulations to refrain from disclosing non-public information acquired as a result of their position, (vi) are bound by an obligation of loyalty and (vii) must refrain from trading in the Company's shares other than in accordance with the Company's code of conduct (see below).

The rules of the Board of Directors provide that the Chairman or chief executive officer of the Company must provide all directors, in a timely manner, with all documents and information required by them to perform their duties. Accordingly, all directors may request from the Chairman or chief executive officer that they receive, sufficiently in advance and subject to the confidential nature thereof, all information they may need to effectively discuss the agenda of Board of Directors' meetings, or any other information that may help them perform their duties.

The rules of the Board of Directors provide that directors are considered outside directors when they do not have any direct or indirect relationship of any nature whatsoever with the Company, the group or management, which could compromise their independent judgment. The Board of Directors will determine each year, prior to the publication of the annual report, which of its members are outside directors.

On the basis of the foregoing definition, there are four outside directors on the Board out of a total of 9 members. They are:

- Groupe Industriel Marcel-Dassault Benoît, represented by Mr. Benoît Habert,
- Mr. Michele Palladino
- Mr. Michel Angé
- Mr. Jean-Luc Bélingard

The rules require the Board of Directors to include in its orders of business, once a year, a discussion of its operation intended, *inter alia,* to (i) form an opinion on the quality and effectiveness of debates by the Board of Directors, (ii) assess the actual role of the Board of Directors with regard to its assignments and (iii) examine the reasons underlying any malfunctions identified by the Chairman, the directors or the shareholders. The Chairman of the Board must prepare an annual report, which is included with the Board of Directors' report, on the conditions in which the work of the Board of Directors is prepared and organized, as well as on internal control procedures implemented by the Company.

The Board of Directors also adopted a code of conduct in 2004, which was revised in 2005 to reflect recent changes in regulations on financial disclosure and compliance with securities trading rules. All Board members have undertaken to comply with the code.

6.1.1.5 Duties of the Board of Directors

The Board of Directors sets general guidelines for the Company's business and ensures that they are followed. Subject to the authority expressly granted to shareholders' meetings and within the limit of the corporate purposes, it deals with any matter pertaining to the progress of the Company and settles issues concerning it. The Board of Directors carries out all controls and verifications it deems appropriate.

The rules of the Board of Directors also provide that it has the specific obligation to reach decisions on (i) the strategic plans of the Company and its subsidiaries, (ii) the annual budget and its quarterly implementation, and (iii) all key transactions (acquisitions, exchanges, negotiations, creation of security interests, financing by any means, etc.) of more than 30 million euros not provided for in the strategic plan or the budget.

Lastly, the rules also provide that the Board of Directors must be notified of any important event affecting the operation of the Company and more specifically its financial position, cash position and liabilities.

6.1.1.6 Activities of the Board of Directors

The Chairman schedules and oversees the work of the Board of Directors and reports thereon to the shareholders' meeting (see the Board of Directors' report on the preparation and organization of its work and the report on internal control procedures in section 5.7). He ensures that the Company's management bodies operate properly and, in particular, that the directors are in a position to accomplish their duties.

6.1.2 Committees of the Board of Directors

The rules of the Board of Directors provide that the Board may decide to establish one or more standing or *ad hoc* committees to help it accomplish its work and contribute to the preparation of its decisions.

The committees are in charge of examining issues assigned to them by the Board of Directors or the Chairman of the Board, preparing the Board of Directors' work on these issues, and reporting their findings to the Board of Directors in the form of reports, proposals, communications or recommendations.

The committees' role is strictly consultative. The Board of Directors determines at its own discretion how to follow up on the matters reported by the committees. The directors remain free to vote as they may choose and are not bound by the work, investigations or reports of the committees, nor by any recommendations they may issue. The Company's annual report includes a review of the activity of each committee for the year ended.

As of the filing date of this document, the Company's Board of Directors had established two committees: the audit committee and the compensation committee.

6.1.2.1 The audit committee

6.1.2.1.1 Composition of the audit committee

Pursuant to the Board of Directors' rules, adopted by the Board on March 15, 2004:

- the audit committee is made up of three persons appointed by the Board of Directors among its members;

- the majority of the committee's members must be outside directors.

The members of the audit committee, which was established on December 20, 2002, were as of December 31, 2006, Michel Angé, Benoît Habert and Alexandre Mérieux. Mr. Angé and Mr. Habert are

outside directors within the meaning of the Board's rules (see section 6.1.1.4). Two-thirds of the committee's members are outside directors. Michel Angé serves as chairman of the committee.

6.1.2.1.2 Functioning of the audit committee

The committee meets (including by telephone conference calls) as often as it deems necessary and at least twice a year, before the review by the Board of Directors of the annual and interim financial statements. The committee appoints a Chairman from among its members, who may not hold any elected office (other than as director) or management position with the Company or the Group.

The Company's chief financial officer and its general counsel may be invited to attend meetings of the audit committee, at the committee's initiative. The committee may also, after consulting with the Chairman of the board, obtain any resources it needs to carry out its assignment. In particular, it may interview accounting department executives and the financial auditors and, if necessary, the auditing firm. The committee reports on the fulfillment of its assignment to the Board of Directors.

The rules of the Board of Directors provide that the audit committee is responsible for assisting the board in the areas of accounting policy, reporting, internal auditing, financial auditing and financial information, as well as in the area of risk management.

In the areas of accounting policy and internal auditing, the audit committee's tasks include: (i) reviewing the Company and consolidated annual and interim financial statements, including the notes thereto, at least two days before their examination by the Board of Directors, along with, if applicable, the Board of Directors' report, and reporting to the Board any observations it deems relevant; (ii) ascertaining that the accounting methods used for the preparation of the Company and consolidated financial statements are appropriate and that those methods are duly applied; (iii) verifying the accounting treatment of all significant transactions carried out by the Company; (iv) examining the Company's significant off-balance-sheet commitments; (v) ascertaining that the internal procedures for collecting and analyzing data adequately guarantee the quality and reliability of the Company's financial statements; (vi) reviewing the entities included in consolidation and, if necessary, the reasons why certain entities may not be consolidated; (vii) examining any question that the Board of Directors may have regarding the foregoing points; and (viii) reporting its observations on accounting and financial matters to the Board of Directors, including in connection with the preparation of the Company and consolidated annual and interim financial statements.

In the area of risk management, the audit committee's tasks are to (i) review all litigation, including tax disputes, liable to have a material adverse effect on the Company's financial statements or financial position; (ii) examine the Company's exposure to significant financial risks, including financial market exposure (interest rates, exchange rates, stock markets), and to the risk that its debt may be accelerated (pursuant to so-called "event of default" clauses) in the event of adverse developments; and (iii) review the conclusions of the internal audit reports.

In the area of external auditing, the audit committee's tasks are to (i) make recommendations to the Board of Directors concerning the choice of independent auditors (auditing firms and networks) for the purpose of their appointment or reappointment by the shareholders' meeting, and examine and issue an opinion on the definition of their assignment, their fee, the scope and schedule of audits, and (ii) examine and issue an opinion regarding the audit-related services and the work other than the financial audits performed by the independent auditors, taking into consideration the possible impact that such work may have on the independence of the auditors and on their recommendations, and on measures taken based on those recommendations.

In the area of financial information, the audit committee's task is to review the Company's financial information plans concerning the interim and annual financial statements and quarterly revenue turnover.

The audit committee reports to the Board of Directors on its assignment and submits to it the observations it deems relevant.

6.1.2.2 Compensation committee

6.1.2.2.1 Composition of the compensation committee

Under the Board of Directors' rules, adopted by the Board:

- the compensation committee is made up of three persons appointed by the Board of Directors from among its members;
- the majority of the committee's members must be outside directors.

The compensation committee was established by the Board of Directors at its meeting of March 15, 2004.

As of December 31, 2006, the members of the compensation committee were Georges Hibon and Michele Palladino. Mr. Palladino is an outside director within the meaning of the Board's rules (see section 6.1.1.4).

Georges Hibon serves as chairman of the committee.

6.1.2.2.2 Functioning of the compensation committee

The compensation committee meets at least once a year, or as often as necessary whenever convened by the Chairman of the Board of Directors.

With regard to the compensation of the Company's executive officers, the tasks of the compensation committee are to: (i) make recommendations to the Board concerning the fixed and variable compensation, supplementary and specific pension death and disability benefits, benefits in kind and other financial benefits to which the Chairman and chief executive officer and, if applicable, the deputy chief executive officer, may be entitled; (ii) propose to the Board of Directors the aggregate sum to be earmarked for directors' fees, the rules governing the distribution of such fees and the sums paid to individual directors as fees, taking into consideration their attendance at board and committee meetings; and (iii) propose rules to the Board of Directors for setting the variable portion of compensation paid to officers and oversee their implementation. The compensation committee also receives information on the compensation of the Company's principal senior executives other than its executive officers.

In the area of stock options or bonus shares, the compensation committee reports to the Board of Directors its observations regarding the Company's overall stock option or bonus shares policy as proposed by the Chairman and chief executive officer and, if applicable, the deputy chief executive officer, and issues opinions on such matters as categories of employees to whom options are granted, options granted to executive officers being examined on a case-by-case basis by the committee.

6.1.3 Executive officers

The Company's chief executive officer is the Chairman of the Board of Directors (as decided by the Board of Directors on October 20, 2002 and reaffirmed on April 16, 2004).

The Chairman and CEO has extensive authority to act in all circumstances on behalf of the Company. He exercises his authority within the limits of the corporate purposes and subject to the authority expressly granted by law to the shareholders' meetings. He represents the Company in its relations with third parties.

At the suggestion of the CEO, the Board of Directors may appoint one or more individuals to assist the chief executive officer, who hold the position of deputy chief executive officers.

The CEO is assisted in his duties by a Strategy Committee and a Management Committee, described in the section on the chairman's report on internal control procedures (5.7.4.2.1).

6.1.4 Internal control

The Company has internal control procedures for both operational and financial matters; they are described in the special report by the Chairman of the Board.

The special report by the Chairman of the Board, prepared in accordance with the provisions of article L. 225-37 § 6 of the Commercial Code for the fiscal year ended December 31, 2006, and the auditors' report with their observations thereon, have been submitted to the shareholders' meeting of June 7, 2007. They are included in Chapter 5.7 and 5.8 above.

6.2 COMPENSATION OF THE BOARD OF DIRECTORS

6.2.1 Compensation

Fees paid to directors are set on the basis of their attendance at Board of Directors and committee meetings.

Directors' fees paid to members of the Board of Directors are summarized in the table below:

In €	2006	2005
Alain Mérieux	16,000	16,000
Dr Christophe Mérieux	12,000	28,000
Alexandre Mérieux	16,000	16,000
Philippe Villet	24,000	24,000
TSGH/Philippe Archinard	16,000	12,000
GIMD/Benoît Habert	20,000	24,000
Michel Angé	24,000	24,000
Georges Hibon	24,000	28,000
Michele Palladino	24,000	28,000
Jean-Luc Bélingard	4,000	-
TOTAL	**180,000€**	**200,000€**

The above persons did not receive any directors' fees from Group subsidiaries.

With the exception of Alain Mérieux and Alexandre Mérieux, the directors did not receive any compensation from the Company, entities controlled by the Company within the meaning of article L. 233-16 of the Commercial Code, or the company controlling bioMérieux S.A. within the meaning of the same article, other than in the form of directors' fees paid by the Company.

In 2006, Alain Mérieux and Alexandre Mérieux were paid the following compensation by Mérieux Alliance (which controls bioMérieux S.A. within the meaning of article L. 233-16 of the Commercial Code):

- Alain Mérieux: €303,636 (€280,000 in 2005) in gross fixed compensation; as in 2005, he did not receive any variable compensation or benefits in kind in 2006,

- Alexandre Mérieux: €115,000 (€80,000 in 2005) in gross fixed compensation, €30,000 (€9,000 in 2005) in gross variable compensation, €4,020 (€2,345 in 2005) in the form of benefits in kind.

The gross variable compensation of Alexandre Mérieux to be paid the following year is based on two factors:

- the Company's financial results;

- his individual performance, measured in terms of objectives set at the beginning of the year.

As of December 31, 2006, only Alain Mérieux was covered by a special supplementary pension plan. The plan, for senior executives of the Company, was discontinued and no contributions were made in 2006.

The Company has no commitments whatsoever in favor of its officers, regarding compensation, indemnities or benefits payable or likely to be payable in connection with the assumption, termination or change of appointments or subsequent thereto.

Payments made by the Company to Mérieux Alliance are described below.

6.2.2 Information regarding transactions with members of the Board of Directors or with companies whose directors also serve on the Company's Board, other than in the ordinary course of business

6.2.2.1 With Mérieux Alliance

The Company and its principal subsidiaries (bioMérieux S.A. on 06/01/2002, bioMérieux Inc. on 06/01/2002 and bioMérieux B.V. on 06/01/2002) have each entered into service agreements with Mérieux Alliance. Under the terms of these agreements, Mérieux Alliance furnishes advice and assistance in (i) defining and implementing the Company's general policy and strategic development, (ii) industrial and financial matters, (iii) human resource matters and (iv) leveraging the Company's scientific potential and synergies in research of innovations. Aggregate compensation paid to Mérieux Alliance by various bioMérieux entities amounted to close to €4.1 million before taxes in 2006.

The sums paid to Mérieux Alliance included amounts that Mérieux Alliance re-billed under the terms of the above-referenced agreements for services rendered by certain Mérieux Alliance employees who are also officers of the Company. The amounts billed for those employees are determined in relation to the entities on whose behalf services are performed. Some of these Mérieux Alliance employees work only for the Company and its subsidiaries, while others also perform work for other companies that are controlled by the Alain Mérieux family (Transgene and Silliker) (see 3.3.1). In the case of employees who work for several companies, Mérieux Alliance receives payments calculated on the basis of a formula that takes three factors into account: the revenue, the assets and the number of employees of each Company concerned (on this basis, in 2006, approximately 83% of the Mérieux Alliance services were performed for the bioMérieux Group). In other instances, expenses are charged in their entirety to the line of business concerned. In all circumstances, a margin is added to expenses shared, to reasonably cover the overhead expenses incurred by Mérieux Alliance. These service agreements will remain in effect as will the principles governing cost sharing among the companies controlled by Mérieux Alliance.

An agreement was executed on March 16, 2004 between the Company and Mérieux Alliance concerning the use of the "Mérieux" name. The agreement notes that the Company owns all domestic and foreign intellectual property rights attached to the name "bioMérieux" and that, pursuant to applicable intellectual property regulations, the priority of the "bioMérieux" trademark is enforceable against anyone wishing to use the name "Mérieux". The Company acknowledges that Mérieux Alliance has the right to use and protect the Mérieux name, provided that this is done in areas that are separate from the Company's corporate purpose. Mérieux Alliance acknowledges the Company's rights to the name "bioMérieux". The agreement also provides that, in the event that a successor or acquirer to the business of bioMérieux were to make known its intention not to use the name of bioMérieux or failed to use it diligently for a period of two years, the exclusive right to the bioMérieux and Mérieux names would automatically revert to Mérieux Alliance.

6.2.2.2 With Transgene

Various research and development agreements exist between the Company and Transgene (in which Mérieux Alliance holds a 50% equity interest through TSGH) under which the Company was paid an aggregate of 0.2 million euros.

6.2.2.3 With Fondation Rodolphe Mérieux and Fondation Mérieux

The Company intends to contribute each year approximately 0.5% of the revenues of its French companies (those revenues amounted to 530.5 million euros in 2006) to the support of various charitable projects[12]. In this context, the Board of Directors decided during its December 19, 2003 meeting to dedicate 1.8 million euros to charitable contributions, with up to 80% of this amount (or a maximum of 1.44 million euros) allocated to the Fondation Rodolphe Mérieux (formed under the auspices of the Institut de France) and the Fondation Mérieux [13]. The balance of charitable contributions may be allocated to various grants or funding activities administered by the Company directly.

Funds used for charitable contributions and other donations:

Charitable contributions, donations and sponsorship

In thousands of euros	2006	2005	2004
Charitable contributions	1,944	1,628	1,538
of which to Fondation Mérieux	*345*	*353*	*430*
of which to Fondation Rodolphe Mérieux	*900*	*1,053*	*900*
Sponsorship, other donations and fund of works by living artists	351	253	198
	2 296	1,880	1,736

Representatives of the Mérieux family also sit on the Board of the Fondation Mérieux recognized for its public utility since 1976 along with representatives from INSERM, the Rhône Prefect, CNRS and the Ministry of Research. The Fondation Mérieux aims at promoting scientific research and international scientific cooperation in the area of infectious diseases and assisting public health policies. In 2006, it received 345,000 euros in corporate donations, in order to finance part of its activities.

Several members of the Mérieux family are members of the Board of Directors of the Fondation Rodolphe Mérieux. This foundation is chaired by Pierre Messmer, Chancellor of the *Institut de France,* and, along with Chantal Mérieux, Alain Mérieux and Alexandre Mérieux, it has four other representatives from the *Institut de France.* Its purpose is to support applied biological research in developing countries, and more specifically aid in the fight against infectious diseases, and to contribute to scientific and educational projects. The Company has entered into a sponsorship agreement (for two years and renewable) with the Fondation Rodolphe Mérieux [14] under which it has donated €900,000 for the year 2006. The amount donated each year is adjusted by the bioMérieux Board of Directors.

Some of the projects supported by the Foundations have been undertaken with bioMérieux, including in Haiti, Mali and Phnom Penh (Cambodia).

The amounts donated in the form of corporate patronage give rise to a tax credit of 60% of the sum donated, limited to 0.5% of the annual revenue of French companies[15].

For more information regarding transactions with members of the Board of Directors or with companies whose directors also serve on the Company's board, other than in the ordinary course of business, see also the Auditors' Special Report in section 5.5[16].

[12] Act no. 2003-709 of August 1, 2003 on charitable contributions, associations and foundations.
[13] formely fondation Marcel Merieux
[14] June 6, 2004.
[15] The next expense amounted to approximately 615,000 euros in fiscal year 2004, 651.000 euros in 2005, and 778.000 in 2006.
[16] The special report also covers agreements entered into in the ordinary course of business.

6.2.3 Loans extended and guarantees provided to Company officers

None.

6.3 EMPLOYEE PROFIT SHARING

6.3.1 Voluntary and mandatory profit-sharing plans

A new voluntary profit-sharing plan was negotiated for the Company's employees for the period from 2004 to 2006. The profit-sharing rates applicable for 2005 are 3% of consolidated operating income and 1% of the Company's operating income.

A mandatory profit-sharing plan is also in effect at the Company, for which a reserve is set aside calculated on the basis of the legal formula.

6.3.2 Stock options – bonus shares

There is no stock option plan in effect at this time. Neither the Company nor the Group granted stock options to any officer or employee in fiscal 2005. As of the date of this report, no options were outstanding and exercisable for new or existing shares of the Company.

Pursuant to the authority granted to it by the ordinary and special shareholders' meeting of June 9, 2005 and under the bonus share plan established by the Board of Directors, the Board of Directors decided, following consultations with the compensation committee, to distribute 160,500 bonus shares during fiscal 2006, subject to the waiting period set by the Board of Directors and to compliance by recipients with the applicable terms and conditions. The table below shows the number of shares distributed to the ten largest recipients other than Company officers:

Date allocated	Number of shares allocated	Share price
9/15/2006	138,000	on 9/15/2006: €47.45
12/15/2006	20,000	on 12/15/2006: €50.35

Waiting period

The above recipients will gain title to the shares at the end of a two-year period from the date of the grant.

Delivery of the shares

At the end of the waiting period set by the Board of Directors and provided that recipients comply with terms and conditions set by the Board, the Company will transfer to recipients the number of shares decided by the Board of Directors. Recipients will have title to the shares but will be barred from disposing of them during the lock-up period set by the Board of Directors.

Lock-up period

The recipients will undertake to refrain from selling or transferring their shares for a period of two years (the lock-up period) from the expiration of the waiting period, as referred to above.

Rights of recipients

Even though the shares will not be immediately transferable, recipients holding title to shares will be entitled to all other rights attached to such shares during the lock-up period, including:

- preemptive subscription rights;
- right to information;
- right to participate in shareholders' meetings;
- voting rights;
- right to dividends and, if applicable, distributions of reserves.

PART 7

RECENT DEVELOPMENTS AND PROSPECTS

7.1 RECENT COMPANY DEVELOPMENTS

7.1.1 Developments concerning the Board of Directors and the Committees of the Board

The Board of Directors met on March 16, 2007. The principal items on the agenda were the approval of the company and consolidated financial statements for the year ended December 31, 2006, the appointment of Mr. Alexandre Mérieux to the audit committee (replacing Mr. Philippe Villet), the appointment of Mr. Jean-Luc Bélingard to the compensation committee.

During this meeting, it was decided to submit certain draft resolutions to the annual and special shareholders' meeting, including pertaining to the usual grants of authority to the Board of Directors.

The audit committee met on March 13, 2007. The principal items discussed were the financial statements for fiscal 2006; the financial aspects of the management report; a report on the work done on the chairman's report on internal control procedures; a report on the work done in preparation of the Company's annual report and reference document; and the draft of a press release on the financial results for the year.

The compensation committee met on March 15, 2007. The principal items discussed were its membership, the distribution of bonus shares, the compensation of officers and proposals to revise the compensation and bonuses of Management Committee members.

7.1.2 Financial information concerning the first quarter of 2007

7.1.2.1 Sales

Net sales amounted to €255.3 million in the first quarter of 2007, an increase of 6.8% at constant exchange rates and scope of consolidation (like-for-like).

In € millions	**Q1 2007**	Q1 2006	% Change	**% Change** (on a constant and comparable basis)
Europe(1)	**151.2**	145.8	+3.7%	**+6.2%**
North America	**63.9**	66.5	-3.9%	**+11.4%**
Asia-Pacific	**25.6**	27.0	-5.3%	**+3.8%**
Latin America	**14.6**	16.3	-10.8%	**-0.4%**
TOTAL	**255.3**	255.6	-0.1%	**+6.8%**

(1) Including the Middle East and Africa

Sales were stable on a reported basis, i.e. including the currency effect, the divestment of the hemostasis business, the phase-out of North American microplate production and the consolidation of Bacterial Barcodes, Inc., acquired on September 15, 2006.

Geographically, like-for-like sales may be analyzed as follows.

– Sales in the Europe - Middle East - Africa region rose by 6.2% during the quarter. Outside France, growth in the region eased back slightly to 9.4%, with sustained strong expansion in Germany, the United Kingdom and Spain. The Middle East-Africa region also enjoyed fast growth.

– In the region as a whole, growth in clinical applications was driven by the bacteriology and molecular biology lines, while the immunoassay lines saw slower sales of VIDAS® routine tests in Southern Europe. Sales of industrial applications rose by 12.5%.

– In North America, sales were up 11.4% for the quarter, with the success of the VITEK®2 and BacT/ALERT® bacteriological lines making a significant contribution to the strong growth in clinical application sales. Industrial application sales surged more than 20%, as the first TEMPO® systems were invoiced in the United States.

– Growth was a more subdued 3.8% in the Asia-Pacific region, primarily due to the contraction in Japanese demand caused by the reduction in reimbursements since April 1, 2006. On the upside, growth remained strong in South Korea and India, particularly in immunoassays.

– Latin American sales were stable for the period, with gains in Mexico and Argentina offsetting a decline in Brazil, particularly in molecular biology. Industrial applications reported strong growth across the region.

On a like-for-like basis, clinical applications rose 5.7% during the quarter, while industrial applications were up 13.3%.

In € millions	**Q1 2007**	Q1 2006	% Change	**% Change** (on a constant and comparable basis)
Clinical applications	**218.8**	222.2	-1.5%	**+5.7%**
Industrial applications	**36.5**	33.4	+9.1%	**+13.3%**
TOTAL	**255.3**	255.6	-0.1%	**+6.8%**

– In the clinical segment, bacteriology sales gained nearly 10%. Immunoassay sales were flat, however, as the start-up of VIDIA® did not fully offset an erosion in sales of VIDAS® routine tests in Southern Europe. Molecular biology sales were up for the period, after the sharp rise in instrument sales in 2006.

– The solid growth in industrial applications was led by all of the bacteriology lines (culture media, VITEK®2 Compact and BacT/ALERT®), as well as by sales of the TEMPO® system.

7.1.2.2 Other financial items

– Substantial free cash flow[2] was generated over the period, with the Company reporting a positive net cash position at March 31, after the Biomedics acquisition.

– The 4% stake in OPi, a biopharmaceutical start-up specialized in the treatment of orphan diseases, was sold during the quarter, resulting in a capital gain of around €2.5 million, which will be recognized in the first-half accounts.

7.1.3 Highlights since 1 January 2007

7.1.3.1 Acquisitions

bioMérieux acquired Biomedics, a Madrid-based company that holds strong positions in Spain in bacteriology, particularly in culture media. The company, which has 30 employees and produces 11 million Petri dishes a year, reported 2006 sales of €4.1 million. Its acquisition has enhanced bioMérieux's culture

[2] Free cash-flow is defined as net cash flow from operations less net cash flow from investment activities.

media production capacity and significantly strengthened its presence in the Spanish and Portuguese markets.

7.1.3.2 New products

The company introduced 8 new reagents during the quarter, in a commitment to, *inter alia*:

- Strengthening its line of products to fight against hospital-acquired infections, with the launch of chromID™ VRE and chromID™ ESBL, two innovative chromogenic culture media that ensure the direct, reliable and rapid isolation of multi-resistant bacteria, such as Vancomycin Resistant *Enterococci* (VRE) and Extended-Spectrum Beta-Lactamase (ESBL)-producing enterobacteria. These media are a valuable contribution to the range of multi-resistant bacteria detection tests initiated in May 2005 with the launch of chromID™ MRSA for the screening of Methicillin-Resistant *Staphylococcus aureus*. In addition, the DiversiLab™ platform has been launched in Europe and Asia. Resulting from the acquisition of Bacterial Barcodes, Inc., DiversiLab™ performs molecular microbial genotyping in hospital and industrial environment.

- Extending its sepsis testing range with the VIDAS® B·R·A·H·M·S PCT. The new, CE approved test was developed following the licensing agreement signed with B·R·A·H·M·S, enabling bioMérieux to develop, produce and market a test for measuring procalcitonin (PCT) levels, which have been recognized as a marker of choice to assist clinicians in the early detection and therapeutic follow-up of bacterial infections.

- Confirming its commitment to the fight against AIDS with the launch of VIKIA® HIV 1 / 2, a CE-marked 3rd generation rapid test (results within a maximum of 30 minutes) for the detection of HIV infection in human serum, plasma or whole and capillary blood.

- Strengthening its offer in molecular biology with the launch of its NucliSENS EasyQ® HPV test, which enables the detection of human papillomavirus (HPV) in cervical cancer surveillance. This test is based on direct detection of oncogenic risk factors, by detecting the mRNA of the E6 and E7 proteins. This is the first real-time amplification/detection test, with this degree of automation, to be CE-marked.

7.1.3.3 Major contracts

- Japan's largest laboratory chain, BioMedical Laboratories Inc. (BML), has placed an order for 28 VITEK® 2 XL, whose technology enables fully automated microbial identification and antibiotic susceptibility testing (ID/AST). The order will be booked upon the installation of the instruments, in around mid-year.

- National Procurement, a division of NHS National Services Scotland and the Scottish Microbiology Forum have awarded bioMérieux a major contract to supply each of Scotland's 27 NHS clinical microbiology laboratories with a VITEK® 2 system for standardizing antibiotic susceptibility testing (AST) and bacterial identification.

7.1.3.4 Partnership agreements

- A worldwide exclusive license agreement has been signed with NorChip for rights developed by NorChip to an innovative, m-RNA based Human Papillomavirus (HPV) diagnostic, for early detection of cervical cancer. The test will use the NucliSENS EasyQ® platform and be available during the second quarter of 2007.

- bioMérieux has formed a new strategic relationship with Cepheid, wherein the two companies will use the best of their respective technologies to develop and market an innovative line of sepsis test products on the GeneXpert platform. Cepheid will be in charge of manufacturing and bioMérieux will distribute the sepsis assays on an exclusive worldwide basis. bioMérieux has also granted a non-exclusive worldwide license to Cepheid under the "Hiramatsu" patents, which will enable Cepheid to develop and market an MRSA assay for all applications other than sepsis.

- bioMérieux and ExonHit Therapeutics have initiated their third program for the screening of cancer from blood. One of the goals is to assist physicians in deciding whether to proceed with surgery for prostate cancer, the most frequently diagnosed cancer in men today. Such diagnostic tests constitute a real innovation in the field of cancer, since they should allow the detection of cancers from a blood sample.

- bioMérieux and LabTech Systems, an Australian health care equipment and services company, have signed an exclusive worldwide license agreement for LabTech Systems' automated pre-poured media (PPM) streaker known as MicroStreak® for microbiology laboratories. The initial launch of the system is planned for the first half of 2008 followed by a full commercial launch in the second semester of 2008. To underline the willingness of both companies to strengthen their relationship, bioMérieux has secured a strategic private placement in LabTech Systems' capital amounting to AUD$ 2,15 million.

- bioMérieux and NuGEN Technologies announced an agreement to cross-license intellectual property, as well as a supply agreement, by which NuGEN gives bioMérieux non-exclusive rights to specific NuGEN amplification technologies. In return, NuGEN will gain access to patented bioMérieux linear amplification technologies using chimeric primers. The dual accord will enable bioMérieux to integrate NuGEN technologies for the development of a sensitive and automatable microarray-based assay for cancer.

- In order to provide faster identification of bloodstream pathogens, bioMérieux has agreed with AdvanDx, Inc. to sign an exclusive distribution agreement for the United States for AdvanDx's PNA FISH™ rapid diagnostic tests. Based on the peptide nucleic acid fluorescence *in situ* hybridization (PNA FISH) technology, tests which are part of this agreement enable rapid identification of *Staphylococcus aureus, Candida albicans*, and *Enterococcus faecalis* and other species from positive blood cultures.

7.1.3.5 Litigation

In April 2007, two favorable rulings were handed down in the action for infringement brought by International Microbio and D.B.V. against bioMérieux subsidiaries in Germany (where D.B.V.'s German patent was revoked) and in Spain (where the Madrid court ruled that there had been no infringement and invalidated D.B.V.'s Spanish patent).

At the filing date of the reference document, there is no need to adjust the provision level.

7.2 FINANCIAL OUTLOOK

The Company has set new strategy guidelines for the 2007-2012 period.

In this connection, it has set the following financial targets:

In terms of sales

For the **2007-2012 period**: bioMérieux expects to achieve compound average growth of between 7% and 9% a year at constant exchange rates, led by the following factors:
Current R&D pipeline: 5% - 6%
Sales network optimization: ~1%
Business development: 1% - 2%

Sustained business demand and the refocusing on the strategic product lines are expected to drive sales growth of 6 to 7% in **2007**, at comparable exchange rates and scope of consolidation.

In terms of margins

For the **2007-2012 period**:

- Gross margin should remain unchanged, as improved production costs offset price erosion and lower gross margins on distribution agreements.

– Operating margin before non-recurring items should gradually increase by 100 to 150 basis points (at constant exchange rates) from the 14.4% reported at June 30, 2006. This forecast is based on R&D expenses equal to or less than 13% of sales, an anticipated decline in received royalties (by some 6 million euros from 2008 to 2009) and economies of scale from higher sales.

In **2007**, growth in operating margin before non-recurring items will be impacted by the fixed costs remaining from the strategic refocusing undertaken in 2006 and by the ongoing deployment of the new platforms. On the upside, however, it will benefit from the growth in sales and the sustained commitment to optimizing costs.

The above forecasts and objectives are based, entirely or partially, on assessments or judgments that may change or be modified due to uncertainties concerning the economic, financial, regulatory or competitive environment. Besides, should certain risks mentioned in Section 4 of this reference document materialize, this would impact the activity of the Company and its capacity to meet its objectives. The achievement of the objectives also relies on the success of the commercial strategy described in section 4.3 and the absence of unforeseen break off in the in vitro diagnostic market.

Accordingly, the company cannot give any assurance or make any representation as to whether the objectives will be met. The company does not undertake to update or otherwise revise any forecasts or objectives presented herein, except in compliance with the disclosure obligations applicable to companies whose shares are listed on a stock exchange.

CROSS REFERENCE

Items from appendix 1 to European regulation 809/2004	**Sections of the 2005 Reference Documents filed with the AMF on April 18, 2006 – cross reference to the 2004 Reference Document and the Basic Document**
1. Persons responsible	
1.1. Persons responsible	1.1
1.2. Declarations by the persons responsible	1.2
2. Statutory auditors	
2.1. Identity of the statutory auditors	1.3.1; 1.3.2; 1.3.3; 1.3.4
2.2. Information on the statutory auditors	1.3.3
3. Selected financial data	
3.1. Historical data	5.1
3.2. Interim data	N/A
4. Risk factors	4.11
5. Information concerning the Issuer	
5.1. Company history and development	
5.1.1. Name	3.1.1
5.1.2. Registration	3.1.5
5.1.3. Incorporation	3.1.3
5.1.4. Principal office and legal form	3.1.1; 3.1.2
5.1.5. Highlights	4.3.1
5.2. Capital expenditures	
5.2.1. History of principal investments	4.5.3.1; 5.6.2.4
5.2.2. Principal capital projects in progress	4.5.3.2
5.2.3. Principal future capital projects	4.5.3.3
6. Summary of business	
6.1. Principal business	
6.1.1. Principal business	4.3
6.1.2. New products/services	5.6.2.2; 7.1
6.2. Principal markets	4.2; 4.3; 5.2.2; 5.2.3
6.3. Extraordinary events	5.3.2
6.4. Dependence	4.7; 4.11
6.5. Competitive position	4.2.4; 4.3.9
Organization chart	
7.1. Group to which the Issuer belongs	3.3.1
7.2. Subsidiaries of the Issuer	3.1.16; 5.6.5 ;5.6.6
8. Property, plant and equipment	
8.1. Major fixed assets	4.5.2; 5.3.1.7; 5.3.5
8.2. Environmental issues	4.13
9. Review of financial position and income	
9.1. Financial position	5.2; 5.3; 5.6.9
9.2. Operating income	
9.2.1. Significant factors affecting operating income	5.2.1; 5.2.24
9.2.2. Revenue	5.2.1; 5.2.2; 5.6.9
9.2.3. Factor affecting the issuer's operations	4.11; 5.2.1; 5.6.9
10. Cash and equity	
10.1. Issuer's capital	5.3
10.2. Cash flow	5.2.2 page 101; 5.2.3 pages 105 and 106; 5.2.4 ; 5.3 page 112
10.3. Financial structure	4.11 page 89; 5.3.16; 5.6.9.9
10.4. Restriction on the use of capital	4.11; 5.2.4; 5.3.16
10.5. Expected sources of financing	5.2.4; 5.3.11
11. Research and development, patents and licenses	4.4.2 ; 4.4.3; 4.4.4, 4.7
12. Information on trends	
12.1. Principal trends affecting production, etc	7.1.2; 7.2
12.2. Trends or uncertainties with an impact on prospects	7.2
13. Income forecast or estimate	N/A

14 Governing bodies and management	
14.1. Presentation of the governing bodies	6.1.1.2
14.2. Conflicts of interest	6.1.1.2
15. Compensation and benefits	
15.1. Compensation and non-cash benefits	6.2.1
15.2. Provisions and deferred costs	N/A
16. Operation of governing and management bodies	
16.1. Terms of office of persons	6.1.1.2
16.2. Service agreement between those persons	6.1.1.3
16.3. Audit and Compensation Committees	5.7.1.7; 5.7.1.8; 6.1.2
16.4. Compliance with corporate governance guidelines	6.1.1.1
17. Employees	
17.1. Number of employees	4.10
17.2. Profit-sharing and stock option plans of governing bodies	6.1.1.2; 6.3.2
17.3. Employee profit sharing	6.3.1
18. Principal shareholders	
18.1. Shareholder not member of a governing body	3.3.2; 3.3.4
18.2. Voting rights	3.1.10.3; 3.3.2; 3.3.4
18.3. Control of the Issuer	3.3.2; 3.3.4
18.4. Control of the Issuer	N/A
19. Transactions with related parties	5.3.29; 5.5; 6.2.2
20. Financial information	
20.1. Historic financial information	5.3
20.2. Pro-forma financial information	N/A
20.3. Financial statements	5.3; 5.4
20.4. Audit of financial information	
20.4.1. Audit statement	5.4; 5.5
20.4.2. Other audited information	1.2
20.4.3. Financial information from sources other than the financial statements	4.3.7; 7.2
20.5. Dates of most recent financial information	5.3; 5.4
20.6. Interim financial information	
20.6.1. Quarterly financial information	7.1.2
20.6.2. Other interim financial information	N/A
20.7. Dividend policy	3.4.2
20.7.1. Past dividends per share	3.4.1; 5.6.23
20.8. Legal and arbitral proceedings	4.9; 5.3 .14.2.1
20.9. Material changes in financial position or business	None
21. Additional information	
21.1. Capital stock	
21.1.1. Shares issued and outstanding	3.2.2; 3.2.4
21.1.2. Non-equity shares	N/A
21.1.3. Treasury shares	3.2.3
21.1.4. Securities held for sale	N/A
21.1.5. Option	3.1.12; 3.2.1; 6.3.2
21.1.6. Option on the shares of any Group member	5.3.28
21.1.7. History of capital	3.2.5
21.2. Articles of incorporation and bylaws	
21.2.1. Purpose	3.1.4
21.2.2. Provisions pertaining to the governing bodies	3.1.8; 6.1.1.4
21.2.3. Rights and obligations attached to shares	3.1.10.3
21.2.4. Modification of shareholders' rights	3.1.10
21.2.5. Shareholders' Meeting	3.1.9
21.2.6. Protection against takeovers	3.1.10.3
21.2.7. Ownership thresholds	3.1.13
21.2.8. Changes in capital	3.2.1
22. Major contracts	4.4.5; 4.7; 4.8.1; 4.8.2
23. Information from third parties	
23.1. Expert statement or report	None
23.2. Information from a third party	None
24. Public access to documents	1.4; 3.1.6
25. Information on subsidiaries and investments	5.3.32; 5.6.5; 5.6.6

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