REGISTRATION DOCUMENT AND ANNUAL FINANCIAL REPORT

2010

BIOMÉRIEUX

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

The French version of this Registration Document (*document de référence*) was filed with the French financial markets authority (*Autorité des marchés financiers* – AMF) on April 26, 2011 in accordance with article 212-13 of the AMF's General Regulations. This document may be used in support of a financial transaction if it is accompanied by an offering circular (*note d'opération*) approved by the AMF. In accordance with the abovementioned article 212-13, this Registration Document includes the Annual Financial Report required by article L.451-1-2 of the French Monetary and Financial Code (*Code monétaire et financier*). This document was drawn up by the issuer and its signatories assume responsibility for its content.

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

Contents

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

1 PERSONS RESPONSIBLE

1.1 PERSONS RESPONSIBLE FOR THE REGISTRATION DOCUMENT

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

PERSON RESPONSIBLE FOR FINANCIAL INFORMATION

Stéphane Bancel, CEO and
Henri Thomasson, Company Secretary
bioMérieux
Marcy l'Étoile (Rhône, France)
Telephone: +33 4 78 87 20 00

1.2 STATEMENT BY THE PERSONS RESPONSIBLE

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

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

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

The Statutory Auditors' report on the consolidated financial statements contains an observation and is presented in section 20.4.1 of this Registration Document.

Historical financial information contained in this Registration Document has been verified by the Statutory Auditors, whose reports are referenced herein as indicated in section 20.4."

Marcy l'Étoile, April 26, 2011

Chairman and Chief Executive Officer
Jean-Luc Bélingard

Chief Operating Officer
Alexandre Mérieux

2 STATUTORY AUDITORS

2.1 IDENTITY OF THE STATUTORY AUDITORS

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

2.2 INFORMATION ON THE STATUTORY AUDITORS

N/A

2.3 AUDITORS' FEES

In thousands of euros	2010							2009						
	Deloitte & Associés		CCA		Other		**Total**	Deloitte & Associés		CCA		Other		**Total**
Audit	**803**	***99%***	**130**	***100%***	**445**	***96%***	**1,378**	**682**	***97%***	**126**	***100%***	**364**	***97%***	**1,172**
- bioMérieux SA	160	*20%*	130	*100%*		*0%*	290	161	*23%*	126	*100%*		*0%*	287
- fully consolidated subsidiaries	643	*79%*			445	*96%*	1,088	521	*74%*			364	*97%*	886
Related assignments					17	*4%*	**17**	8	*0%*			13	*3%*	**20**
AUDIT	**803**	***99%***	**130**	***100%***	**462**	***100%***	**1,395**	**690**	***98%***	**126**	***100%***	**377**	***100%***	**1,192**
Legal, tax, labor-related services	6	*0%*					6	13	*0%*					13
Other							0							0
OTHER SERVICES	**6**	***0%***	**0**	***0%***	**0**	***0%***	**6**	**13**	***0%***	**0**	***0%***	**0**	***0%***	**13**
TOTAL	**809**	***100%***	**130**	***100%***	**462**	***100%***	**1,401**	**703**	***100%***	**126**	***100%***	**377**	***100%***	**1,206**

3 SELECTED FINANCIAL INFORMATION

3.1 SELECTED HISTORICAL FINANCIAL INFORMATION

Consolidated income statement

As of 2010, research tax credits have been reclassified (see section 9.2.2 "New income statement presentation"). In order to facilitate the comparison with published figures from previous years, operating profit before non-recurring items and operating profit shown in the table below are presented using the old classification system.

Consolidated income statement *In millions of euros*	**2010**	**2009**	% change As reported
Net sales	**1,357**	**1,223**	+10.9%
Gross profit	**722**	**660**	+9.5%
Operating profit before non-recurring items	**241**	**213**	+13.0%
Operating profit	**231**	**204**	+13.6%
Profit for the year	**160**	**148**	+8.0%

New income statement presentation

As of 2010 research tax credits (amounting to almost €13 million in 2010 as in 2009) have been reclassified in line with the recommendations issued by the AMF. Research tax credits are now included in “Operating profit before non-recurring items” rather than being deducted from income tax expense. They are recognized under “Other operating income”.

Operating profit before non-recurring items *In millions of euros*	2010	2009	% change As reported
Former presentation *As a % of sales*	241 *17.8%*	213 *17.4%*	+13.0%
Research tax credits	13	13	
New presentation ***As a % of sales***	**254** ***18.7%***	**226** ***18.5%***	**+12.2%**

Consolidated balance sheet

In order to facilitate comparison, the 2009 data presented below are pro forma following the reclassification of research tax credits (see section 20.1.1, Note 1 "Summary of significant accounting policies").

Assets *In millions of euros*	**Net Dec. 31, 2010**	**Net Dec. 31, 2009**
Non-current assets	**731**	**636**
Current assets	**706**	**611**
Total assets	**1,449**	**1,261**
Equity and liabilities	**Dec. 31, 2010**	**Dec. 31, 2009**
Equity	**976**	**806**
Non-current liabilities	**64**	**65**
Current liabilities	**409**	**389**
Total equity and liabilities	**1,449**	**1,261**

Consolidated statement of cash flows

The presentation of the consolidated statement of cash flows has changed compared with the previous presentation method used in order to take into account the reclassification of research tax credits (see section 20.1.1, Note 1 "Summary of significant accounting policies").

Consolidated statement of cash flows *In millions of euros*	**2010**	**2009**
Cash flow from operating activities before cost of net debt and income tax	**329**	**274**
Net cash generated from operating activities	**199**	**189**
Net cash used in investing activities	**(141)**	**(104)**
Net cash used in financing activities	**(46)**	**(96)**
Net change in cash and cash equivalents	**12**	**(11)**
Net cash and cash equivalents at beginning of year	**14**	**32**
Impact of currency changes on net cash and cash equivalents	8	(7)
Net change in cash and cash equivalents	**12**	**(11)**
Net cash and cash equivalents at year-end(*)	**34**	**14**

(*) excluding confirmed debt (capital leases and profit-sharing reserve)

3.2 INTERIM FINANCIAL INFORMATION

N/A

4 RISK FACTORS

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

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

4.1 PRESENTATION

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

4.1.1 RISKS RELATED TO BIOMÉRIEUX'S BUSINESS AND OPERATIONS

4.1.1.1 Risks related to the failure of R&D projects

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

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

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

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

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

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

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

Risk management: The Company places particular emphasis on selecting and developing its R&D projects. It set up a Strategy Committee and Project Approval Committee as described in the internal control report in Appendix 1. The Company is organized in technology units in order to reinforce the integration between R&D and marketing. In November 2009, it created the position of Chief Technology Officer who lends support to and validates the Group's portfolio of technologies.

4.1.1.2 Risks related to the emergence of competitive technologies

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

In vitro diagnostics is a highly innovative sector in which the emergence of new technologies is a source of risks (and opportunities). Certain technologies currently used by the Company may be threatened by other more effective technologies. Scientific breakthroughs may occur in both mature markets (such as the development of mass spectrometry in microbiology) and developing markets (such as sequencing techniques for molecular biology). New innovative products could also appear, such as intrinsic fluorescence or Raman spectrometry for direct identification of bacteria.

Some of these technological innovations no longer need reagents. Mass spectrometry, for example, could be more widely used to identify bacteria, which would lead to a fall in recurrent sales streams, since sales of consumables and associated services would only be able to partially replace sales of reagents.

Risk management: The Company is developing a mass spectrometry solution integrated within its VITEK® platform (see section 6.1.3) and is further diversifying its activities to offer an expanded range of services.

4.1.1.3 Risks related to competition

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

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

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

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

Part of the Company's operations is conducted on markets where tenders are granted, some of which are significant and which might not be renewed. This affects its level of business and development.

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

Risk management: The Company closely monitors market developments, customer needs and its competitors. It set up a Strategy Committee as described in the internal control report in Appendix 1. It also has a global sales and marketing structure and a Competitive Intelligence Department.

4.1.1.4 Risks related to international business

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

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

- unforeseen changes or a lack of harmonization in regulations, in particular commercial or tax regulations (notably with respect to transfer pricing);
- restrictions on the cross-border repatriation of profits or assets held abroad;
- exchange rate risks (see Note 27.1 to the consolidated financial statements included in section 20.1.1);
- differences in the protection of various intellectual property rights in these countries;
- changing economic and political conditions in a given region or country, particularly the Middle East and Africa;
- the economic development of emerging countries, which could see a slowdown in demand – especially in the event of a political or economic crisis – and rising inflation that could not be passed on to customers;
- increased difficulties in recruiting personnel outside France and managing commercial or manufacturing entities abroad, and in selecting distributors;
- non-compliance with regulations in the countries in which the Group operates, since regulations are generally country-specific, constantly evolving and complex, (notably in the U.S.);

- certain business practices that run contrary to the Company's principles as outlined in a "Code of Conduct" disclosed to Company employees;

- product distribution throughout the world and availability of transportation;

- natural disasters.

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

Risk management: The Company has a wide geographical base and a sales and marketing organization that enables it to share best practices in all countries in which it operates. Its Regulatory Affairs Department also allows it to verify compliance with current obligations and applicable regulations (see section 6.1.4).

4.1.1.5 Risks related to prices and reimbursements

Uncertainty over reimbursements of the cost of diagnostic tests and potential health insurance reforms could affect the Company's customers, and indirectly, the Company itself.

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

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

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

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

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

4.1.1.6 Risks related to changes in the economic environment

Economic environment

The Company's business may be affected by a deterioration in the economic environment. For example, persistently high levels of unemployment in the U.S. could continue to reduce the number of medical visits, and consequently the number of tests prescribed. Likewise, the implementation of austerity measures in the healthcare sector in Western Europe could prompt laboratories to reduce their use of diagnostic tests on a long-term basis.

Certain public or private customers may also fail to meet their debt obligations as they fall due. The Company holds significant outstanding trade receivables with public bodies in countries currently experiencing financial difficulties (Greece, Portugal, etc.).

Customer concentration

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

Increasing pressure on prices

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

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

In vitro diagnostics market growing less than anticipated

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

Risk management: the Company is highly diversified by products, technologies, customer profiles and geographies . Its innovation efforts should enable it to regularly launch new products on the market in order to meet changing market needs. The launch of a new range of services could also prove to be an effective driver of growth in the medium term. The Company also endeavors to collect all overdue amounts from customers, using legal action where necessary.

4.1.1.7 Risks related to the business development strategy

The Company may be unable to pursue its strategy to acquire technologies developed by third parties, or unable to renew the rights required for some of its operations at the fall date.

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

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

The success of these operations also depends on several factors such as the ability to bring the projects to fruition at a reasonable cost and under satisfactory financial conditions, or on administrative authorizations, which are not always under the Company's control.

If the Company is unable to obtain and/or renew such technologies under acceptable conditions, this could delay its growth and/or have a significant impact on its sales performance or financial position.

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

4.1.1.8 Risks related to dependence on partners

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

The Company works with partners to:

– develop certain products (for example, the molecular diagnostics system developed in partnership with Biocartis and the POCT analysis system developed with Philips);

- manufacture certain products (particularly microplate immunoassays in China with Shanghai Kehua Bio-engineering Ltd as part of a 60%-owned joint venture);

- market its products in certain countries (notably in Japan through a 67%-owned joint venture with Sysmex, or in China where the Company markets its products through several distributors).

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

Risk management: The Company endeavors to work closely with its partners and its teams are integrated within those of its partners.

4.1.1.9 Risks related to dependence on certain senior executives

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

Risk management: The Company places strong emphasis on recruitment and on career development. It has set up a number of internal mobility and training programs (see Chapter 17).The Company endeavors to offer fairly competitive compensation packages and operates a share grant policy for members of the Management Committee and key managers. Each year, the Human Resources, Appointment and Compensation Committee and the Management Committee review succession plans for key positions.

4.1.1.10 Risks related to dependence on certain suppliers

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

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

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

4.1.1.11 Risks related to the location of industrial facilities

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

4.1.1.11.1 Single-site process

The Company operates 19 manufacturing sites, each primarily dedicated to a single product line and technology, based on the principle of "one site for each product line". As a result, some of its key product lines, such as VITEK®, VIDAS® and BacT/ALERT®, are each manufactured at a single dedicated site. Any economic, political, labor, regulatory or environmental incident or accident causing a temporary or permanent interruption in production at one of these manufacturing =sites could have a material negative/adverse impact on the production of these product lines and on the Company's sales.

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

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

4.1.1.11.2 Production optimization

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

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

4.1.1.12 Risks related to production capacity

The Company's production capacity may be insufficient to meet the development of its business.

Owing to the Company's sales growth, production capacity problems could occur that may affect its operations, development and reputation. In addition, if the Company's production capacity had to be expanded, substantial investments could be necessary, requiring significant amounts of funding.

Risk management: The Company undertakes investments to expand its production capacity on a regular basis and since 2009 has set up a special program for this purpose.

4.1.1.13 Risks related to the regulatory environment

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

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

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

The FDA's implementation of improvements to the 510(k) process in the U.S. could also lead to additional delays in registering certain products in that country.

Changes in product performance may lead regulatory authorities to prevent the product from being marketed.

Products are inspected by regulatory authorities during the entire marketing process. The inspections – required by the regulatory authorities or initiated by the Company – may result in (i) a product modification, (ii) a product withdrawal, (iii) the suspension of current product applications for products developed, (iv) a remedial action plan in the event of non-compliance, (v) in exceptional cases, the closure of a manufacturing site, if significant risks are caused by not compliant results obtained when using the Company's products, and/or (vi) the Company being ordered to pay potentially significant fines.

Risk management: The Company strives to reduce this risk by monitoring regulatory compliance through the Quality Management Systems Department in all countries in which the Group operates (see the internal control report in Appendix 1 and section 6.1.4). In addition, a number of standards or benchmarks (including ISO) are in force within the Group. These are described in section 6.1.4.1.

4.1.1.14 Risks related to information system failure

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

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

The Company has undertaken a worldwide project with a view to replacing its current resource management IT systems ("Global ERP"). The roll-out of the new system falls under the responsibility of a dedicated and multi-skilled internal team of around 60 persons, based in France and in the U.S. The project has given rise to numerous assistance agreements with specialist service providers (programmers, integrators, trainers, etc.). This type of project involves significant risks for the Company's business if the safeguards put in place in rolling out the system prove inappropriate or insufficient.

Risk management: An IT contingency plan has been put in place to prepare for a major incident affecting the "Global ERP" systems servers. This plan was tested in an exercise in which users worked on the back-up environment in real conditions.

4.1.2 LEGAL RISKS

4.1.2.1 Risks related to product liability

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

The Company could be held liable if a diagnostic error resulting from the defective performance of one of its products leads to unsuitable treatment of a patient or the marketing of contaminated products. Even if the design, manufacture and delivery of diagnostic products are made in compliance with quality standards (described in the internal control report in Appendix 1) and it is common practice to perform a series of additional tests to reduce the risk of error for the most serious diseases, this risk cannot be totally eliminated.

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

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

4.1.2.2 Risks related to industrial property

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

The Company currently owns more than 400 patent families and over 200 brand families. It has also obtained licenses for a number of patents or trademarks for the products it uses or develops.

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

- develop patentable inventions;
- be granted the patents for which it has applied or will apply;
- ensure that the validity of its patents or trademarks, or for which the Company has been granted a license either now or in the future by third parties, will not be challenged;
- be sufficiently protected by its patents to exclude competitors
- ensure that the patents or other intellectual property rights held, or for which the Company has been granted a license either now or in the future, will not be challenged by third parties.

Some of the Company's patents expired in 2009 and 2010, which significantly reduces the amount of royalties currently received by the Company under the corresponding licenses.

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

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

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

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

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

4.1.2.3 Risks related to claims and litigation

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

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

4.1.2.4 Legal risk management

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

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

4.1.3 INDUSTRIAL AND ENVIRONMENTAL RISKS

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

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

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

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

Risk management: In 2009, the Company set up a Health, Safety and Environment Department operating at Group level, in order to develop a harmonized and pro-active approach aimed at preventing harm to individuals, property and the environment (see the internal control report in Appendix 1 and section 8.2).

4.1.4 MARKET RISKS

4.1.4.1 Borrowing risks

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

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

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

Credit risks

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

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

Liquidity risks

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

4.1.4.2 Exchange rate risks

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

4.1.4.3 Raw material risks

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

4.1.4.4 Pension risks

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

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

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

4.1.4.5 Share price volatility and liquidity risks

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

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

4.2 INSURANCE

4.2.1 INSURANCE POLICY

The Company's policy regarding insurance coverage is designed to ensure that all subsidiaries have access to similar coverage, regardless of their size or location.

Coverage purchased takes into consideration the specific nature of local regulations, while at the same time reflecting the Group's centralization and overall coverage policies. Insurance policies are purchased from insurance companies selected on the basis of their creditworthiness as well as 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 types of insurance cover the risks to which the Company is exposed as a result of its business and organization:

– general and specific civil liability;

– property and casualty;

– transport;

– car;

– construction;

– individual accident.

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

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

4.2.2 PRINCIPAL INSURANCE POLICIES

Civil liability

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

– operating liability;

– liability after delivery and/or product liability and/or liability for experimentation;

– professional liability;

– environmental damage caused by its products.

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

– liability for environmental damage caused by Group entities;

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

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

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

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 notably covers fire, machine failure, theft, natural disasters and consequential business interruptions.

This master policy covers all subsidiaries located in the European Union, making it unnecessary for them to take out insurance locally. It can also be extended to cover subsidiaries located in major countries outside the European Union, including the U.S., through local agreements with the same benefits or as supplementary coverage or where no coverage has been taken out locally to comply with regulations.

Transport

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

Deductibles and premiums

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

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

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

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

In 2010, no loss incurred exceeded the deductible amounts set in property damage and business interruption or civil liability policies.

5 INFORMATION ABOUT BIOMÉRIEUX

5.1 HISTORY AND DEVELOPMENT OF THE COMPANY

5.1.1 COMPANY NAME

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

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

5.1.2 REGISTRATION DETAILS

The Company is registered with the Trade and Companies Registry of Lyon under number 673 620 399.
The Company's APE industry code is 2120 Z.

5.1.3 DATE OF INCORPORATION (ARTICLE 5 OF THE BYLAWS)

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

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

5.1.4 REGISTERED OFFICE AND LEGAL FORM

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

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

5.1.5 HISTORY AND DEVELOPMENT OF THE GROUP'S ACTIVITIES

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

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

bioMérieux then rapidly expanded on an international scale through the creation of its own network of subsidiaries, in particular in Belgium (1975), Germany (1976), Spain (1980), Italy (1985), Japan (1988), and the United Kingdom (1991). The Company also decided early on to expand into emerging markets: in Brazil (1973), China (1991), Russia (1996) and India (1998). At the same time, the Company pursued a policy of external growth through targeted acquisitions, enabling it to progressively extend its product lines in order to respond to its customers' changing needs and the emergence of new pathologies.

In 1987, within the framework of this policy, the Company acquired the API group, a worldwide benchmark company in microbiology solutions for bacterial identification and manual antibiotic susceptibility tests[(1)].

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

  - In June 2008, bioMérieux acquired the Swedish microbiology company AB BIODISK, whose flagship product, Etest®, allows for the measurement of the minimum inhibiting concentration of an antibiotic treatment and constitutes a benchmark method for microbiology laboratories worldwide.

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

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

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

  - Meikang Biotech – renamed bioMérieux Shanghai Biotech – produces rapid tests in Shanghai. This acquisition bolsters the Company's position in the point-of-care diagnosis and rapid test markets in emerging and developed countries. Thanks to this acquisition, bioMérieux has gained integrated production and R&D capabilities in China. This site in Shanghai is bioMérieux's new China headquarters. bioMérieux also acquired Dima GmbH, a distributor of Meikang Biotech products primarily in Germany.

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

In 2010, at the suggestion of Alain Mérieux, the Board of Directors' meeting of December 17, 2010 appointed Jean-Luc Bélingrad to replace Alain Mérieux as Chairman and Chief Executive Officer of bioMérieux, effective as of January 1, 2011. Alain Mérieux, Chairman and Chief Executive Officer of Institut Mérieux, remains a member of the Board of Directors of bioMérieux as chairman of the Human Resources, Appointment and Compensation Committee and of the Strategy Committee.

5.2 CORPORATE SOCIAL RESPONSIBILITY

bioMérieux assumes its social responsibility through the following priorities:

– Improving access to diagnostics through its Public Health Department while focusing on HIV (AIDS) and tuberculosis.

– Upholding the principles of the Global Compact, an international initiative launched by the United Nations. Since 2003, bioMérieux has been a signatory of this initiative to mitigate problems linked to globalization.

– Being active in the local communities surrounding its sites and subsidiaries through its participation in social, sports and cultural initiatives.

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

Pursuant to Act no. 2003-09 of August 1, 2003, the Company's Board of Directors decided to contribute a portion of sales to corporate sponsorship. The majority of the contribution is allocated to projects supported by the Mérieux Foundation and the Rodolphe and Christophe Mérieux Foundation, and the rest to sponsorship projects carried out by bioMérieux directly. In 2010, the Company contributed €2.464 million for sponsorship, i.e., 3.4% of bioMérieux SA's net sales, including €1.985 million to the two aforementioned foundations.

The Company has also decided to support the Mérieux Foundation project to acquire its own research facilities in order to develop ways of dealing with infectious diseases adapted to the needs of developing countries (the "Emerging Pathogens" project). bioMérieux agreed to provide financial support to the Foundation's project over three years, with contributions of €1.5 million in 2008, €1 million in 2009 and €0.5 million in 2010.

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

Contributions, donations and sponsorships

In thousands of euros	2010	2009	2008
Contributions	2,464	2,784	3,251
of which to the Mérieux Foundation	*(a) 660*	*1,000*	*(a)1,644*
of which to the Rodolphe and Christophe Mérieux Foundation	*1,325*	*1,325*	*1,325*
Sponsorships, other donations and amortization of living artists' works	198	190	174
	2,662	2,974	3,425

(a) of which €50,000 and €144,000 in donations in kind for 2010 and 2008 respectively

The Mérieux Foundation's purpose is to promote research and international scientific cooperation in the area of infectious diseases and assist in the development of public health infrastructures. As part of its corporate sponsorship policy, the Company contributed €660,000 to the Foundation in 2010, including €500,000 to the "Emerging Pathogens" project.

The purpose of the Christophe and Rodolphe Mérieux Foundation is to support public health applied biological research in developing countries, and more specifically aid in the fight against infectious diseases and to contribute to scientific and educational projects. As part of its sponsorship contract with the Rodolphe and Christophe Mérieux Foundation, the Company contributed €1,325,000 to the Foundation in 2010.

5.3 INVESTMENTS

5.3.1 PRINCIPAL INVESTMENTS IN 2010

In 2010, net investments were stable at €123 million. Short-term investments amounted to €36 million, versus €38 million in 2009. Capital expenditure, amounting to €87 million, primarily concerned the development of the Global ERP system, and programs to extend production capacity, prepare new product launches or make adjustments for ongoing restructuring. In all, investment represented 9% of net sales for the year, reflecting the implementation of the investment plan announced in 2008 which took longer than initially expected. In this context, investments in 2011 are expected to be approximately €15 million higher than usual (about 8.5% of net sales).

The main investment projects completed in 2009 and 2008 are presented in section 4.5.3. of the Reference Document filed on April 26, 2010, and in section 4.5.3. of the Reference Document filed on June 10, 2009, with the AMF.

5.3.2 PRINCIPAL INVESTMENTS IN PROGRESS

- Implementation of the Global ERP system: This project, which began in 2008, is being implemented by Company teams with the assistance of external service providers. Total costs will amount to approximately €75 million, of which €48 million will be capitalized.

- Creation of a new blood culture bottle production line in Durham (€15.2 million): Completion expected in the second quarter of 2011.

- Creation of a Petri dish manufacturing unit for industrial applications in Craponne (€6 million): Completion expected in fourth quarter of 2012.

- Adaptation of the production equipment for VIDAS® New in Marcy (€2.3 million): Completion expected in the second quarter of 2011.

- Creation of a Petri dish manufacturing unit at the Pudong site in Shanghai (€2.2 million): Completion expected in the third quarter of 2011.

5.3.3 PRINCIPAL FUTURE INVESTMENTS

- First phase of development of the Shanghai site (€4.5 million): Completion expected in 2013.

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

6 BUSINESS OVERVIEW

6.1 MAIN ACTIVITIES

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

6.1.1 BUSINESS SUMMARY

Incorporated in 1963, bioMérieux is a worldwide group specializing in the field of *in vitro* diagnostics for clinical and industrial applications. In 2010, bioMérieux reported €1,357 million in net sales and had 6,306 full-time equivalent employees.

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

- the clinical field: the diagnosis of infectious diseases such as HIV, tuberculosis and respiratory diseases, as well as cancers and cardiovascular diseases, based on the analysis of biological samples such as blood, saliva or urine. Clinical applications account for 84% of the Company's sales. bioMérieux ranks eighth worldwide; and

- the industrial field: microbiological analyses of samples of finished or semi-finished products (or of the environment), chiefly in the food and biopharmaceutical industries. Industrial applications account for 16% of the Company's sales. bioMérieux is the world leader in this field.

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

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

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

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

- services such as the installation and maintenance of instruments, or user training.

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

Most of the Company's sales come from reagent sales which accounted for 83% of its sales in 2010. Instruments are either sold (approximately 12% of sales in 2010) or provided to customers for use on their premises as part of a reagent supply agreement. At the end of December 2010, the installed base amounted to roughly 60,000 instruments.

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

bioMérieux is a diversified company:

- geographically: the Group operates in around 170 countries, through 39 international subsidiaries (see section 6.2.4) and a wide network of distributors; and

- technologically: the supply of bioMérieux products is based on three technologies: (i) microbiology, bioMérieux's core business in which the Company holds the leading position; (ii) immunoassays and (iii) molecular biology (see section 6.1.2.1). In addition, the Company's product portfolio is very extensive, with more than 2,500 reagent references.

OVERVIEW OF THE *IN VITRO* DIAGNOSTICS MARKET

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

General description

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

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

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

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

Technologies

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

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

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

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

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

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

	2010 *(in billions of euros)*
Immunoassays	8.8
Clinical biochemistry	11.4
of which blood glucose monitoring: €7.3 billion	
Molecular biology	3.1
Microbiology	1.8
Hematology and flow cytometry	3.3
Histology and cytology	1.4
Hemostasis	1.1
Other technologies*	2.5
TOTAL	**33.4**

* This item includes analysis of blood gases and electrolytes, capillary electrophoresis, etc.

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

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

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

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

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

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

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

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

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

6.1.2 DESCRIPTION OF THE COMPANY'S BUSINESS

6.1.2.1 Core areas of expertise

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

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

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

In the clinical market, the Group's historical business is the diagnosis of infectious diseases, including bacterial (such as staphylococcus), parasitic (such as toxoplasmosis) and viral infections (such as HIV). In 2010, the infectious diseases field generated nearly 85% of the clinical sales.

For several years, the Group has been using its technological expertise to extend its range of products to the detection and therapeutic monitoring of certain cancers and certain cardiovascular diseases. In 2010, these applications accounted for 7% of the clinical sales, particularly:

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

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

The Group has also broadened the application of its expertise by taking up a pioneering position in industrial applications, a developing field which accounted for 16% of net sales in 2010. Industrial applications mainly concern the food and pharmaceutical industries.

6.1.2.2 Key strengths

The Group's principal strengths are:

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

– a leading position in clinical microbiology and a unique concept of Full Microbiology Laboratory Automation (FMLA™) focused on introducing new automation and developing innovative IT solutions for microbiology laboratories;

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

– expertise in molecular biology allowing it to consider new developments, in particular in the personalized medicine;

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

– a global distribution network including, in particular, a longstanding presence in emerging countries;

– an installed base of around 60,000 instruments, primarily composed of closed systems;

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

– major investment in research and development, allowing it to launch innovative products; and

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

6.1.2.3 Strategy

In March 2010, bolstered by the progress achieved since 2007, and taking into account *in vitro* diagnostics market trends, the Company extended the horizon of its strategic plan until 2015. The Company also confirmed its ambitions for 2015 in the clinical and industrial applications of the diagnosis of infectious diseases, cancers and cardiovascular diseases.

Infectious disease diagnostics

– In the bacterial and fungal infections market, bioMérieux intends, through its unique expertise, to provide physicians with faster responses to allow them to prescribe appropriate treatments within even shorter timeframes. It will therefore extend its product range and pursue its strategy of Full Microbiology Laboratory Automation (FMLA™). It also intends to develop innovative and prompt bacteria detection and identification methods.

– In the viral infections market, bioMérieux's development will be based on targeted actions. It will launch a new generation of its VIDAS® instrument. Following the acquisition of the Chinese company Meikang Biotech, the Company also wants to become a major player in rapid tests to allow medical clincians to facilitate patient care.

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

Cancer diagnostics

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

Cardiovascular disorder diagnostics

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

International growth

bioMérieux will further optimize its international distribution network and step up its development in the United States, the first global market, as well as in new high-growth markets, particularly the "Emerging 7"[(3)]. One of its aims is that China become the Group's third largest subsidiary in 2015.

[(3)] Emerging 7: Brazil, Russia, India, China, Mexico, Turkey and Indonesia.

To achieve this, bioMérieux intends to capitalize on its expertise in complementary technologies:

- in microbiology, bioMérieux plans to offer entirely innovative solutions. It will broaden its current range using traditional bacterial growth methods, with the expansion of the menu of its VITEK® automated platform, the development of a new blood culture platform and the launch of new innovative culture media with an optimized cost price. The Company also intends to extend the FMLA™ concept, by developing new systems as well as IT solutions for microbiology laboratories. It also plans on exploring new technologies for "rapid microbiology", in particular through the creation of the position of Chief Technology Officer (CTO);

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

- in molecular biology, the Company will look to extend its test offer in the field of healthcare-assoxciated infections, sepsis and theranostics. It intends to optimize its current portfolio especially in molecular extraction. It will also examine multiplexing and sequencing solutions;

- in theranostics, the Company wishes to be a preferred partner and offer innovative solutions to patients and clinicians. It will target certain pathologies (infectious diseases, oncology and cardiovascular disorders), and clinically-validated biomarkers with the aim of entering into new partnerships with pharmaceutical laboratories. It intends to develop the business of its dedicated subsidiary, bioTheranostics, and launch new products;

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

- the Company plans on developing its services activity by offering customers a wider range of services in areas such as personnel training, accreditation preparation and workflow optimization.

6.1.2.4 Business development

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

6.1.3 GROUP PRODUCTS

The Group offers its customers a large number of products for the detection, diagnosis, and treatment monitoring of pathologies that have been targeted as primary areas of focus of its business.

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

The Company's ten leading products accounted for slightly more than 20% of sales in 2010, of which nearly 4% was generated by the Company's top selling product.

6.1.3.1 Breakdown of the Group's product range

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

The majority of the Group's sales concerns reagents, which accounted for approximately 83% of net sales in 2010. Instruments are either sold (12% of net sales in 2010), or provided to customers for use on their premises under an agreement to purchase a minimum volume of reagents and consumables, on terms designed to cover the depreciation and the financing of the instrument. If the customer is unable to fulfill its obligations, the Company is contractually entitled to repossess the instrument. In some markets, in particular the United States, instruments can also be leased to customers. Software is generally supplied with the instruments.

The vast majority of instruments developed and installed by the Company are closed systems, meaning that they can only be used with reagents developed specifically for these instruments. At December 31, 2010, the installed base amounted to nearly 60,000 instruments. Approximately 70% of reagent sales in 2010 were related to closed systems, the rest related to manual products and open systems.

Instruments that are sold or provided to customers are accompanied by services which include, in particular, the installation and servicing of the instrument, as well as user training. Some of the services provided by the Company are billed to customers. Billable services accounted for approximately 5% of the Company's sales in 2010. In 2011, the Company plans on developing this business by focusing on the training of technicians, laboratory accreditation processes and workflows optimization. On November 1, 2010, the Sales Department was strengthened following the appointment of an Executive Vice President, Commercial Services. At the end of 2010, the Company launched a VIDAS® system accreditation kit for immunoassay laboratories in France.

6.1.3.2 Main products

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

A) MICROBIOLOGY

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

Culture media

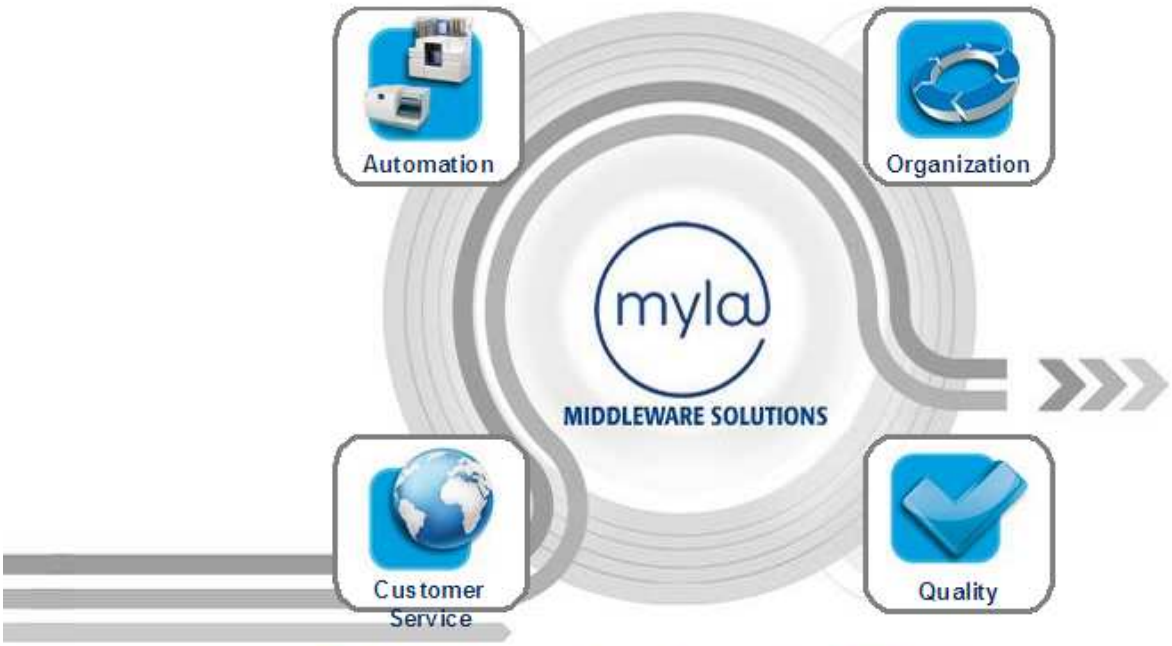
The Group offers more than 100 types of culture media, available in various forms such as Petri dishes, tubes and bottles. With over 45 years' experience in the area of industrial manufacture of culture media, the Company is the European leader in the production of conventional and chromogenic pre-poured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

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

In industrial applications, the Company develops and markets various specific media – such as the ChromID™ line – for the culture, detection and quantification of microorganisms in food products and environmental samples. bioMérieux also develops innovative analytical solutions for microbiological control tests for the biopharmaceutical industry. In 2010, the Company launched BioBall® Plant Isolate, a unique product that controls the fertility of culture media using the customer's own microbial strains. The LockSure®, another innovative system, securely locks samples taken from the production environment until delivery to the laboratory without any risk of accidental opening.

Automated *in vitro* diagnostics solutions

Microbiology



Full Microbiology Lab Automation (FMLA™)

BacT/ALERT®

Blood culture bottles

VITEK® 2 Cards

VITEK® 2

VITEK®MS

Immunoassays

VIDAS® and mini VIDAS®

VIDAS® strip and SPR

Molecular Biology

NucliSENS® easyMAG®

Extraction reagents

Disposables (aspirator and sample vessel)

Industrial Applications

TEMPO®

TEMPO® Card

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

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

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

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

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

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

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

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

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

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

The Company subsequently launched:

- in 2004, VITEK® 2 Compact, an instrument featuring a new colorimetric reading mode and new expert systems, which, due to its smaller size, is aimed at small and mid-sized laboratories, running between 30 and 60 tests per day;
- in 2007, VITEK® 2 Compact 15, for laboratories running 15 to 30 tests per day;
- in 2008, two operating software improvements to integrate new antibiotics and to update more rapidly and frequently regulatory interpretation tables, as well as to allow the use of the new ANC card to identify anaerobic microorganisms and corynebacteria;
- in 2009, VILINK™, a IT solution allowing VITEK® 2 users to benefit from remote assistance for incident resolution and maintenance through a fast and secure connection, and the VITEK® 2 PC 4.02, software incorporating European standards of the sensitivity of microorganisms to antibiotics (EUCAST); and
- in 2010, VITEK® 2 PC 5.01 and VITEK® 2 PC 5.02, two new software products which deliver more comprehensive and more rapid results, as well as optimizing the productivity of microbiology laboratories.

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

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

Blood culture: the BacT/ALERT® product line

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

The marketing of the BacT/ALERT® 3D Dual-T system for industrial applications began in 2010. It features the first fully automated system to test the sterility of pharmaceutical samples incubated at two different temperatures.

Full Microbiology Lab Automation™ (FMLA)

bioMérieux introduced the concept of Full Microbiology Laboratory Automation in 2008 aiming to provide clinicians with even faster, more standardized results for optimal quality of service. In addition to its "traditional" offer in automated microbiology systems, the Company launched three new platforms:

- PREVI™ Isola, an automatic Petri dish microstreaker (in partnership with the Australian company Labtech);
- PREVI™ Color Gram, an automated Gram staining system (distribution agreement with Wescor, an ELITech Group company); and
- UF-1000i/500i, an automated urinary screening system based on fluorescence flow cytometry (distribution agreement with the Japanese company Sysmex).

Myla™: a new IT solution for microbiology laboratories

As a complement to automation, in 2010, during the 110th general meeting of the American Society for Microbiology (ASM), bioMérieux presented Myla™, a new middleware which improves connectivity, laboratory workflow and information management. This software consolidates and manages microbiology data generated from a variety sources. It significantly improves laboratory's efficiency to be significantly improved and ensures that the most useful information is readily available to physicians to speed up decision making.

In particular, Myla™ features:

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

MALDI-TOF mass spectrometry

Mass spectrometry is a technique used to identify and determine the chemical structure of multiple molecules simultaneously, analyzing the mass and charge of their ions. The molecular "signatures" that are obtained can be used to rapidly identify isolated colonies of bacteria. This bacteria identification technique is appropriate for laboratories that handle large volumes of samples as a quick and cost-effective solution to obtain results. However, this technique cannot test sensitivity to antibiotics. In the United States, the FDA has indicated that this technology requires 510(k) clearance in order to be used for commercial purposes in microbiology laboratories.

Further to the agreement signed in May 2010 with the Japanese company Shimadzu, in the fourth quarter of 2010 bioMérieux began distributing this company's mass spectrometer for bacterial identification in microbiology laboratories.

In partnership with Shimadzu and its subsidiary Kratos Analytical, bioMérieux will adapt the MALDI-TOF linear mass spectrometry technology in order to perfectly integrate it within laboratory workflows and VITEK® antibiotic susceptibility tests. bioMérieux plans on marketing this new solution with databases acquired from the German company AnagnosTec. The CE marked version will be launched in 2011.

Enumeration of microorganisms (quality indicators): TEMPO®

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

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

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

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

B) IMMUNOASSAYS

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

The VIDAS® product line

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

Launched in 1991, the VIDAS® product line has been very successful. It is recognized for its quality and reliability. In a study[4] of automated immunoassay analyzers, the College of American Pathologists concluded that VIDAS® is the world's largest installed base in immunoassay laboratories. At December 31, 2010, approximately 28,000 systems had been installed, including mini VIDAS®. This range is also well suited to the requirements of emerging countries.

The VIDAS® menu includes 93 clinical parameters covering a wide range of human pathologies. For example, the HIV Duo Ultra and Quick tests, launched in 2004, detect both antigens and antibodies, reducing the diagnosis timeframe (period between infection and detection of the virus or antibodies). Similarly, the VIDAS® C. *difficile* Toxin A&B[5] which was launched in 2007 and gives results in only 75 minutes (compared with 24 to 48 hours for the reference method), enables faster medical decisions and patient isolation measures in order to avoid any transmission.

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

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

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

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

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

In industrial applications, the VIDAS® menu offers 15 tests for the detection of pathogenic agents. In 2008, the Company launched the VIDAS® UP reagent, for the detection of *Escherichia coli* (*E. coli*) O157:H7, bacteria responsible for numerous foodborne illnesses which in some cases may be fatal. This innovative solution was developed in cooperation with Hyglos GmbH and uses technology based on phage recombinant protein. Hyglos received the "Food Safety Innovation Award 2010" for this cutting edge technology.

Microplate immunoassay tests

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

(4) College of American Pathologists: Automated immunoassay analyzers (June 2009)
(5) *Clostridium difficile* is a type of bacteria responsible for fatal nosocomial epidemics in Canada, the United States and, more recently, in Europe.

Rapid tests

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

At the beginning of 2008, bioMérieux entered into a partnership with the North American company Quidel, under which bioMérieux will be, under its own brand, the exclusive distributor of Quidel's QuickVue® rapid diagnostic tests outside the United States, Japan and Scandinavia.

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

C) MOLECULAR BIOLOGY

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

The extraction range

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

The amplification and detection ranges

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

Real-time amplification and detection of molecular targets are performed on the NucliSENS EasyQ® platform. This system analyzes up to 48 samples simultaneously with a handling time of less than 90 minutes. Users appreciate the platform’s flexibility. The Company markets NucliSENS EasyQ® HIV-1 v2.0, which can be used with the Dry Blood Spot, the first CE marked filter paper collection technique to enable screening in remote areas. The Company announced the end of its contract to supply South Africa's National Health Service with quantitative HIV reagents as of the third quarter of 2010.

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

Acquisitions and partnerships in molecular biology

– In 2010, bioMérieux and Switzerland-based Biocartis entered into a strategic agreement to co-develop assays on Biocartis’s fully integrated molecular diagnostics system, which the two companies will co-distribute starting in 2012. Under the agreement, bioMérieux will have worldwide exclusive rights to develop and market microbiology assays on the platform. It will also have access to the platform for certain oncology and theranostics assays. In addition, bioMérieux has taken an equity stake in Biocartis and has been given a seat on the Board.

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

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

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

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

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

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

6.1.3.3 Other Group products

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

6.1.3.4 New products and services

The Company plans on marketing:

– six new platforms by 2013:

  - VITEK® MS platform in 2011 (see section 6.1.3.2),
  - a new automated VIDAS® platform and the Biocartis molecular biology platform (see section 6.1.3.2) in 2012,
  - a new automated blood culture platform, an automated incubator and a solution for hospital point of care, in 2013.

– new reagents, in particular high medical value tests

– new services (see section 6.1.3.1).

6.1.4 QUALITY SYSTEMS AND APPLICABLE REGULATIONS

6.1.4.1 Quality assurance systems, monitoring systems and audits

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

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

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

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

6.1.4.2 Regulatory requirements

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

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

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

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

6.1.4.3 Clinical *in vitro* diagnostics

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

In 2010, the Company obtained SFDA registration of seven additional VIDAS® parameters.

6.1.4.4 Monitoring

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

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

6.1.4.5 Audits

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

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

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

An inspection by the FDA in December 2009 on the Saint Louis site and on the Marcy l'Étoile and Craponne sites in November 2010 did not give rise to any particular observations.

6.1.4.6 Industrial microbiological control

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

In the field of industrial applications, regulations applicable to manufacturers of industrial microbiological control products are still limited to their safety aspects. However, to meet the needs of its customers, the Company complies with the standards applicable to its customers (standards based on product use: pharmacopoeia, AFNOR, ISO, etc.). Recent crises in the food industry (Listeria, Escherichia coli O157, salmonella, etc.) may lead to more stringent regulations being applied. Moreover, in the United States, for example, authorities may impose supplementary security measures as part of the fight against bioterrorism.

6.1.4.7 Management and monitoring of customer complaints

Role and responsibilities of the Customer Complaint Management Center

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

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

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

Complaint processing

Complaints are processed on three levels.

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

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

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

Communication

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

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

Post-market surveillance

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

6.2 PRINCIPAL MARKETS

6.2.1 MARKET OVERVIEW

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

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

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

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

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

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

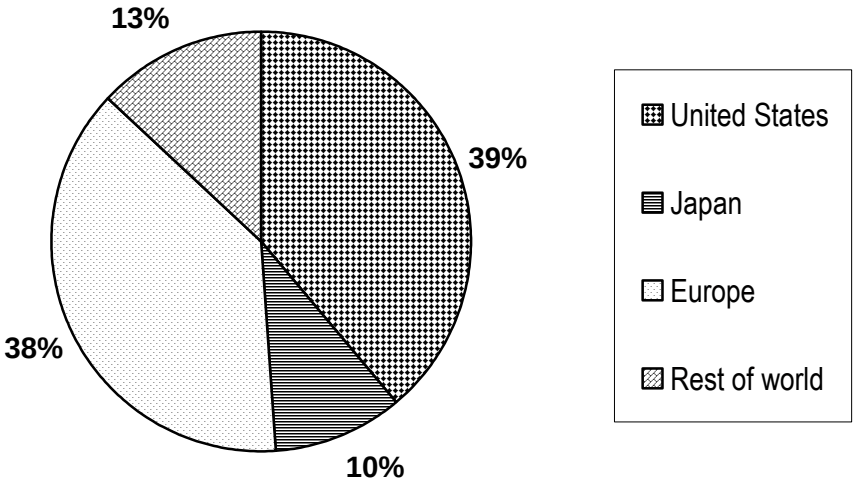
6.2.1.1 Size of the *in vitro* diagnostics market and recent developments

The global market for *in vitro* diagnostics was estimated in 2010 at approximately €33 billion (USD 44 billion) for clinical applications and approximately €1.4 billion (USD 1.8 billion) for industrial applications. Approximately 85% of the worldwide *in vitro* diagnostics market is concentrated in developed countries (North America, Europe and Japan).

Clinical applications

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

A 2010 estimate of the geographical breakdown of the clinical *in vitro* diagnostics market:



Source: Internal estimates, Clinica 2009

The table below gives an estimate for 2010 of the clinical *in vitro* diagnostics market broken down by pathologies, on which the Company has decided to focus its development:

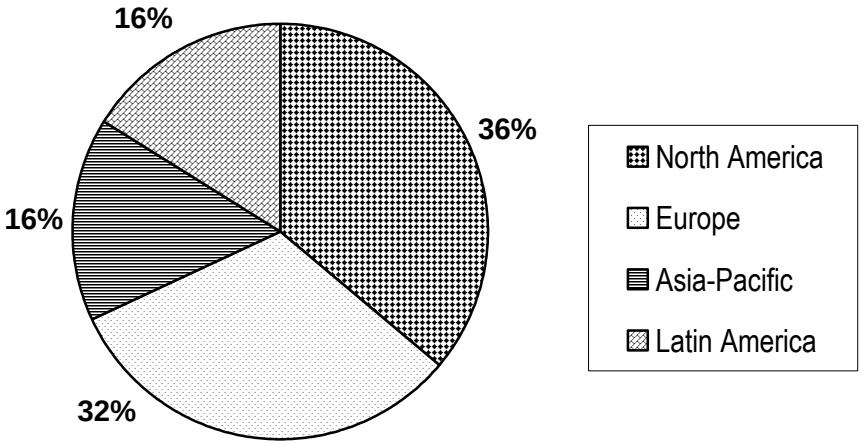
	2010 (in billions of euros)
Infectious diseases	8.4
Cancers	4.9
Cardiovascular diseases	2.8
Others	17.3
TOTAL	**33.4**

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

Industrial applications

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

Geographical breakdown of the industrial applications market:



Source: bioMérieux estimates

6.2.1.2 Market trends and growth prospects

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

Structure of laboratories

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

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

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

Lifestyles

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

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

New markets

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

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

The emergence of new microorganisms

- The emergence of new pathogens which require new diagnostic capabilities.
- The development of antibiotic-resistant bacteria (e.g., NDM-1 bacteria) and viruses resistant to antiviral agents, which create a need for a better management of therapies.
- The proliferation of healthcare-associated infections leads to the need to detect carriers of multi-resistant bacteria before they become self-contaminating or infect other patients.

The need to reduce health expenses

- Diagnosis accounting for only about 2% of health spending is used in the majority of treatment decisions, and provides better care for patients and health spending optimization.
- Reimbursement for medical care is increasingly organized by pathology and not by examination. In this context, hospitals bear the cost of patient treatment and monitoring, which constitutes an incentive to conduct diagnostic tests to select the most appropriate treatment and avoid hospitalization wherever possible.

The medical importance of *in vitro* diagnostics

- Progress in medical know-how has led to the discovery of innovative new biomarkers which can result in the development of IVD tests improving patient care.
- The emergence of theranostics allows for the association of individualized treatment decisions with a particular diagnostic test.
- Technological developments, in particular those relating to analysis techniques for proteins and genetic sequences, which extend the scope of *in vitro* diagnostics to cardiac diseases, cancers, and autoimmune and neurodegenerative diseases.

The growing demand in industrial applications

- The growing impact of quality control obligations in the food and biopharmaceutical applications.
- Food and biopharmaceutical corporations are looking to protect their trademark and reputation.
- Emerging countries want to protect their consumers and export their own food production.

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

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

However, the Company estimates that the *in vitro* diagnostics market will continue to grow over the medium term.

This outlook is presented for illustrative purposes and is likely to vary significantly. Growth could be much lower for several reasons, in particular those discussed in section 4.1.

6.2.2 PRINCIPAL PLAYERS

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

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

This trend continued in 2010, with about ten small business combinations representing more than USD 2 billion. In 2011, Danaher announced its acquisition of Beckman Coulter for an amount of USD 6.8 billion.

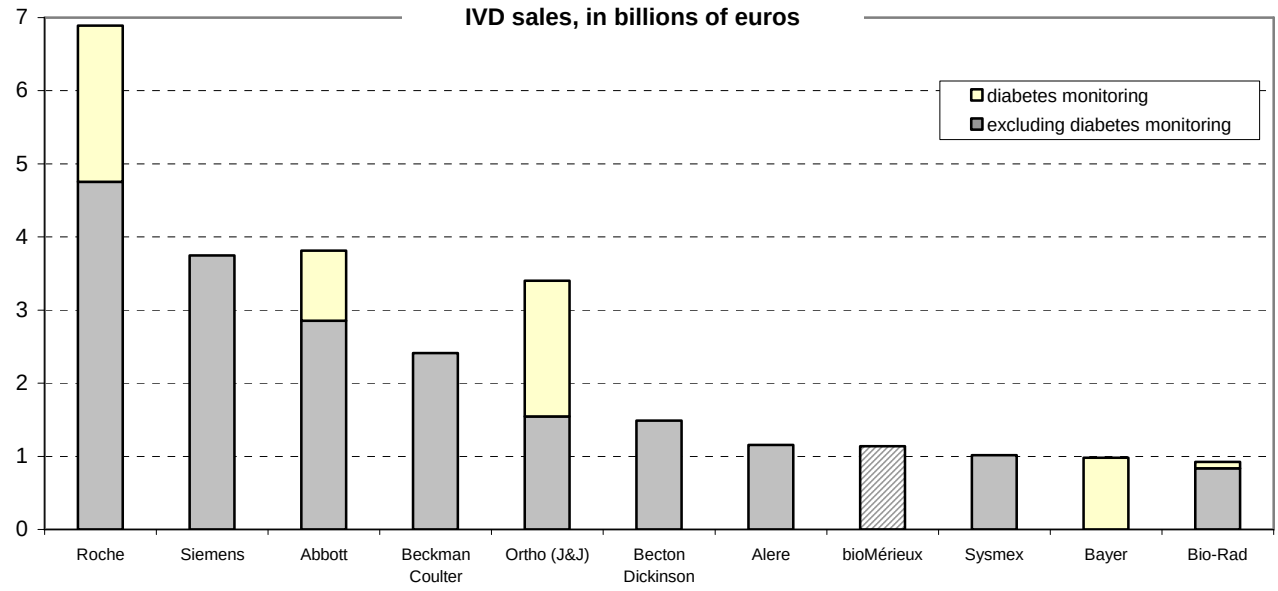
This development has intensified competition in the market.

The Company believes that the world's top ten *in vitro* diagnostics companies account for about 80% of total worldwide sales. The *in vitro* diagnostics industry consists of either large pharmaceutical or diversified groups (Roche, Siemens, Abbott, Johnson & Johnson, Danaher[(6)] and Becton-Dickinson), or specialized companies (bioMérieux, Alere [formerly Inverness], Bio-Rad and Sysmex).

In addition, companies such as Qiagen, operating in the life sciences sector, Thermo-Fisher (distribution of instruments and laboratory supplies) and Alere – formerly Inverness – (major player in the rapid tests market) are progressing at a fast pace. Competition has intensified in the microbiology market with the arrival of Bruker, a company specialized in mass spectrometry.

Based on its 2010 sales, the Company ranks itself in eighth place in the *in vitro* diagnostics market. This ranking reflects its relatively specialized positioning: it is not present on the diabetes field and has little activity on the clinical chemistry market.

In clinical applications, the table below is solely based on the companies' 2010 *in vitro* diagnostics sales, including flow cytometry (Becton Dickinson) and excluding sales in other sectors such as life sciences (Roche, Beckman Coulter and Bio-Rad), pre-analytical (Becton Dickinson), health management (Alere) and new business (Sysmex).



Source: annual financial statements of the companies, transposed on the calendar year 2010 where applicable

(6) Subject to the completion of the Beckman Coulter acquisition

6.2.3 GROUP CUSTOMERS

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

In France, which accounted for 13% of the Group's sales in 2010, there is a mixed private/public healthcare structure. Private laboratories, which accounted for 54% of sales in 2010, usually place orders, whereas public hospitals, which accounted for 27% of the Company's sales, operate through tendering procedures. Industrial customers (15% of sales in 2010) also place direct orders.

In the United States, which is the Group's largest market, public and private hospitals accounted for 57% of sales in 2010 and commercial laboratories accounted for 15%. In addition, 8% of sales were to other clinical-market customers, including physician office laboratories. Industrial customers altogether accounted for 20% of sales.

For several years, the market trend has been towards the consolidation of analysis laboratories, whether in hospitals or the private sector.

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

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

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

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

Sales from the ten largest customers accounted for less than 10% of Company sales in 2010. The largest customer accounted for slightly more than 2% of sales.

6.2.4 DISTRIBUTION NETWORK

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

6.2.4.1 An extensive distribution network

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

Group subsidiaries have specialized sales and marketing forces for clinical customers and industrial microbiological testing 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 market are specialized by product line. Likewise, the industrial applications sales forces are becoming increasingly specialized in the pharmaceuticals and food sectors. Conversely, in smaller markets, sales forces are not specialized. At the end of 2010, the Group's sales, marketing and customer service personnel (in full-time equivalents) totaled 1,898 people, including 981 in Europe, the Middle East and Africa, 447 in North America, 297 in Asia-Pacific, 173 in Latin America.

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

6.2.4.2 Numerous independent distributors

In addition to its subsidiaries, the Company possesses a strong presence on all continents through independent distributors. The Company's determination to achieve strong product recognition, along with legal requirements regarding traceability and customer support services (technical personnel, training, availability of spare parts) direct the choice of local partners. These distributors are usually leading players in the healthcare sector of their countries and are usually exclusive in the diagnostics field. They are also selected by the Company on the basis of their knowledge of local healthcare market players, and their material and human resources. The Company ensures that its distributors have adequate financial ressources to fund the instruments provided to end-customers. At December 31, 2010, the outside distribution network included over 100 partners.

6.2.5 COMPETITION

6.2.5.1 Clinical market

In infectious diseases, which accounts for approximately 25% of the *in vitro* diagnostics market and 85% of the Group's clinical sales, the Company is one of the few firms to possess the full range of technologies (microbiology, immunoassays and molecular biology). As a result, it faces different competitors depending on the technology used. The Company believes that its expertise in all complementary technologies gives it a significant competitive advantage.

- In clinical microbiology, as estimated internally and by a major independent consultant specialized in *in vitro* diagnostics, the Company's market share is around 41%, allowing it to hold the leading position. This market represents an estimated €1.8 billion and enjoys annual growth of 3% to 4%. Other significant players in this market include Becton Dickinson, Thermo Fisher and Siemens.

- In immunoassays, a market where the ten leading firms are present, with the exception of Becton Dickinson, the major pharmaceutical groups and diversified companies (Abbott, Siemens, Roche, Johnson & Johnson) are dominant. Among specialized players, the main competitors include Alere (formerly Inverness), Beckman-Coulter (currently being acquired by Danaher), Bio-Rad and DiaSorin. According to internal estimates, the Company holds the ninth position in this market, with around 4% market share, where it is a high value-added niche player with a strong position on small- and mid-sized laboratories in Europe and on certain tests with high medical value, as well as in emerging countries.

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

6.2.5.2 Industrial market

In the industrial market, the Company occupies a leading position alongside 3M-Biotrace and Merck-Millipore. Its market share was approximately 16% in 2010. This growing new market is currently highly fragmented, despite a few strategic or technological alliances (e.g., Merck and Millipore), with many companies specializing in specific fields. In March 2011, Merck-Millipore announced its intention to acquire BioTest. Other than 3M-Biotrace and Merck-Millipore, bioMérieux's primary competitors are Thermo-Fisher, Becton-Dickinson, Neogen, AES-Chemunex, BioControl, BioTest, Celsis and Dupont (Qualicon).

6.3 DEPENDENCE ON PATENTS, LICENSES AND OTHER FACTORS

Dependence on patents and licenses

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

- PCT license granted by B.R.A.H.M.S AG along with the supply of raw materials, to develop and sell VIDAS® tests for the screening of procalcitonin as a marker of severe bacterial infections (expires 2013/2014).

- NT-proBNP license granted by Roche Diagnostics to develop and market VIDAS® tests for the detection of NT-proBNP, a marker of congestive heart failure and acute coronary syndrome (basic patents expire between 2013 and 2015).

- HIV-O license granted by Roche Diagnostics to develop and sell various tests, such as VIDAS® tests for AIDS (patents expire in 2015 at the latest, excluding the United States).

- License granted by Spectral to develop and market, in particular VIDAS® Troponine I Ultra tests (patents expire in 2018).

- Molecular marker license granted by PHRI Properties, Inc. to develop and sell the NucliSENS EasyQ® product line (patents expires in 2024 at the latest)

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

Other factors of dependence

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

6.4 SOURCES

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

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

7 ORGANIZATIONAL STRUCTURE

7.1 BRIEF DESCRIPTION OF THE GROUP

History of changes in the Company's ownership

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

In 1968, Alain Mérieux acquired the B-D Mérieux shares held by Institut Mérieux, bringing his ownership interest in B-D Mérieux to 49.96% and making BD-Mérieux independent from Institut Mérieux.

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

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

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

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

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

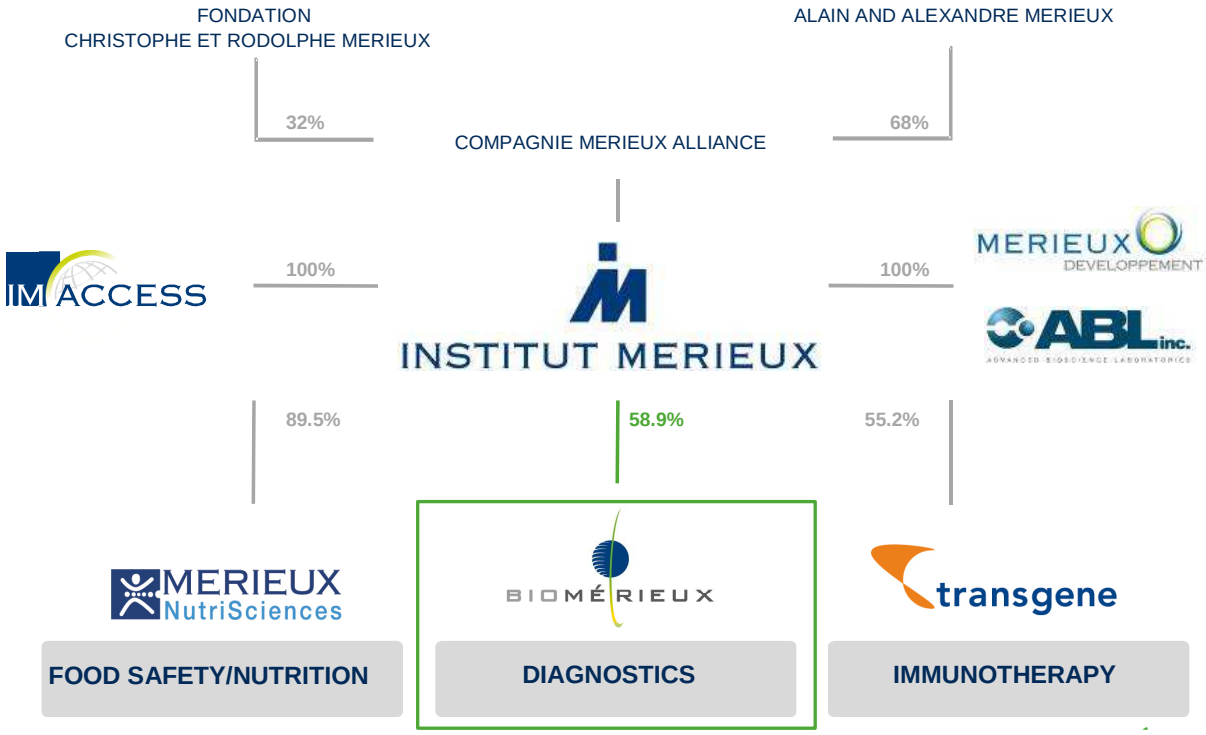
In 2003, the Group of companies held by Mérieux Alliance was restructured in order to separate bioMérieux's diagnostics business from Transgène's immunotherapy business.

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

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

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

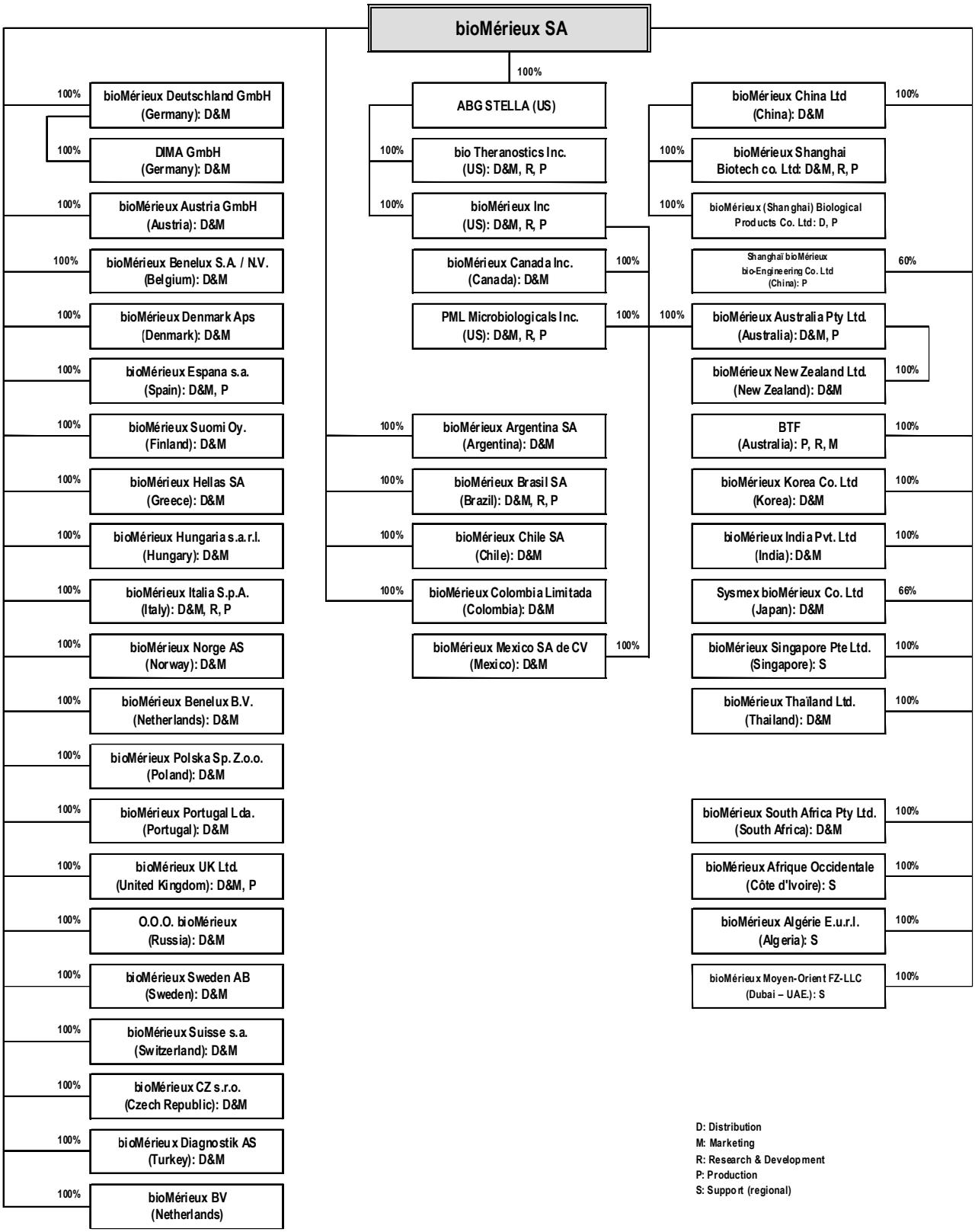
- 100% of the shares of SGH, the holding entity of Mérieux NutriSciences, an American company which specializes in research and consulting services in the field of food safety and quality;
- 100% of the capital of TSGH, the holding entity of Transgène SA, an immunotherapy company traded on the Eurolist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


FONDATION
CHRISTOPHE ET RODOLPHE MERIEUX
ALAIN AND ALEXANDRE MERIEUX
32%
68%
COMPAGNIE MERIEUX ALLIANCE
IM ACCESS
100%
INSTITUT MERIEUX
100%
MERIEUX DEVELOPPEMENT
ABL inc.
89.5%
58.9%
55.2%
MERIEUX NutriSciences
BIOMÉRIEUX
transgene
FOOD SAFETY/NUTRITION
DIAGNOSTICS
IMMUNOTHERAPY

7.2 SUBSIDIARIES OF THE ISSUER

7.2.1 LEGAL ORGANIZATIONAL STRUCTURE OF THE BIOMÉRIEUX GROUP AT DECEMBER 31, 2010

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



bioMérieux SA is part of the Institut Mérieux Group as set forth in section 7.1 above. The contractual relationships between those entities are explained in Chapter 19. Most of the subsidiaries shown above are distribution and/or marketing entities (see section 6.2.4.1); some also carry out research and development (R&D) activities (see Chapter 11) and/or have manufacturing operations (see section 8.1.2.1).

7.2.2 OTHER INFORMATION CONCERNING SUBSIDIARIES AND ACQUISITIONS OF EQUITY INTERESTS

Sales of equity interests/dilution during 2010

The Company did not sell any of its equity interests during the year.

Acquisitions of equity interests during 2010

Consolidated companies

- Two companies were acquired in China: Meikang Biotech[(7)], a Shanghai-based manufacturer of rapid tests which bolsters bioMérieux's position in point-of-care diagnostic markets and Shanghai Zenka Biotechnology, which has all of the authorizations to market in China the main culture media used by microbiological labs. bioMérieux Germany acquired Dima Gesellschaft für Diagnostika, a sister company of Meikang Biotech, which distributes Meikang Biotech products mainly in Germany.

- The company purchased from Litha 26% of the capital of its South African subsidiary bringing its ownership share up to 100%.

Other investments

- In early November 2010, bioMérieux took an 8.7% equity stake in Biocartis for €9 million in conjunction with the signing of a strategic agreement to co-develop dedicated tests on Biocartis's fully integrated molecular diagnostics system.

- bioMérieux took a 7.8% equity stake in Knome for €5 million in conjunction with the signing of a strategic agreement to collaborate on the development of next-generation, sequence-based *in vitro* diagnostics.

The Company did not create any subsidiaries during the year.

The list of subsidiaries and investments is provided in Note 5.1 to the 2010 parent company financial statements presented in section 20.1.2 and in Note 32 to the 2010 consolidated financial statements presented in section 20.1.1.

(7) Renamed bioMérieux Shanghai Biotech

8 PROPERTY, PLANT AND EQUIPMENT

8.1 MATERIAL ITEMS OF PROPERTY, PLANT AND EQUIPMENT

8.1.1 REAL ESTATE

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

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

8.1.2 MAIN SITES' ACTIVITIES

8.1.2.1 Production

Manufacturing processes play a critical role in the *in vitro* diagnostics industry due to constraints related to the nature of the products. At end-2010, the Group operated 19 manufacturing sites organized by product line.

Three sites were closed in 2010 with a view to streamlining production facilities (Toronto, Boxtel and Solna) with the product lines manufactured at these sites transferred to the Group's other manufacturingsites.

In 2010, the Company acquired two production sites in the Shanghai region, one specialized in the manufacturing of rapid tests (previously Meikang Biotech), the other in the production of Petri dishes (previously Zenka).

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

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

- continued streamlining of production sites, as illustrated by:
  - the closure of three production sites in 2010,
  - the closure of the culture medium production site in Portland (United States) planned for the second half of 2011;
- the implementation of a plan to improve industrial practices (2BP: bioMérieux Best Practices), aimed at achieving productivity gains and reducing cycle times by optimizing capacity and industrial asset utilization;
- adaptation of production resources to rapidly respond to evolving technologies and customer needs, and to accommodate the manufacture of new products; and
- rigorous quality control at the production stage: the Company has obtained ISO 13485 and ISO 9001 certification for its production and R&D sites (see section 6.1.4.1).

The main production and logistics sites are as follows:

France

- **Marcy l'Étoile**
  Located near Lyon, the Marcy l'Étoile site has housed the Group's headquarters since the beginning. The property, which is fully owned by the Company, covers a total area of 115,000 sq.m (including 42,000 sq.m of built usable floor space) and accommodates reagent manufacturing units (VIDAS® reagent immunoassays, clinical biochemistry) and R&D teams. Approximately 1,220 employees work in general management, central and support functions, training, manufacturing and R&D.

- **Craponne**
  Located near Lyon, the Craponne site covers an area of 73,000 sq.m, owned by the Company (including 24,000 sq.m of built usable floor space). It currently houses manufacturing sites for culture media (Petri dishes, tubes and bottles, dehydrated media), sales administration, the French sales department, support and central functions and a R&D center. Nearly 850 people work at the site.

- **La Balme-les-Grottes**
  Located between Grenoble and Lyon, the La Balme-les-Grottes site historically belonged to API SA, acquired in 1987. It covers an area of 103,000 sq.m, of which the Company fully owns 18,000 sq.m of built usable floor space. The site employs approximately 338 people in R&D in microbiology, instruments and software and the manufacturing of API®, ATB™, TEMPO®, and Etest® reagent lines recently transferred from the Solna site in Sweden.

- **Saint-Vulbas**
  The Saint-Vulbas site, known as the "IDC site" (International Distribution Center), employs approximately 58 people. This site functions as the center for the international distribution of bioMérieux products. The IDC site is located on a plot of land with an area of 71,000 sq.m, where it occupies 9,500 sq.m of floor space in a high-rise building. The Company acquired full ownership of the facilities at the end of 2010.

- **Grenoble**
  The Group's research and manufacturing operations in the molecular biology market (excluding instrument production) are located at this fully-owned site. The buildings, constructed on a land parcel of more than 30,000 sq.m, located in the Grenoble Polygone Scientifique research district opposite the headquarters of the Atomic Energy Commission ("CEA"), consist of 9,300 sq.m of usable floor space. The site produces the NucliSENS® product line tests and currently employs 184 people.

Other European sites

- **Florence (Italy)**
  All of bioMérieux's activities in Italy have been consolidated on this site. bioMérieux Italy employs 214 people, whose duties are the marketing of bioMérieux's products on Italian territory and the development and manufacture of immunoassay instruments (VIDAS® product line), molecular biology instruments (NucliSENS® easyMAG® product line) and industry instruments (TEMPO® product line) for all bioMérieux subsidiaries. This activity carried out at the Florence site makes it the Group's second largest instrumentation site. The site covers 9,500 sq.m, including 8,000 sq.m of built usable floor space on several levels.

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

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

North America

- **Durham**
  The Durham facility is located in North Carolina (United States) on 417,000 sq.m of land fully owned by the Company, with 23,000 sq.m of built usable floor space. The Group also leases premises nearby with nearly 10,000 sq.m of floor space. The site is currently home to bioMérieux Inc's headquarters and employs some 590 people in research, the manufacture of microbiology reagents (BacT/ALERT®) and customer services.

- **Saint Louis**
  The Saint Louis (Missouri, U.S.) site covers a surface area of 70,000 sq.m, which is fully owned by the Company and includes 35,000 sq.m of built usable floor space. In addition, premises with an area of 12,000 sq.m used for offices, warehousing, manufacturing and R&D are leased nearby. Operations at this site are currently centered on R&D and the manufacture of microbiology instruments (VITEK®, BacT/ALERT® and PREVI™ Isola product lines) and reagents (VITEK® cards). Nearly 590 people work at this site.

- **Other sites**

  - The Lombard site, located near Chicago (Illinois, U.S.), houses facilities for the manufacture and sale of culture media for U.S. industrial customers. The 4,300 sq.m site is leased and employs nearly 80 people.

  - The Portland (Oregon, U.S.) site of PML Microbiologicals, which was acquired in December 2008, employs approximately 85 people in the production and sale of culture media for sterility and environmental controls as well as control strains sold by this company. The 4,000 sq.m Portland site is leased. The facility will be closed in the second half of 2011.

  - The San Diego (California, U.S.) headquarters of bioTheranostics Inc., which was acquired in September 2008, employs approximately 35 people. Over and above the main R&D activities, it comprises a CLIA- (Clinical Laboratory Improvement Amendments) certified laboratory to carry out complex diagnostic tests. This 700 sq.m site is leased.

China

- **Shanghai bioMérieux Kehua Bio-engineering**
  Shanghai bioMérieux Kehua Bio-engineering Co. Ltd., the joint venture entity which was set up in early 2008, obtained from Kehua Bio-engineering Co. Ltd. the right to operate a production plant having an area of nearly 1,800 sq.m, located in Shanghai, for the entire term of the joint venture. The plant produces microplates.

- **Pudong**
  The Pudong (Shanghai) plant purchased in January 2010 from Meikang Biotech is specialized in the manufacture of rapid tests. The site extends over two hectares, including 9,000 sq.m of production facilities and employs 80 people. The site also accommodates other company functions (marketing, R&D, etc.) as well the Chinese entity's headquarters.

- **Zenka**
  The Company acquired the plant in February 2010 from Shanghai Zenka Biotechnology. It employs around 10 people and produces media culture.

Other countries

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

- **Australia**

  - The Brisbane facility is located on leased property covering 2,300 sq.m. It employs around 80 people for the manufacture and sale of culture media.

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

8.1.2.2 Logistics

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

Some 230 people are employed in logistics/supply chain activities in the following areas:

– forecast management and demand planning;

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

– storage, transport and distribution of finished products;

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

Product distribution is handled by:

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

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

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

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

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

8.1.2.3 Purchasing policy

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

– early involvement of purchasing in new projects;

– globalization of initiatives and volumes; and

– greater responsiveness.

Also, bioMérieux maintains a diverse supplier base fostering both security and competitiveness as well as the in-house production of certain raw materials and partnerships with specific suppliers, which provides technical and economic benefits.

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

Such security can take the form of supply agreements, diversified sourcing, backup stocks and the development of in-house production, or the assumption by the Company of liability for the regulatory compliance of certain specific components manufactured by a supplier.

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

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

8.2 HEALTH, SAFETY AND ENVIRONMENTAL INFORMATION

8.2.1 GLOBAL HEALTH, SAFETY AND ENVIRONMENTAL POLICY

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

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

In 2009, the Company established a Health, Safety and Environment Department operating at Group level, in order to develop a harmonized and pro-active approach aimed at preventing harm to individuals, property and the environment. This division was strengthened in 2010 by the appointment of a Health, Safety and Environment Corporate Vice President who reports to the Quality, Regulatory Affairs and HSE (Health, Safety and Environment) Corporate Vice President, who is a member of the Company's Management Committee.

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

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

The Company offers an initial HSE training program to new employees working at its main sites in Europe and North America.

The Company analyzes hazards and assesses risks prior to deciding to use hazardous substances, acquire or use real property or facilities and develop new processes or products. The Company does not operate any facilities classified by the Seveso II Directive as “upper tier” (high risk) sites.

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

8.2.2 HEALTH AND SAFETY POLICY

8.2.2.1 Assessment and prevention of occupational hazards

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

Certain occupational hazards are monitored particularly closely:

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

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

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

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

8.2.2.2 Safety

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

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

8.2.2.3 Promotion of health within the Company

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

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

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

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

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

8.2.2.4 Monitoring of Health and Safety policy

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

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

(a) Worldwide, including temporary employees

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

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

8.2.3 ENVIRONMENTAL POLICY

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

In 2008, the Company launched the "bioMérieux Goes Green" environmental initiative, covering five key areas: energy, water, paper, waste and emissions. The initial training provided to new Company managers in France and the U.S. includes a specific module in this respect.

A ten-member Sustainable Development Committee has been set up covering all of the Company's functions. The committee is chaired by the Quality, Regulatory Affairs and HSE Corporate Vice President, and coordinated by the Environmental Manager. In parallel, environmental initiatives are supported by a network of over 40 “Green Champions” or “environment correspondents” covering each of the Company's sites, subsidiaries and support departments.

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

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

8.2.4 THE FIVE KEY AREAS

Water

– Consumption of water resources

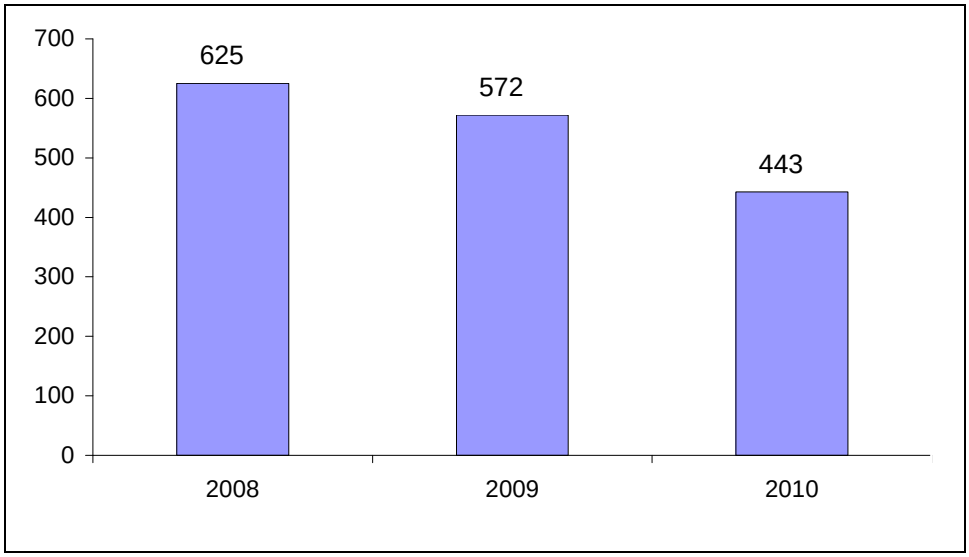
  Water is the substance most frequently used by the Company in formulating its products. Water is also used in refrigerated facilities, such as cold storage rooms, in controlled atmosphere areas and as a coolant in manufacturing. In these instances, the Company prioritizes closed-circuit systems and takes a pro-active approach to replacing systems that discharge water.

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

Water consumption (in cu.m)	
2008	694,834
2009	699,539
2010	601,814

The ratio of water consumed to Company sales has decreased 29% since 2008 (see benchmarking in section 8.2.6 for the scope and calculation of the indicator).

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



The Company is actively pursuing its efforts to build eco-friendly buildings. A new building completed in 2009 on the Saint Louis (United States) site obtained the official LEED[8] Gold rating at the beginning of 2010 in recognition of the choices made in order to optimize its environmental performance. For example, with respect to water consumption, the area around the new building was designed in such a way so as not to require watering. A similar approach was implemented for a new building completed at the Marcy l'Étoile (France) site, where rainwater is collected for watering.

– Wastewater

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

Energy

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

In order to improve energy efficiency, the Company has implemented optimization and energy saving policies. Prior to constructing or refurbishing buildings, simulations are made to measure their energy efficiency in terms of lighting, heating, ventilation and summer climate control. Efforts are made to find ways of reducing energy consumption to a low or very low level through systems that are researched, promoted and gradually applied. In 2010 the Marcy site in France was fitted out with new air compressors with variable speed engines. The heat generated by these compressors is recovered to heat the building that houses the compressors.

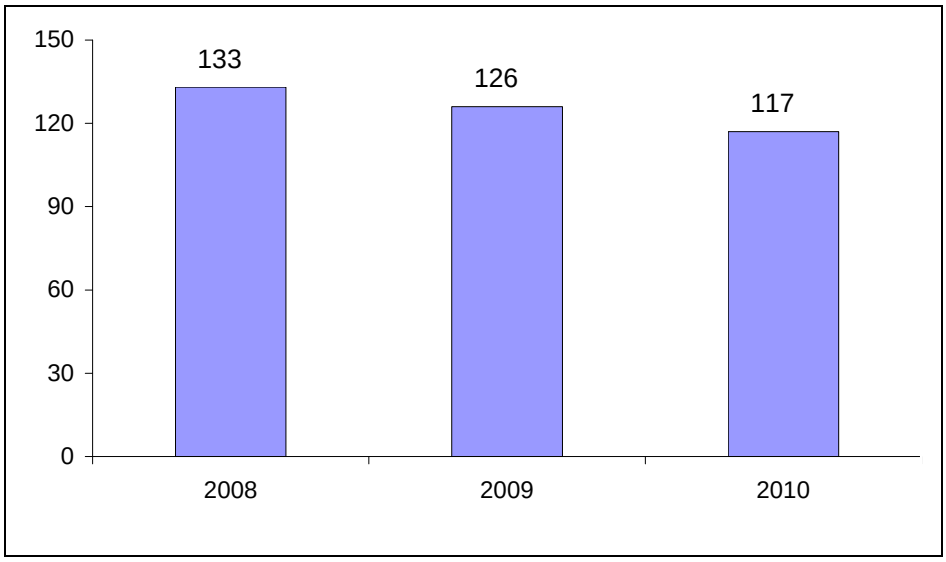
[8] LEED: Leadership in Energy and Environmental Design: North American standard for buildings which takes into account the environmental performance of the building during the construction and utilization phases.

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

Energy consumption (in MWh)	
2008	147,519
2009	154,143
2010	159,177

Altogether, the measures implemented since 2008 have resulted in a 12% reduction in energy consumption in relation to the Company's sales.

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



Paper

Initiatives are being implemented across all of the Company's sites and subsidiaries to reduce paper consumption, including incentives for greener printing practices. The Durham and Saint Louis (United States) sites in particular have optimized their pool of printers and obsolete printers have been auctioned off, with the proceeds donated to local charities. A new printing solution resulting in reduced paper consumption was rolled out in late 2010 at all of the Company's French sites. This solution will be gradually implemented throughout the Company. Since 2008, paper consumption has been reduced by 21% in North America, and 11% in France. In parallel, the use of recycled paper is increasingly widespread.

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

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

Waste

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

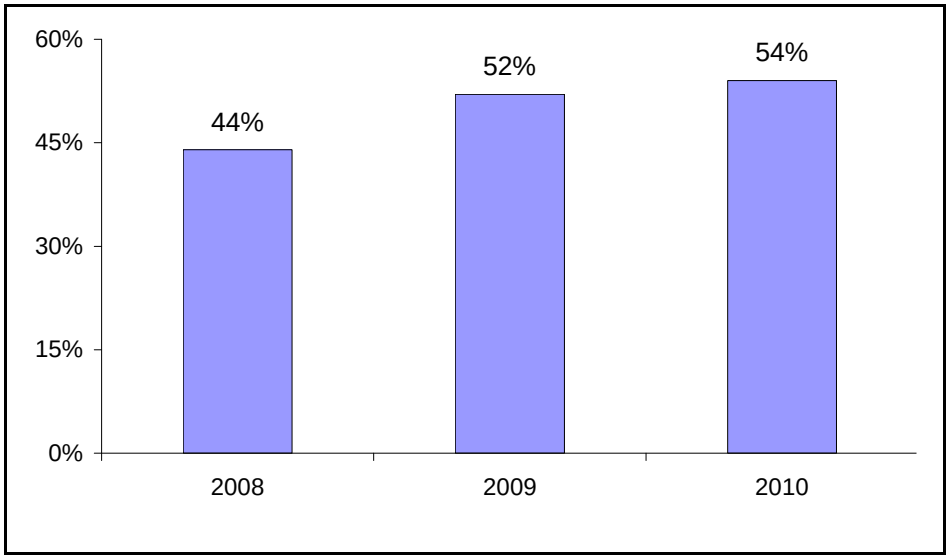
The Company seeks to optimize packaging in terms of quantity of material. In 2009, the Durham (United States) site eliminated a paperboard component in the packaging of BacT/ALERT® bottles, which has reduced the resources required to manufacture packaging, optimized transportation through the volume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

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

In addition to a reduction in waste in absolute terms, the Company seeks to increase the proportion of recycled or incinerated waste from which energy can be recovered. This proportion topped 50% in 2010.

Initiatives to compost snack bar waste have been implemented at the main American sites.

Percentage of recycled or incinerated waste with energy recovery



Air

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

The Company is actively committed to reducing travel needs; in 2010 it extended the geographic reach of its high-performance telecommunications infrastructure. The Company is also working to develop alternatives to air transport for its products through an action plan implemented in recent years.

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

8.2.5 OTHER MEASURES

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

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

Like most other *in vitro* diagnostic companies, the Company uses recombinant protein as a raw material in some of its reagents. Recombinant proteins are considered to be genetically modified organisms. They are more specific and reproducible than other proteins and they help to improve the quality of diagnostic tests. These proteins are non-virulent and non-pathogenic. Nonetheless, they are only used by qualified personnel, in a controlled environment that meets international quality standards.

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

The eco-design approach

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

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

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

Environmental assessment and certification procedures

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

Supplier commitment

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

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

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

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

Noise and odor pollution

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

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

8.2.6 BENCHMARKING

Collection and consolidation of data

Safety

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

Environment

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

Definition and method of calculating the indicators

Safety

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

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

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

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

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

Environment

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

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

Paper consumption: corresponds to the quantity of paper purchased.

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

9 OPERATING AND FINANCIAL REVIEW

9.1 NET SALES

Net sales for the year amounted to €1,357 million, up 10.9% on a reported basis from the €1,223 million generated in 2009. Growth stood at 4.9% on a constant Group structure and exchange rate basis (like-for-like). The 2009 H1N1 pandemic had a 150 basis-point impact on growth for the period. Excluding this impact, organic growth would have been 6.4% in 2010.

Including the acquisition of China-based Meikang Biotech and of Dima GmbH, the company that distributes Meikang Biotech's products, primarily in Germany, sales growth for the year came out at 5.8%. Reported sales growth of 10.9% reflects the very positive currency effect of the euro's appreciation against most other currencies and is analyzed as follows:

Analysis of Sales *In millions of euros*			
Sales – 12 months ended December 31, 2009	**1,223**		
Currency effect	+63		
Organic growth (like-for-like)	+60	+4.9%	+5.8%
Meikang Biotech and Dima acquisitions	+11	+0.9%	
Sales – 12 months ended December 31, 2010	**1,357**		

2010 was shaped by contrasting conditions across the healthcare landscape. In Western Europe, budget restrictions introduced in the second quarter slowed the pace of growth. In North America, economic conditions became more challenging and uncertainties in the healthcare sector dampened sales. In contrast, emerging markets expanded at a rapid pace, driven by ambitious government measures and vigorous demand from end consumers. These markets accounted for 26% of total consolidated sales in 2010. In particular, organic growth in the Emerging 7 stood at 27%, excluding the H1N1 impact.

Organic growth amounted to 6.8% in the fourth quarter, despite a high basis of comparison in 2009. This performance can be attributed to strong instrument sales in emerging markets, where demand for healthcare equipment is very high. Sales in the fourth quarter also made up slightly for the third-quarter slowdown, which occurred primarily in North America. Lastly, the deployment of the Global ERP system in France, in early January 2011, prompted some customers to order products earlier than originally planned, representing an impact of approximately €1 million.

Geographically, like-for-like sales for the year can be analyzed as follows:

Sales by region *In millions of euros*	**2010**	2009	% change As Reported	**% change** Like-for-Like
Europe(*)	**727**	694	+4.7%	**+1.8%**
North America	**318**	289	+10.2%	**+3.5%**
Asia-Pacific	**201**	151	+32.5%	**+18.9%**
Latin America	**111**	89	+24.7%	**+10.2%**
TOTAL	**1,357**	1,223	+10.9%	**+4.9%**

(*) Including the Middle East and Africa

– Sales in the Europe-Middle East-Africa region (54% of the consolidated total) rose by 1.8%.

  - In Western Europe (45% of the consolidated total), where the economic environment weakened as the year unfolded, sales performances were uneven:
    - Growth was satisfactory in Italy, up 6%, in Germany and in Poland.
    - Sales in Spain, the United Kingdom, Belgium, Portugal and Greece contracted, reflecting difficulties encountered throughout the period, particularly following government measures to reduce healthcare spending.
    - In France (13% of the consolidated total), sales decreased 1.6%. Sales of VIDAS® routine tests were negatively impacted by laboratory consolidation, which has gained momentum since the implementation of the Ballereau Report's recommendations and the Ministry of Health's decree permitting HIV diagnoses to be made using a single fourth-generation reagent. Nevertheless, sales of high medical-value VIDAS® tests were robust and, in clinical microbiology, sales of automated lines increased.

  - In Turkey, Russia, the Middle East and Africa, sales continued to expand at a rapid pace. Growth amounted to 16%, despite a 7% decline in South Africa following the end of the contract to supply quantitative HIV reagents to the National Health Laboratory Services.

– In North America (23% of the consolidated total), sales grew by 3.5% in a fragile economic environment with a healthcare sector shaped by uncertainty regarding current U.S. healthcare reform.

  In clinical applications, the VITEK® 2 product line enjoyed sustained growth, benefiting from strong instrument sales in the first half, ongoing conversions of first-generation instruments and customer wins. VIDAS® expanded at a vigorous pace, reflecting the success of high medical-value assays (VIDAS® B.R.A.H.M.S PCT and VIDAS® NT-proBNP) and its positioning in physician office laboratories. However, molecular biology sales dropped sharply due to the end of the H1N1 pandemic. Furthermore, sales of culture media for routine tests were held back by fierce competition, leading bioMérieux to shift its sales focus, for the future to chromID™, a chromogenic culture media product line delivering higher medical value. Lastly, in a sluggish economic environment, uptake of the Full Microbiology Lab Automation (FMLA™) offering was slower than expected.

  In industrial applications, instrument sales were negatively impacted by a high basis of comparison resulting from government funds that were allocated in 2009 to equip labs under the U.S. Homeland Security Act.

– The Asia-Pacific region (15% of the consolidated total) saw a near 19% increase in sales (22% excluding the H1N1 impact). The business expanded rapidly in China, where growth exceeded 30%, making the local subsidiary the Group's fifth largest. Present in the country for nearly 20 years, and bolstered by recent investments, the subsidiary has successfully seized strong growth opportunities, in particular in microbiology, in VIDAS® immunoassays and in industrial applications. Business was also very strong in India, up 29%, in South Korea and in Indonesia.

  Growth was driven by instrument sales, as equipment is in high demand in most of the region's countries. In clinical applications, the microbiology and VIDAS® immunoassay lines made considerable gains, while competitive pressure remained high in the microplate business and rapid test sales fell off markedly due to the end of the H1N1 pandemic. Industrial applications pursued their rapid expansion with an almost 20% rise.

– In Latin America (8% of the consolidated total) sales were up by more than 10%. This rate reflects a high basis of comparison due to the H1N1 pandemic, which had fuelled particularly strong demand in Mexico in 2009. Excluding this impact, sales increased by 20%, with all countries in the region reporting solid growth. In Brazil, the largest market in the region, sales continued at a brisk pace, growing by 17%.

  In clinical applications, the microbiology, VIDAS® immunoassay and molecular biology product lines all contributed to growth, while sales of rapid tests contracted sharply due to the end of the H1N1 pandemic. Buoyed by the region's economic development, sales of industrial applications rose 33%.

By technology, like-for-like sales for 2010 can be analyzed as follows:

Sales by technology *In millions of euros*	**2010**	2009	% change As Reported	**% change** Like-for-Like
Clinical Applications	**1,142**	1,034	+10.4%	**+4.3%**
Microbiology	**694**	613	+13.2%	**+7.6%**
Immunoassays(*)	**361**	326	+10.9%	**+3.2%**
Molecular Biology	**70**	76	- 8.2%	**- 13.1%**
Other Lines	**17**	19	- 10.9%	**- 13.6%**
Industrial Applications	**215**	189	+13.5%	**+8.1%**
TOTAL	**1,357**	1,223	+10.9%	**+4.9%**

(*) Including VIDAS®, up 9.2%

– Sales of clinical applications increased 4.3% over the year.

- Microbiology sales, representing 51% of total consolidated sales, rose 7.6%, led by the VITEK® and BacT/ALERT® automated lines. Sales of VITEK® cards grew 7.6% in the EMEA(9) region. Distribution of a mass spectrometer began there during the fourth quarter, pending the 2011 launch of a CE-marked version that will be integrated with the VITEK® 2. Culture media sales only increased slightly, reflecting aggressive competition in routine tests. Lastly, uptake for instruments in the Full Microbiology Lab Automation (FMLA™) offering was slower than expected, due to healthcare budget constraints and the significant implications on laboratory organization.

- Immunoassay sales grew 3.2% overall. The performances of the various product lines varied greatly:
  - Sales of the VIDAS® product line rose by a robust 9.2%, thanks to the success of high medical-value assays and vigorous demand in emerging markets. In China, VIDAS® sales achieved 69% growth.
  - Microplate sales grew at a satisfactory rate, particularly in the EMEA region, in a fiercely competitive environment.
  - However, with the end of the H1N1 pandemic, sales of rapid tests dropped 52%.

- Molecular biology sales were down 13%, due to the end of the H1N1 pandemic which had boosted easyMAG® system sales in 2009, and also to the end of the quantitative HIV reagents contract in South Africa, which contributed €10 million to 2010 revenue versus €14 million in 2009.

– Industrial application sales rose 8.1%, reflecting strong demand in the food sector. Growth was driven by emerging markets and certain European markets such as Italy, Germany and Poland.

– Sales of reagents and services increased 4.6% excluding the H1N1 impact, accounting for 88.2% of the total. Reagent prices remained stable over the year, despite increased pressure from government authorities on healthcare industry players in developed countries.

– Instrument sales gained nearly 20%, driven by vigorous demand in emerging markets, and represented 11.8% of total sales, in line with performances before the economic crisis.

9.2 FINANCIAL POSITION

9.2.1 CONSOLIDATED INCOME STATEMENT

As from 2010, research tax credits have been reclassified (see section 9.2.2 "New income statement presentation"). To facilitate comparison with previously reported figures, the following review relates to changes in the income statement excluding the impact of this reclassification.

(9) Europe – Middle East – Africa

Operating profit before non-recurring items[10], excluding the reclassification of research tax credits to "other operating income", rose by 13% to €241 million, or 17.8% of sales versus 17.4% in 2009.

Gross profit increased by €62 million to €722 million, resulting from sales growth, the currency effect, the reduction in production costs of the Group's main products and the impact of a favorable product mix following the sharp fall-off in sales of distributed products. In addition, maintenance costs and depreciation of the installed base were better absorbed over the year. Due to the impact of exchange rates on sales, gross margin went from 53.9% to 53.2%.

Selling, general and administrative expenses amounted to €342 million, adversely impacted by the costs of the Global ERP project and the currency effect. As a percentage of sales, however, they declined to 25.2% from 25.8%, thanks in particular to disciplined headcount management and the closure of the Boxtel site.

Research and development expenses rose by nearly 3% at constant exchange rates to €149 million, or 11% of net sales.

Royalties from the patent portfolio amounted to €10 million, a reduction of €2.4 million. Royalties received for BOOM® and NASBA™ molecular diagnostic and blood culture technologies, whose patents expired during the year, amounted to around €5 million.

Operating profit reached €231 million, a 13.6% increase on the €204 million reported in 2009.

As in 2009, other non-recurring income and expenses represented a net expense of almost €10 million, reflecting €4.4 million in impairment charged against Greek public receivables and the €5.7 million cost of closing the Boxtel and Portland production units. In 2009, they included non-recurring expenses and provisions related to the closure of the Boxtel, Solna and Toronto sites.

Profit for the year rose by 8% to €160 million from €148 million in 2009, and represented 11.8% of sales. Earnings per share amounted to €4.03, versus €3.75 in 2009.

The cost of net debt came out at €2.6 million for the year.

Income tax expense amounted to €69 million and represented 30% of pre-tax profit, reflecting the sharp increase in dividend taxes following the high intragroup dividends paid and received during the year. It was also adversely impacted by the basis of comparison further to the €2 million provision reversal in 2009 following the elimination of the withholding tax on dividends between France and the United States.

9.2.2 NEW INCOME STATEMENT PRESENTATION

In a major change from 2009, and in accordance with AMF recommended practices, research tax credits, (amounting to almost €13 million in 2010 as in 2009), are now included in "operating profit before non-recurring items" rather than deducted from income tax expense, and are recognized in "other operating income." To facilitate comparison, the 2009 data presented below are pro forma, based on the new method.

Operating profit before non-recurring items *In millions of euros*	2010	2009	% change As Reported
Former presentation *As a % of sales*	241 *17.8%*	213 *17.4%*	+13.0%
Research tax credits	13	13	
New presentation ***As a % of sales***	**254** ***18.7%***	**226** ***18.5%***	**+12.2%**

Under the new method, the average tax rate for 2010 came out at 33.7% of pre-tax profit.

[10] Operating profit before "significant, unusual and non-recurring items", which are included in "other non-recurring operating income and expenses"

9.2.3 CONSOLIDATED STATEMENT OF CASH FLOWS

The €80 million in free cash flow generated in 2010 was used to finance €25 million in business development transactions (mainly the acquisitions of Meikang Biotech, Dima and Zenka and the investments in Knome and Biocartis) and to pay €36 million in dividends (€0.92 per share) in June 2010, leaving net cash flow of €19 million.

EBITDA[(11)] rose by €35 million to €334 million, including research tax credits.

Operating working capital, including research tax credits, increased from €25 million in 2009 to €42 million in 2010. This was due to the increase in days' sales outstanding in Southern Europe, which increased the Group's DSO ratio by seven days (on a constant Group structure and exchange rate basis). In addition, safety inventories were rebuilt, in particular to meet rising demand in emerging markets. Operating working capital, before research tax credits, stood at 22.4% of sales at December 31, 2010.

Net capital expenditure was stable, at €123 million. Short-term investments amounted to €36 million, versus €38 million in 2009. Industrial capital expenditure, in an amount of €87 million, primarily concerned the development of the Global ERP system, and programs to extend production capacity, prepare it for new product launches or adjust it as part of ongoing restructuring plans. In all, capital expenditure represented 9% of sales for the year, reflecting the longer-than-initially-expected implementation of the capital expenditure plan announced in 2008. In view of this, industrial capital expenditure in 2011 is expected to be around €15 million higher than the usual amount (about 8.5% of net sales).

Net cash amounted to €24 million at December 31, 2010. bioMérieux still has a €260 million syndicated line of credit available until January 2013. There are no drawdowns on this facility.

9.2.4 OPERATING HIGHLIGHTS

Strategic partnerships and agreements

Six strategic partnership agreements were signed in 2010:

- In mass spectrometry for bacterial identification in microbiology laboratories, with Shimadzu and AnagnosTec.
- In hospital point-of-care, with Royal Philips Electronics.
- In molecular biology, with Biocartis and Idaho Technology.
- In gene sequencing for *in vitro* diagnostics, with Knome.

Two license agreements for cardiovascular disease biomarkers were signed:

- With BG Medicine, to use galectin-3, a new marker for the development and progression of heart failure, in bioMérieux systems (including VIDAS®).
- With Siemens Healthcare Diagnostics, to develop a VIDAS® test for high sensitivity measurements of C-reactive protein (hsCRP). hsCRP measurement is used in cardiovascular risk identification, stratification and prevention.

A new agreement was signed with GlaxoSmithKline to develop a molecular theranostic test to aid oncologists in choosing the appropriate treatment for metastatic melanoma (skin cancer).

New products

Seventeen new products were brought to market during the year. The beta version of the Myla™ middleware was launched. A critical component of the Company's Full Microbiology Lab Automation (FMLA™) solutions and services, Myla™ helps to improve connectivity, laboratory workflow and information management.

(11) Operating profit before non-recurring items, depreciation and amortization

Industrial operations

The ambitious operations development plan continued throughout the year. Two new production units started operating in China. The sites in Toronto (Canada), Solna (Sweden) and Boxtel (Netherlands) were closed, while the announcement was made for the year-end closure of the Portland, Oregon (United States) site. In addition, the Company implemented a number of projects to optimize its internal business processes, including the deployment of the Global Enterprise Resource Planning (ERP) system in five countries, the hiring of a Global Six Sigma Officer[(12)], and the signature of a global agreement with HCL, which has managed bioMérieux's servers, PCs and end-user computing infrastructure worldwide since January 3, 2011.

[(12)] Six Sigma is a registered trademark of Motorola

10 CAPITAL RESOURCES

bioMérieux had net cash in the amount of €24 million at December 31, 2010 and a €260 million syndicated line of credit available until January 2013. There have been no drawdowns on this facility. The details and terms and conditions of this credit facility are provided in Note 15 to the 2010 consolidated financial statements (see section 20.1.1).

Further information relating to cash flow is presented in section 9.2.3.

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

11 RESEARCH AND DEVELOPMENT, PATENTS AND LICENSES

11.1 STRATEGY AND INVESTMENT POLICY

The Company's research and development investments, which amounted to €149 million or 11% of net sales in 2010, are based on technologies that are developed internally or in partnership with other companies or academic research institutes, or under licenses acquired by the Company.

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

11.2 RESEARCH AND DEVELOPMENT PROJECTS

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

11.2.1 CLINICAL APPLICATIONS

In microbiology:

- development of new chromogenic culture media for the direct identification of bacteria (ChromID™), bolstered by the acquisition of the Swedish firm, AB bioMérieux (formerly AB BIODISK) in June 2008, specialized in antibiotic susceptibility testing;
- development of a new automated blood culture platform and an automated incubator;
- development of new blood culture bottles that can neutralize antibiotics in samples more effectively and provide clearer Gram staining;
- development of new test cards to enhance the VITEK® 2 menu;
- development of instrumental and software solutions for complete automation of microbiology laboratories (FMLA™, see. section 6.1.3.2), particularly the launch of MYLA™ in 2010;
- updating of specialized software on an ongoing basis;
- development of an IVD solution for rapid microbial identification using MALDI-TOF mass spectrometry technology;
- rapid detection and identification methods based on new imaging and mass spectrometry techniques, in liaison with the French alternative energies and atomic energy commission (CEA).

In immunoassays:

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

In molecular biology:

– development of healthcare-associated infection, sepsis, theranostics and oncology tests, particularly via the new Biocartis platform (see section 11.4);

– optimization of the extraction range;

– development of new integrated molecular biology platforms, in particular, as part of the ADNA (Advanced Diagnostics for New therapeutic Approaches) program.

11.2.2 INDUSTRIAL APPLICATIONS

– expanding menus for identifying pathogens in food products;

– development of the TEMPO® system;

– testing of new faster techniques to provide solutions for customers in the biopharmaceuticals and food sectors. The Company has continued to work with Hyglos AG (formerly Profos AG) to develop solutions for detecting foodborne pathogens using Hyglos' "phage ligand" technology;

– development of a molecular biology platform in partnership with US firm Idaho Technology.

11.2.3 THERANOSTICS

– research and development focusing on infectious diseases and oncology, in particular within the scope of partnership arrangements with pharmaceutical groups (for a detailed description, see section 11.4);

– continued development of cancer tissue testing following the acquisition of bioTheranostics (formerly AviaraDx).

11.3 STRUCTURE OF RESEARCH AND DEVELOPMENT ACTIVITY

Around 900 people work in research and development in ten differentsites: United States (Durham, Saint Louis and San Diego), France (four sites located in the Rhône-Alpes region), Italy (Florence), Brazil (Rio de Janeiro), and China (Shanghai).

Research activity is split between biomarkers and innovative technologies.

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

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

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

Site	Reagents	Systems	Informatics
Durham (North Carolina, U.S.)	Microbiology (blood culture) BacT/ALERT®		
Saint Louis Missouri (U.S.)	Automated microbiology (VITEK®)	Microbiology (VITEK® BacT/ALERT®, VITEK® MS)	Bio-informatics Microbiology
Marcy, Craponne, La Balme (France)	Immunoassays (VIDAS®) Microbiology (culture media, Etest®, TEMPO®) Rapid immunoassays (raw materials) Biomarkers	New technologies	Bio-informatics Microbiology
Grenoble (France)	Molecular biology	Molecular biology Microsystems	Bio-informatics
Florence (Italy)		Immunoassays (VIDAS®) Industrial microbiology (TEMPO®) Molecular biology (NucliSENS easyMAG®)	
Rio de Janeiro (Brazil)	Rapid immunoassays Immunology tests for tropical diseases		
Shanghai (China)	Rapid immunoassays Molecular biology (tests for early detection of cancers)		
San Diego (U.S.) bioTheranostics Inc.	Molecular biology for theranostic applications (cancer)		

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

11.4 KEY PARTNERSHIP AGREEMENTS

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

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

The most significant agreements entered into by the Company in 2010 are summarized below:

– With Royal Philips Electronics in immunoassays

  The Company signed an agreement in early 2010 with Royal Philips Electronics to jointly develop fully automated handheld point-of-care diagnostic test devices to be marketed by bioMérieux for hospital use. The first technical milestone involving Troponine testing was successfully completed in the fourth quarter of 2010.

– With Knome in molecular biology

  In April 2010, bioMérieux entered into a strategic agreement with U.S. firm Knome to develop next-generation, sequence-based IT solutions in *in vitro* diagnostics. Under the terms of this agreement, bioMérieux will have exclusive rights to license Knome's proprietary genome analysis platform for use in the *in vitro* diagnostics market.

– With BG Medicine in immunoassays

  The Company has entered into a licensing agreement with BG Medicine to develop a high medical value test for bioMérieux systems, particularly VIDAS®, using galectin-3, a new marker for the development and progress of heart failure.

– With Siemens Healthcare Diagnostics in immunoassays

  Siemens Healthcare Diagnostics has granted bioMérieux a license to develop a high medical value VIDAS® test for high sensitivity measurements of C-reactive protein (hsCRP) used in cardiovascular risk identification, stratification and prevention.

– With Biocartis in molecular biology

  In November 2010, the Company entered into a strategic agreement with Biocartis to co-develop dedicated healthcare-associated infection and sepsis tests using Biocartis' fully integrated molecular diagnostics system. This platform fully integrates all the steps of a molecular assay, from sample-in to data-out, in a sealed, disposable cartridge, which avoids any contamination risk. As well as providing rapid results, this platform is able to handle complex tests on a wide variety of samples, including oncology assays on tissue. bioMérieux also plans to use this platform to develop certain oncology and theranostics assays.

– With Idaho Technology in industrial applications

  bioMérieux and U.S.-based Idaho Technology signed an agreement in late 2010 to develop a molecular biology platform for industrial applications.

In theranostics , the Company has entered into the following agreements:

– With Ipsen, to develop a molecular diagnostic test to identify patients suffering from breast cancer likely to benefit from treatment using the Ipsen inhibitor, BN 83 495. bioMérieux has already developed and delivered the test to assist Ipsen in the clinical development of this drug and Ipsen is currently evaluating its commercial potential. Ipsen and bioMérieux have also signed a framework agreement to identify programs that could be boosted by joint development of therapeutic solutions and matching diagnostic tests, especially for hormone-dependent cancers.

– With Merck & Co. Inc. for the development of an immunoassay test intended for use by Merck as part of its research into infectious diseases. bioMérieux has developed and delivered the test as per the terms of the agreement.

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

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

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

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

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

As part of the Institut Mérieux Group, the Company has also carried out long-term research into infectious diseases jointly with the Institut Pasteur. This project was launched in 2009 and initial research began in 2010.

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

– bioMérieux and GenoSafe in the diagnostics field; and

– Généthon and Transgène in the therapeutic field.

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

It is funded by OSEO (see Note 28 to the 2010 consolidated financial statements in section 20.1.1) and its terms and conditions have been approved by the European Commission.

11.5 INTELLECTUAL PROPERTY

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

11.5.1 PROPRIETARY PATENTS

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

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

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

The Company continues to deploy its intellectual property policy. It actively protects its research findings via patents (approximately 40 new patents are filed each year) and monitors its competitors for any infringements of its patents. The Company intends to roll out this policy to the "Emerging 7" countries. At December 31, 2010, the Group owned 458 patent families, of which more than 97% have been filed in Europe and the United States, and more than 76% in Japan. At the same date, the Group held 319 granted U.S. patents and 194 granted European patents.

Patent policy consists of filing a priority application (generally in France or in the United States) and applying for an extension within one year under the Patent Cooperation Treaty (PCT) which has a single procedure for filing a patent in the 142 countries that are party to the treaty (at December 31, 2010). The final choice of countries for patent extension is made at the end of the PCT procedure, i.e., about 30 months after the initial filing. As a general rule, patents are extended in countries with the largest markets, namely the United States, Europe (particularly France, Germany, United Kingdom, Italy and Spain), Japan, China and India.

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

The Company owns a certain number of patents which are key to the success of its business.

11.5.2 LICENSES GRANTED BY THIRD PARTIES

As part of its normal business operations, the Company has been granted licenses by third-parties to develop or market reagents or technologies, some of which are listed in section 6.3.

In 2010, the Company entered into several new licensing arrangements:

– with BG Medicine to use galectin-3 in bioMérieux systems (particularly VIDAS®);

– with Siemens Healthcare Diagnostics to develop a VIDAS® test for high sensitivity measurements of C-reactive protein (hsCRP);

– with Knome to develop a new generation of IT solutions in *in vitro* diagnostics using DNA sequencing.

11.5.3 LICENSES GRANTED BY THE COMPANY

The Company has granted licenses to the following third parties:

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

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

– Patents covering detection sequences or processes for certain viruses such as EBV[(13)] for which the basic patents will expire between 2013 and 2016.

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

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

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

11.5.4 TRADEMARKS

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

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

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

– registration of a trademark for all European Union countries;

– registration of an international trademark (via the WIPO) for certain members of the Union of Madrid (Madrid Agreement and/or the Madrid Protocol);

– registration of separate national trademarks for certain specific countries.

The Company currently owns approximately 200 trademark families and these have been registered in most countries.

(13) Epstein-Barr virus, responsible for mononucleosis

12 OVERVIEW AND CURRENT TRENDS

12.1 RECENT DEVELOPMENTS

Net sales for the three months ended March 31, 2011 came in at €328 million, versus €307 million for the year-earlier period. This represents a 6.8% increase year on year, or 3.5% on a constant Group structure and exchange rate basis (like-for-like).

Sales

Net sales for the three months ended March 31, 2011 were up 3.5% like-for-like, or 4.2%, including sales by Dima GmbH, which had not been consolidated in the year-earlier period.

Analysis of Sales *In millions of euros*			
Sales – three months ended March 31, 2010	**307**		
Currency effect	+8		
Organic growth (like-for-like)[1]	+11	+3.5%	+4.2%
Dima sales[2]	+2	+0.7%	
Sales – three months ended March 31, 2011	**328**		

(1) The North America culture media business for routine clinical tests, which is being discontinued, did not have a material impact on sales for the period.

(2) Dima GmbH was not consolidated in first-quarter 2010.

During the quarter, the situation improved in certain traditional markets like North America, where the upturn gained momentum, and Germany and the United Kingdom, which reported rapid growth. This encouraging trend was nevertheless obscured by the temporarily modest growth in certain emerging markets. In China, major distribution contracts were renegotiated and certain public contracts are on hold, and in India, tenders have been delayed.

Geographically, first-quarter like-for-like sales can be analyzed as follows:

Sales by region *In millions of euros*	**Three months ended March 31, 2011**	Three months ended March 31, 2010	% change As Reported	**% change** Like-for-Like
Europe(*)	**176.9**	173.3	+2.0%	**-0.5%**
North America	**76.0**	69.7	+9.1%	**+6.7%**
Asia-Pacific	**46.6**	40.8	+14.2%	**+8.2%**
Latin America	**28.1**	22.8	+23.4%	**+16.3%**
TOTAL	**327.6**	306.6	+6.8%	**+3.5%**

(*) Including the Middle East and Africa.

– Sales in the Europe-Middle East-Africa region (54% of the consolidated total), were virtually unchanged over the period.

- In Western Europe (47% of the consolidated total), fiscal tightening weighed on demand, particularly in Greece, Spain and Portugal, where public debt remained at critical levels.

  Sales in France contracted by 3%, impacted by early deliveries reported in December 2010 as part of the Global ERP deployment process. Microbiology and high medical value VIDAS® test sales continued to expand, while sales of routine VIDAS® tests declined. During the quarter, the Ballereau legislative order, designed to enhance the medical role of laboratories and make their accreditation mandatory, was further debated in parliament. It is unlikely that any significant change will be made to the order.

  Sales growth was strong in Germany, the United Kingdom and the Nordic countries, and remained vigorous in Italy.

- Sales in Turkey, Russia, the Middle East and Africa, which had risen sharply in fourth-quarter 2010, confronted some difficulty in early 2011, although they picked up in March. In South Africa, sales fell steeply. The good performance of VIDAS® and microbiology sales was unable to compensate for the loss of the HIV viral load contract, which had an almost €4 million impact on the quarter. Sales were also dampened by the protest movements in Arab countries.

– Sales in North America (23% of the consolidated total) climbed 6.7%, after gaining 4.3% in fourth-quarter 2010.

  In the United States, sales of clinical microbiology reagents rose sharply. BacT/ALERT® instrument sales also increased significantly, driven by the gain of several new customers over the quarter. Sales of VITEK® instruments were penalized by an unfavorable base of comparison, due to the large number of installations in first-quarter 2010, in particular to replace first-generation systems. VIDAS® continued to benefit from the success of the VIDAS® B.R.A.H.M.S PCT assay in the critical care market. Industrial applications sales were negatively impacted by the consolidation of certain customer sites.

  In Canada, sales of clinical reagents rose quickly, in particular due to seasonal flu. In addition, in industrial applications, reagent sales were buoyed by instruments installed in the second half of 2010.

– In Asia-Pacific (14% of the consolidated total), sales rose 8.2%, with the impact of recovery in Australia and expansion in South Korea attenuated by the modest 3% sales growth in both China and India. For these last two countries, sales are expected to gain faster momentum over the rest of the year, since tenders are in the process of being written or awarded. After a particularly dynamic fourth-quarter 2010, sales in China were impacted by the renegotiation in first-quarter 2011 of several distribution agreements for clinical and industrial applications. In Japan, after the March 11 earthquake and tsunami, the Company actively participated in healthcare initiatives and made emergency deliveries of reagents and instruments.

  Sales of clinical applications were supported by growth across all of the microbiology lines and the sustained development of VIDAS®.

– In Latin America (9% of the consolidated total), sales were up 16.3% for the period. Except for Chile, all of the subsidiaries in this region reported rapid growth, including Brazil (up 25%), Mexico (up 21%) and Argentina (up 18%).

  In clinical applications, sales of microbiology and VIDAS® immunoassays were held back by the decline in microplates. Industrial applications, whose sales had surged more than 50% in first-quarter 2010, turned in a gain of almost 9% this quarter.

Like-for-like first-quarter 2011 sales can be analyzed by application as follows:

Sales by application *In millions of euros*	**Three months ended March 31, 2011**	Three months ended March 31, 2010	% change As Reported	**% change** Like-for-Like
Clinical Applications	**277.7**	259.1	+7.2%	**+3.8%**
Industrial Applications	**49.9**	47.5	+5.0%	**+2.1%**
TOTAL	**327.6**	306.6	+6.8%	**+3.5%**

– Sales of clinical applications varied by technology. Microbiology sales rose 9.2%, further strengthening bioMérieux's leadership. The VITEK® and BacT/ALERT® lines delivered a good performance. After a vigorous fourth-quarter 2010, sales of VIDAS® immunoassays increased slightly, hurt by the fall-off in instruments. Routine test sales continued to contract in Europe, but high medical-value tests rose by 23%, driven in particular by the success of VIDAS® B.R.A.H.M.S PCT. Due to the termination of the quantitative HIV reagents contract in South Africa, molecular biology sales fell 14% over the quarter, but would have been up 12% year-on-year excluding that impact.

– In industrial applications, sales were temporarily dampened by delays in several major instrument sale contracts. Reagent sales rose by 4%, impacted, among other factors, by the termination of blood culture bottle production for Millipore following that company's acquisition by Merck KGaA.

– Excluding the impact from the termination of the exclusive quantitative HIV reagent contract in South Africa, sales of reagents and services increased by around 5%, led by clinical microbiology and high medical value VIDAS® tests. Instrument sales rose by 2%, reflecting, in particular, the high prior-year comparatives due to the near 25% surge in instrument sales in first-quarter 2010.

Other quarterly financial highlights

– The Group had 6,378 full-time-equivalent employees as of March 31, 2011, reflecting the strengthening of the international commercial network, notably in North America and China. There were 6,306 employees at December 31, 2010.

– Net cash totaled €33 million at March 31, 2011, versus €24 million at December 31, 2010.

– bioMérieux has not experienced any disruption in reagent or instrument production following the March 11 earthquake and tsunami in Japan. A supply chain review including tier three suppliers was performed and a limited number of products dependent on Japanese components at risk was identified. The Company, which has safety inventories, has deployed a plan to secure supply that identifies alternative suppliers. As of today, the overall risk is deemed to be low.

First-quarter operating highlights

– Commercial offer

The Company has introduced a CE-marked version of its VITEK® MS mass spectrometry solution for bacterial identification in microbiology laboratories. The new identification solution will be fully integrated with the VITEK® platform, the world's leading system for automated ID/AST, via the Myla™ middleware. A request for 510(k) clearance will be filed with the U.S. Food and Drug Administration (FDA) in the second half.

bioMérieux has CE-marked the first bioNexia® rapid tests produced at the Shanghai plant in China. Other tests are expected to be CE-marked in the second quarter.

The Company also launched chromID™ C. difficile, the first chromogenic culture medium for the isolation and identification of *Clostridium difficile* in just 24 hours. *C. difficile* is a bacterium responsible for epidemics of healthcare-associated infections, some of which are very serious and associated with high mortality rates.

In addition, the Myla™ middleware continued to be developed over the quarter, with a new version now in the launch phase. It should soon be brought to market in such new territories as the United States, the United Kingdom and the Netherlands.

At the end of the quarter, the Company informed the FDA, other regulators and customers that VITEK® 2 susceptibility testing results for the antibiotic Piperacillin/Tazobactam (TZP) no longer meet previously stated acceptance criteria. Consequently, results of this test have been deactivated on the corresponding cards. The Company can nevertheless offer as an alternative the manual Etest® method. It has also implemented an aggressive action plan based on redeveloping a new version of the test and working closely with regulatory agencies. The Company believes that the action plan should enable it to mitigate any risk to patients, as well as the financial impact of the product recall.

– System development pipeline

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

- In molecular biology, the bioMérieux and Biocartis teams have initiated their collaboration, Biocartis platforms have been installed at the Grenoble (France) site and the development of three tests is now beginning.

- VIDAS® New has entered into a key stage in its development, with the creation of the initial prototypes, which will be used for the instrument's validation phases. This milestone marks the completion of design determination and opens a new phase of trials with biological assays.

- In microbiology, a prototype of the new automated blood culture system has been developed, a milestone that will make it possible to test the system's biological performance.

- Partnerships were defined with key suppliers for the development of the "Smart Incubator" instrument.

- Teams from bioMérieux and Philips pursued their work to develop point-of-care diagnostic solutions in order to achieve the next 2011 milestone.

– Partnership agreements

- Theranostics partnership with Ipsen

  In February, bioMérieux and Ipsen announced the signature of a framework agreement to facilitate collaboration on the co-development of a therapeutic and a companion diagnostic test, notably for hormone-dependent cancers.

- Cooperation with SIBS in industrial applications

  In late March, bioMérieux and the Shanghai Institutes for Biological Sciences (SIBS) announced the creation of a long-term strategic partnership to develop tests for the microbiological quality control of food products, including those manufactured in China.

– Microbiology Unit

Following the retirement of Dr. Peter Kaspar on March 31, 2011, Alexandre Mérieux, Chief Operating Officer, has been appointed Corporate Vice President of the Microbiology Unit whose scope of operations has been extended to include the Molecular Biology Unit.

12.2 OBJECTIVES

The Group has set itself targets for 2011 as well as for the 2010-2015 period. A number of risk factors (see Chapter 4) could cause actual results to differ significantly from the targets set out in the following sections.

12.2.1 OBJECTIVES FOR 2011

Sales

In 2011, bioMérieux aims to achieve sales growth of between 5% and 6%, on a constant Group structure and exchange rate basis. This objective excludes the impact of discontinuing culture media for the routine clinical test business in North America. It takes into account the difficult conditions prevailing in the Group's main markets (Western Europe and North America), the end of the quantitative HIV reagents contract in South Africa and the high level of instrument sales in 2010.

Operating profit before non-recurring items

In 2011, the Company plans to invest to ensure its development and profitability over the medium term. It will launch a new Services business, while preparing for 2012 and 2013 product launches and stepping up research and development. In this environment, it is targeting operating profit before non-recurring items of between €255 million and €270 million, including an estimated €12 million in research tax credits. This target also reflects the expected decrease in royalty income and the costs related to the deployment and amortization of the Global ERP system.

12.2.2 OBJECTIVES FOR 2015

Sales

For the 2010-2015 period, the Company has set an annual sales growth target of between 7% and 9%, at constant exchange rates and including business development agreements. This is higher than the projected growth rate for the *in vitro* diagnostics market as a whole and bioMérieux will leverage new growth drivers such as faster expansion in emerging markets, the development of point-of-care tests and a stronger position in high medical value tests.

Operating profit before non-recurring items

By 2015, bioMérieux aims to achieve an operating profit before non-recurring items of between 18% and 20% (at 2009 exchange rates). This target is based around the continued deployment of the Company's innovation strategy, with R&D expenditure representing roughly 12% of sales. It also factors in the end of royalty income from the BOOM® and NASBA™ technologies – most of whose patents expire in 2010 – as well as the economies of scale that will be achieved by increasing sales, developing innovative diagnostic solutions and constantly optimizing operating performance.

It does not include the impact of reclassifying research tax credits in operating profit before non-recurring items (see section 9.2.2).

13 PROFIT FORECASTS

Aside from the information concerning objectives disclosed in section 12.2, the Group does not provide profit forecasts.

14 ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES AND SENIOR MANAGEMENT

14.1 ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES

Composition of the Board of Directors

The Board of Directors is composed of at least three members and up to the maximum number permitted by law. At December 31, 2010, the Board of Directors comprised nine members.

Directors	Other directorships and positions held (all companies):	Other business and professional activities over the past five years
Alain Mérieux 72 years old Born on July 10, 1938 Father of Alexandre Mérieux (director and COO) First appointed on July 10, 1986 Current term expires in 2014 ***Number of bioMérieux shares held:*** 290 ***Main position within the Company:*** Chairman and Chief Executive Officer until December 31, 2010	**President** of Compagnie Mérieux Alliance SAS **Chairman of the Board of Directors** of: - Institut Mérieux* - the Mérieux Foundation - Ecole Vétérinaire de Lyon **Director and Honorary Chairman** of the Christophe and Rodolphe Mérieux Foundation **Director** of: - Compagnie Plastic Omnium - Transgène* - bioMérieux Italia SpA (Italy) - Silliker Group Corp. (U.S.)* - the Pierre Fabre Foundation - the Pierre Vérots Foundation - Synergie Lyon Cancer (Cancéropôle) - the Centaure Foundation	***Management experience and expertise:*** Graduate of Harvard Business School (1968) Chairman and Chief Executive Officer of the Company since 1965 Senior executive for more than 30 years ***Directorships and positions that have expired in the past five years (2006 to 2009):*** **Member of the Supervisory Board** of: - Eurazeo (term expired in 2007) - Akzo Nobel (the Netherlands) (term expired in 2007) **Director** of: - Shantha Biotechnics Ltd. (India) (term expired in 2009)
Jean-Luc Bélingard 62 years old Born on October 28, 1948 First appointed on September 15, 2006 Current term expires in 2014 ***Number of bioMérieux shares held:*** 50 ***Main position within the Company:*** Chairman and Chief Executive Officer from December 31, 2010 **Independent director** (until December 31, 2010)**	***Other directorships and positions held (all companies):*** **Chairman and CEO** of Ipsen (term expired in November 2010) **Director** of: - LabCorp of America (U.S.) - NicOx (France) - Celera Corporation (U.S.) - Agence Nationale de la Recherche	***Management experience and expertise:*** HEC Paris MBA Cornell University (U.S.) CEO of Roche Diagnostic and Member of the Management Committee of Roche Group (1990 to 1999) Member of the Management Board and CEO of bioMérieux Pierre-Fabre from 1999 to 2001 Chairman and CEO of Ipsen (2001 to 2010) ***Directorships and positions that have expired in the past five years (2006 to 2009):*** **Director** of: - Applera Corp. (U.S.) (term expired in 2008) - ExonHit Therapeutics (France) (term expired in 2006)

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

** Independent director as defined in the Board of Directors' internal rules

Alexandre Mérieux

37 years old
Born on January 15, 1974
Son of Alain Mérieux
Business address: Chemin de l'Orme, 69280 Marcy l'Étoile

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

Number of bioMérieux shares held: 20

Main position within the Company: Chief Operating Officer and Industrial Microbiology Director

Other directorships and positions held (all companies):

Director of:

- Institut Mérieux*
- the Christophe and Rodolphe Mérieux Foundation
- the Mérieux Foundation
- Silliker Group Corp. (U.S.)*
- bioMérieux Inc (U.S.)*
- BTF (Australia)*
- bioMérieux Canada*
- bioMérieux China Ltd. (China)*
- bioMérieux India Private Ltd. (India)*
- bioMérieux Polska sp. z.o.o. (Poland)*
- bioMérieux UK Ltd. (UK)*
- bioMérieux Singapore Pte Ltd. (Singapore)*

Vice President of:

- Institut Mérieux

President of SAS*:

- Mérieux Developpement*
- SGH

Manager of SCI Accra

Management experience and expertise:

HEC Montréal

Marketing Director of Silliker in 2003 and 2004*

Directorships and positions that have expired in the past five years (2006 to 2009):

Permanent representative of Silliker Group Corp, President of:

- Silliker France SAS* (term expired in 2007)
- Adriant SAS (term expired in 2008)

Director of Ecosilk (U.S.) (term expired in 2007)

Michele Palladino

70 years old
Born on June 13, 1940

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

Number of bioMérieux shares held: 2,000

Main position within the Company: None

Independent director**

Other directorships and positions held (all companies):

President and managing partner of Michele Palladino & C SAS

Management experience and expertise:

CEO of bioMérieux SA until 1993

Directorships and positions that have expired in the past five years (2006 to 2009):

None

* Company controlled, within the meaning of article L.233-16 of the French Commercial Code, by Compagnie Mérieux Alliance SAS
** Independent director as defined in the Board of Directors' internal rules

Michel Angé

71 years old
Born on November 27, 1939

First appointed on September 30, 2004
Current term expires in 2014

Number of bioMérieux shares held:
160

Main position within the Company:
Chairman of the Audit Committee

Independent director**

Other directorships and positions held (all companies):

Director of:
- Lyonnaise de Banque SA***
- Tessi
- Apicil Prévoyance

Director and Vice Chairman of the Supervisory Board of Banque de Vizille SA***

Management experience and expertise:

Graduate of Institut Technique de Banque
CEO of Lyonnaise de Banque for 13 years

Directorships and positions that have expired in the past five years (2006 to 2009):

Chairman and Vice-Chairman of:
- Apicil Prévoyance (term expired in 2007)
- Apicil Assurance SA (term expired in 2007)

Chairman of Apicil Preci SA (term expired in 2007)

Director of Centre Technique des Institutions de Prévoyance (term expired in 2007)

Vice-Chairman and director of Fonds de Garantie des Institutions de Prévoyance (term expired in 2008)

Chairman of GIE Santelog (term expired in 2007)

Georges Hibon

73 years old
Born on November 3, 1937

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

Number of bioMérieux shares held:
10

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

Other directorships and positions held (all companies):

Director of CARE France

Director of:
- Transgène SA*
- ABL

Management experience and expertise:

HEC Paris

Chairman of MSD Chibret France

Vice-Chairman of Merck International

Chairman and CEO of Pasteur Mérieux Connaught

Directorships and positions that have expired in the past five years (2006 to 2009):

Director of Cerep SA (term expired in 2007)
Director of BioAlliance Pharma (term expired in 2009)

Chairman of the board of Shantha Biotechnics Limited (India)* (term expired in 2010)

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* Company controlled, within the meaning of article L.233-16 of the French Commercial Code, by Compagnie Mérieux Alliance SAS
** Independent director as defined in the Board of Directors' internal rules
*** Company controlled, within the meaning of article L.233-16 of the French Commercial Code, by Lyonnaise de Banque

Groupe Industriel Marcel Dassault
Represented by **Benoît Habert**

46 years old
Born on July 12, 1964

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

Number of bioMérieux shares held:
2,013,470

Main position within the Company:
Member of the Audit Committee

Independent director**

Other directorships and positions held (all companies):

Chairman and CEO of Dassault Développement SA***

Deputy CEO and director of Groupe Industriel Marcel Dassault SAS***

President of Habert Dassault Finance SAS***

Director of:
- Transgène SA*
- Socpresse SA***
- Société du Figaro SA***
- Sitc SAS
- Sport 24 SA***
- Dupuis (Belgium) and Dargaud (France)
- Intigold (Peru)

Member of the Supervisory Board of AdenClassifieds SA***

Representative of GIMD, **director** of Silliker* (since June 8, 2010)

Management experience and expertise:

Chairman and CEO of Dassault Développement

Deputy CEO of Groupe Industriel Marcel Dassault

Directorships and positions that have expired in the past five years (2006 to 2009):

Director of:
- Chapitre.com (term expired in 2009)
- LSF (U.S.) (term expired in 2009)
- TM4 (Canada) (term expired in 2009)
- Livres invest (term expired in 2009)
- Shan (term expired in 2009)

Permanent representative of Dassault Développement, director of Unimédecine (term expired in 2007)

Philippe Archinard

51 years old
Born on November 21, 1959

First appointed on June 10, 2010
Current term expires in 2014

Number of bioMérieux shares held:
10

Main position within the Company:
Director of the Immunotherapy division of Institut Mérieux

Other directorships and positions held (all companies):

Chairman, **CEO and director** of Transgène*

Chairman of the Association LyonBioPôle

Director of Erytech Pharma

Permanent representative of TSGH* director of ABL Inc.

Representative of Lyonbiopôle on the Board of Directors of:
- the FINOVI Foundation
- the Synergie Lyon Cancer Foundation

Management experience and expertise:

Graduate of Harvard Business School

Managing Director of Innogenetics (Belgium) from 2000 to 2003

Chairman and CEO of Transgène*

Directorships and positions that have expired in the past five years (2006 to 2009):

None

* Company controlled, within the meaning of article L.233-16 of the French Commercial Code, by Compagnie Mérieux Alliance SAS
** Independent director as defined in the Board of Directors' internal rules
*** Company controlled, within the meaning of article L.233-16 of the French Commercial Code, by Groupe Industriel Marcel Dassault

Christian Bréchot

58 years old
Born on July 23, 1952

First appointed on June 12, 2008
Current term expires in 2012

Number of bioMérieux shares held: 10

***Main position within the Company*:**
Vice-Chairman in charge of Medical and Scientific Affairs at Institut Mérieux

Other directorships and positions held (all companies):

Vice-Chairman in charge of Medical and Scientific Affairs at Institut Mérieux*

Director of:
- InabioSanté in Toulouse
- The RITC (Recherche et Innovation Thérapeutique en Cancérologie) Foundation in Toulouse
- IGR&D in Paris
- Ophtalmologique Adolphe de Rothschild Foundation in Paris
- Transgène*

Management experience and expertise:

Director of INSERM U370/University Paris V "Hepatocellular Carcinogenesis and Molecular Virology" research unit from 1993 to 2001

Head of the liver unit at Necker Children's Hospital from 1997 to 2001

Director of Institut Pasteur's National Reference Center for the molecular epidemiology of viral hepatitis from 1998 to 2001

General Manager of Inserm (French national institute for health and medical research) from 2001 to 2007

Directorships and positions that have expired in the past five years (2006 to 2009):

General Manager of Inserm
(term expired in 2007)

Information on the composition and organization of the Board of Directors can be found in the Chairman's report in Appendix 1 of this Registration Document.

The members of the Board of Directors can be contacted at the Company's registered office in Marcy L'Étoile (Rhône).

14.2 CONFLICTS OF INTEREST

To the best of the Company's knowledge:

- no member of the Board of Directors or Chief Operating Officer of the Company has been convicted of fraud in the past five years;
- no member of the Board of Directors or Chief Operating Officer of the Company has been involved, over the past five years, in any bankruptcy, court-ordered receivership or liquidation, in their capacity as member of the Company's administrative, management or supervisory bodies or as Chief Executive Officer;
- no sentence has been pronounced over the past five years against any member of the Board of Directors or a Chief Operating Officer of the Company barring them from serving on an issuer's administrative, management or supervisory body or from participating in the management or conduct of the affairs of an issuer;
- no member of the Board of Directors or Chief Operating Officer of the Company has been charged with an offense or had any official public disciplinary action taken against them by a statutory or regulatory authority (including recognized professional bodies).

To the best of the Company's knowledge, there is no potential conflict of interest between the duties to the Company of any member of the Board of Directors or a Chief Operating Officer, and their private and/or other interests. The agreements involving certain directors are subject to the procedures concerning related-party agreements and are described in Chapter 19.

In addition, the Company has established corporate governance procedures (see Appendix 1).

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

Corporate officers' interests in the Company and the Group

Alain Mérieux and his son, Alexandre Mérieux, are the main shareholders of Compagnie Mérieux Alliance, the holding company of Institut Mérieux, which is the main shareholder of the Company, of which they own the majority of the share capital and voting rights (see sections 18.1 and 18.2).

15 COMPENSATION AND BENEFITS

15.1 COMPENSATION AND BENEFITS-IN-KIND

15.1.1 DIRECTORS' COMPENSATION

Summary of directors' fees

The total fees payable to all directors are capped at €300,000 per year, in accordance with the fifth resolution of the Shareholders' Meeting of June 12, 2008.

Directors receive a fixed fee of €4,000 for each meeting of the Board of Directors and each meeting of the committee(s) to which they belong.

Board members	Directors' fees paid in 2010 in euros	Directors' fees paid in 2009 in euros
Alain Mérieux	20,000	20,000
Alexandre Mérieux	20,000	24,000
Christian Bréchot	20,000	20,000
Michele Palladino	28,000	28,000
TSGH	8,000	16,000
Philippe Archinard	12,000	
GIMD/Benoit Habert	52,000	28,000
Michel Angé	52,000	28,000
Georges Hibon	48,000	28,000
Jean-Luc Bélingard	28,000	24,000
Harold Boël	12,000	
TOTAL	**300,000**	**216,000**

These directors did not receive directors' fees from Group subsidiaries.

Compensation of corporate officers and directors

- **Alain Mérieux**

The Chairman and Chief Executive Officer receives a fixed salary which is determined by Institut Mérieux, the majority shareholder of the Company. At December 31, 2010, only Alain Mérieux was entitled to an additional defined benefit pension plan. The plan, which was open to senior executives of the Company, has been closed and no amount was paid into it in 2010.

Summary of compensation, stock options and free shares granted to Alain Mérieux – Chairman and Chief Executive Officer		
	2010	**2009**
Compensation payable for the year	359,500	352,500
Value of stock options granted during the year	None	None
Value of free shares granted during the year	None	None
TOTAL	**359,500**	**352,500**

Alain Mérieux	**Amounts for 2010 in euros**		**Amounts for 2009 in euros**	
	Payable	Paid	Payable	Paid
- fixed compensation(*)	339,500	339,500	332,500	332,500
- variable compensation	None	None	None	None
- extraordinary compensation	None	None	None	None
- directors' fees	20,000	20,000	20,000	20,000
- benefits-in-kind	None	None	None	None
TOTAL	**359,500**	**359,500**	**352,500**	**352,500**
Value of stock options granted during the year	None		None	
Value of free shares granted during the year	None		None	

(*) Compensation paid by Institut Mérieux

- **Alexandre Mérieux**

Alexandre Mérieux's compensation is paid by Institut Mérieux, pursuant to an employment contract. His gross variable compensation is based on (i) the Company's financial performance (particularly growth in sales and operating profit before non-recurring items) and (ii) his individual performance assessed against targets set at the beginning of the year. It is paid the following year. This compensation is reviewed annually by the Human Resources, Appointment and Compensation Committee, which reports its findings to the Board of Directors.

Alexandre Mérieux is covered by the collective (defined contribution) retirement plan available to Group senior executives.

Summary of compensation, stock options and free shares granted to Alexandre Mérieux – Chief Operating Officer		
	2010	**2009**
Compensation for the year	381,289	350,936
Value of stock options granted during the year	None	None
Value of free shares granted during the year	None	None
TOTAL	**381,289**	**350,936**

Alexandre Mérieux	**Amounts for 2010 in euros**		**Amounts for 2009 in euros**	
	Payable	Paid	Payable	Paid
- fixed compensation(*)	221,429	221,429	184,643	184,643
- variable compensation(*)	135,240	140,000	136,800	90,596
- extraordinary compensation	None	None	None	None
- directors' fees	20,000	20,000	24,000	24,000
- benefits-in-kind(**)	4,620	4,620	5,493	5,493
TOTAL	**381,289**	**386,049**	**350,936**	**304,732**
Value of stock options granted during the year	None		None	
Value of free shares granted during the year	None		None	

(*) Compensation paid by Institut Mérieux
(**) Company car provided by Institut Mérieux

- **Christian Bréchot**

Christian Bréchot's compensation is paid by Institut Mérieux pursuant to an employment contract. His gross variable compensation is based on his individual performance assessed against targets set at the beginning of the year and is paid the following year.

Summary of compensation, stock options and free shares granted to Christian Bréchot		
	2010	**2009**
Compensation for the year	374,029	353,143
Value of stock options granted during the year	None	None
Value of free shares granted during the year	None	None
TOTAL	**374,029**	**353,143**

Christian Bréchot	**Amounts for 2010 in euros**		**Amounts for 2009 in euros**	
	Payable	Paid	Payable	Paid
- fixed compensation(*)	267,321	267,321	255,893	255,893
- variable compensation(*)	81,000	90,000	77,250	75,000
- extraordinary compensation	None	None	None	None
- directors' fees	20,000	20,000	20,000	20,000
- benefits-in-kind(**)	5,708	5,708	None	None
TOTAL	**374,029**	**383,029**	**353,143**	**350,893**
Value of stock options granted during the year	None		None	
Value of free shares granted during the year	None		None	

(*) Compensation paid by Institut Mérieux
(**) Company car provided by Institut Mérieux

Commitments made in favor of corporate officers

In 2010, the Company made no commitments whatsoever to its corporate officers, regarding compensation, indemnities or benefits payable or likely to be payable in connection with their appointment, termination or change in duties or subsequent thereto, except for a commitment in favor of Jean-Luc Bélingard as described below and in Chapter 19.

No preferred shares have been allocated to corporate officers for 2010.

Jean-Luc Bélingard, who was appointed Chairman and Chief Executive Officer as from January 1, 2011, did not receive any compensation other than directors' fees in 2010. For 2011, the Board of Directors has set (i) his fixed compensation at an annual gross amount of €680,000, (ii) his variable compensation at up to 125% of the fixed portion, based on the achievement of objectives with respect to qualitative and quantitative criteria, and (iii) his termination benefits − which will only be paid in the event of a forced departure resulting from a change of strategy or control − at 24 months of salary.

Loans and securities granted to corporate officers

N/A

15.2 PENSION AND OTHER EMPLOYEE BENEFIT OBLIGATIONS

The Company's commitment with respect to the defined benefit pension plan amounted to €2.6 million at December 31, 2010.

16 BOARD PRACTICES

16.1 BOARD OF DIRECTORS AND TERMS OF OFFICE

The Board of Directors' duties

The Board of Directors is responsible for defining and implementing the Company's strategies. It has powers to act on all questions concerning the smooth running of the Company and settles all matters affecting the Company by its deliberations, within the limits of the corporate purpose and subject to the powers expressly granted to Shareholders' Meetings. The Board of Directors carries out all controls and procedures that it deems appropriate.

The Board of Directors' internal rules provide that the Board of Directors must decide on (i) the approval of the strategic plans of the Company and its subsidiaries, (ii) the approval of the annual budget and, on a quarterly basis, its implementation, and (iii) the authorization of all key transactions (acquisitions, exchanges, transactions, granting of security interests, financing by any means, etc.) of more than €30 million not provided for in the strategic plan or the budget.

The internal rules also provide that the Board of Directors must be notified of any significant event affecting the operation of the Company and more specifically its financial and cash position and commitments.

The Board of Directors' work

The Chairman organizes and oversees the Board's work and reports thereon to the Shareholders' Meeting.

He ensures that the Company's management bodies operate effectively and that the directors are able to perform their duties.

Information on the duties and work of the Board of Directors can be found in the Chairman's report in Appendix 1 of this Registration Document.

Directors' terms of office

The list of directorships as well as the appointment and expiration dates are provided in Chapter 14 of this Registration Document.

16.2 SERVICE AGREEMENTS

None of the members of the administrative, management or supervisory bodies has entered into a service agreement with the Company or one of its subsidiaries providing for the payment of benefits.

16.3 AUDIT COMMITTEE AND HUMAN RESOURCES, APPOINTMENT AND COMPENSATION COMMITTEE

Committees of the Board of Directors

The Board of Directors' internal rules provide that the Board of Directors may set up one or more permanent or temporary committees to help it accomplish its work and contribute to the preparation of its decisions.

The committees are in charge of examining issues assigned to them by the Board of Directors or the Chairman of the Board, preparing the Board of Directors' work on these issues, and reporting their findings to the Board of Directors in the form of reports, proposals, communications or recommendations.

The committees act in a consultative capacity. The Board of Directors determines at its own discretion how to follow up on the findings reported by the committees' reports. The directors remain free to vote as they choose and are not bound by the committees' studies, investigations or reports, nor by any recommendations they may issue.

At the date this Registration Document was filed, the Company's Board of Directors had set up two committees: the Audit Committee and the Human Resources, Appointment and Compensation Committee. Information on the composition and operation of these committees can be found in Appendix 1 of this Registration Document.

16.4 COMPLIANCE WITH CORPORATE GOVERNANCE PRINCIPLES

Legal framework of corporate governance

The Company complies with applicable corporate governance requirements. It refers to the AFEP-MEDEF Corporate Governance Code which summarizes current corporate governance principles. This code may be viewed online (in French) on the MEDEF website (http://www.code-afep-medef.com). The provisions of the code that have not been applied and the reasons for such non-compliance are described below.

Directors' terms of office

The majority of the directors' terms of office expire at the same time. In light of the Company's background (seven of the current nine directors were appointed in 2004 and their terms of office renewed upon expiration), the terms of office of directors cannot be staggered.

Composition of the Board of Directors

There are no women on the Board. The Human Resources, Appointment and Compensation Committee will recommend the appointment of women in accordance with the conditions and within the time frame required by law.

The Audit Committee and its duties

The risks and off-balance sheet commitments are listed in the notes to the financial statements. They are not subject to a special report by the Chief Financial Officer as they are not material.

Assessment of the Board of Directors

The Board of Directors assesses the performance of General Management independently and collectively.

17 EMPLOYEES

17.1 NUMBER OF EMPLOYEES

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

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

17.1.1 GROUP EMPLOYEES

bioMérieux is a worldwide group with 6,306 full-time equivalent (FTE) employees at December 31, 2010, 58% of whom work outside of France.

The table below shows the Group's FTE employees at December 31, 2010:

Geographic area	Production and logistics	Sales, marketing, customer service	R&D	Administrative and general services	Total	%
Europe – Middle East – Africa	1,556	981	678	478	3,693	58.6
Of which France	*1,222*	*417*	*650*	*368*	*2,657*	*42.1*
North America	845	447	214	146	1,652	26.2
Asia-Pacific	254	297	8	74	633	10.0
Latin America	101	173	3	51	328	5.2
Total	**2,756**	**1,898**	**903**	**749**	**6,306**	**100.0**
%	43.7	30.1	14.3	11.9	100.0	–

The table below shows changes in the Group's workforce (on an FTE basis) since 2008:

	Dec. 31, 2010	Dec. 31, 2009	Dec. 31, 2008
France	2,657	2,687	2,513
Europe (excl. France) – Middle East – Africa	1,036	1,098	1,244
North America	1,652	1,711	1,678
Latin America	328	315	300
Asia-Pacific	633	489	405
Total	**6,306**	**6,300**	**6,140**

In 2010, workforce changes were caused by the following events:

- the closure of the Boxtel site in the Netherlands;
- the closure of the Solna site in Sweden and transfer of its operations to the La Balme site in France;
- the closure of the Toronto site in Canada;
- continued strengthening of the sales and marketing structures in the Emerging 7[(14)] with the entry into the group of Meikang Biotech, Dima GmbH (company distributing the products of Meikang Biotech) and Zenka.

[(14)] Emerging 7: Brazil, China, India, Indonesia, Mexico, Russia and Turkey.

17.1.2 HUMAN RESOURCES POLICY

The Group pursues an active human resources policy focused on (i) performance tracking, (ii) developing skills and mobility, (iii) compensation policy, (iv) improving working conditions and (v) promoting gender equality in the workplace.

Performance tracking

Performance tracking by means of annual evaluation and follow-up reviews ensures that individual objectives are aligned with Company priorities, individual performances are assessed and skill-development measures are put in place. These reviews provide an opportunity for clarifying expectations and assessing compliance with Company values.

Developing skills and mobility

Given the increasingly rapid changes of a demanding and competitive market, development of employees and managers is more than ever a key objective for bioMérieux.

In France, in the context of the agreement on forward-looking skills and career management (*Gestion Prévisionnelle des Emplois et des Compétences* – GPEC) signed in 2009, work in liaison with managers was undertaken to anticipate changes affecting professions and the related skill requirements. bioMérieux University covers all technical and managerial training for all employees in all countries, whether carried out in-house or by outside service providers. bioMérieux University embodies the Company's values, objectives and strategies. The aim of this organization is to align employees around a common vision.

bioMérieux University proposes two programs to all employees:

- bioMérieux Manager Essentials (bME): this program is mandatory for all employees who assume a supervisory role. It consists of twenty-five training days over a period of four years;

- bioMérieux Essentials (bE): for all employees, corresponding to one or two training days per year.

The aim of these programs is to present the Company's culture, fundamentals and processes.

After being introduced in France and in the United States in 2007, these programs were rolled out to managers in China, Latin America and the rest of Europe in 2010.

Specific programs for each function are also offered in addition to these cross-functional programs. The programs developed in 2009-2010 include the following functions: Marketing Excellence (for the Marketing function), Project Manager Essentials and Manufacturing Essentials based on 2BP production best practices (bioMérieux Best Practices).

For example, in France, each employee completes 38 hours of training per year on average[(15)].

In France, bioMérieux University provides opportunities for unqualified staff to follow degree courses via the French accreditation for work experience system (VAE) or the laboratory assistant training program at the Jean-Baptiste de La Salle High School in Lyon. In 2010, eight employees used the work experience accreditation system and 65 employees enrolled in the program at La Salle High School in Lyon at its inception.

To strengthen its managers' leadership capabilities, bioMérieux University implemented the "360 degree" program, enabling managers to identify their strengths and career development opportunities.
Product training, which plays a key role in the Group's performance, is provided by trainers from the five Knowledge Centers in the United States and France.

In 2010, 372 product training sessions were organized.

2,300 persons, employees and distributors received training on the Group's products in more than 90 countries, representing a total of 57,600 hours of training.

[(15)] This commitment corresponds to 113,493 hours budgeted for training in 2010 for 2,954 employees (headcount at December 31, 2009).

In addition to these training courses, distance learning opportunities are also offered, particularly in the form of e-learning modules.

These in-house training courses are offered to the sales functions (sales, marketing, customer service). However, bioMérieux University also offers scientific training to its clients (laboratory technicians, biologists, etc.) via sessions led by in-house trainers or experts.

bioMérieux encourages internal staff mobility: career changes are possible within each sector or by taking on a new profession. bioMérieux's worldwide presence in some 170 countries also gives employees international career development opportunities. The bioMérieux career opportunities intranet site allows each employee to be informed of and apply for available positions in France, the United States and in all the subsidiaries.

The agreement on forward-looking skills and career management also focuses on the employment of young people and seniors.

In terms of recruitment, the Company pays special attention to career development and the promotion of equality in the workplace. Relationships with schools and universities are at the core of the recruitment policy to facilitate the integration of young graduates, who receive regular presentations on career opportunities within the Company.

In 2010, 3.6%[16] of the employees in France were hired on apprenticeship or work-study programs. bioMérieux hired 105 young employees on work-study programs and 16 as part of the international internship program (*Volontariat International en Entreprise – VIE*) in the world in the past year.

Compensation policy

Compensation (fixed and variable) is set in each country on the basis of local conditions, the Company's results and individual performances. A worldwide grading of executive positions makes it possible to compare levels of responsibility and set compensation on the basis of local benchmarks.

In order to align staff with bioMérieux's values and strategic priorities, certain executives receive an annual compensation package based on common indicators, a portion of which is linked to the Company's performance.

Incentives for employee savings have been offered in France since 1987, with the establishment of a company savings plan (*Plan Epargne Entreprise* – PEE). In addition to the mandatory profit-sharing plan, the Company's employees also benefit from an incentive plan. Since 2006, all employees in France can invest their savings in a group retirement savings plan (*Plan d'Epargne Retraite Collectif* – PERCO), to which the Company makes matching contributions.

In 2009, a global share ownership plan (OPUS) was set up in addition to the above plan. The OPUS plan has allowed employees to acquire bioMérieux shares on favorable terms (employer's matching contribution in the form of free shares outside of France and under the PEE in France). Thirty-five countries participated in this plan in 2010 and nearly one employee in three is now a bioMérieux shareholder.

At December 31, 2010, about 1% of the share capital of bioMérieux was held by its personnel directly or through mutual funds.

Improving working conditions

The Group has an active occupational risk prevention policy which focuses on training for new employees and medical supervision of employees exposed to specific risks (see section 8.2).

(16) 105 young employees on work-study programs were hired in 2010, out of an average workforce of 2,911.

Promoting gender equality in the workplace

Half of bioMérieux's employees are women[17]. The Company is committed to ensuring that there is no gender discrimination in hiring and employment practices. An agreement was signed in France in 2007 with the main purpose of reducing salary discrepancies between men and women.

17.1.3 EMPLOYEE RELATIONS

The Company has good employee relations and has always been very attentive to the quality of social dialogue with the employee representative bodies.

In 2010, 15 company-wide agreements were signed in France, including:

- an agreement signed in January 2010 implementing changes to the personal protection plans. This agreement standardized the guarantees for all professional categories while improving health coverage;
- the framework agreement on the prevention of psychosocial risks in preparation for the negotiation, in line with an occupational health policy, of a company-wide agreement in 2011;
- the memorandum of understanding relating to the 2011 annual salary review, working conditions and equality in the workplace.

A three-year company-wide agreement relating to the integration of disabled employees was signed at the end of 2010 for 2011, 2012 and 2013.

These four major agreements were signed by all the representative unions.

The bioMérieux Central Works Council held 16 information and/or consultation meetings in 2010. The Chief Executive Officer or members of the Management Committee attended these meetings depending on the topics covered.

The topics discussed related to:

- the Company's financial position, environment and results (quarterly sales, half-yearly and annual results and outlook);
- the overall strategy, research and development policy, industrial guidelines, strategy in the various divisions (immunoassay, molecular biology, microbiology and industry);
- the changes needed to achieve objectives (organizational restructuring, etc.);
- the social balance-sheet, changing professions (application of the GPEC agreement), training policy, compensation and company-wide agreements.

All of these topics were further discussed with the local Works Councils according to their specific requirements.

Since 2008, the Company has coordinated a European forum for discussion with the participation of four European countries (France, Germany, Italy and Spain). Two meetings are organized each year to present the Company's outlook and consult the members of this forum on restructuring projects.

17.2 SPECIAL REPORT ON FREE SHARE GRANTS

Currently the Company does not have any stock option plans. No stock options were granted to corporate officers or employees by the Company or Group companies in 2010. At the date of this report, no stock options may be exercised.

[17] 51.5% at December 31, 2010 according to the information available on that date in the Human Resources Information System (scope: France, United States, Canada, Germany, United Kingdom, Switzerland, Belgium, the Netherlands).

The Board of Directors granted 252,851 free shares under performance share plans set up by the Board – after consulting with the Human Resources, Appointment and Compensation Committee – pursuant to the authority granted to it by the Ordinary and Extraordinary Shareholders' Meetings of June 12, 2008 and June 10, 2010.

The table below shows the number of free shares granted to beneficiaries other than corporate officers, and not fully vested at end-2010:

Grant date	Number of shares granted	Share price (in euros)
March 5, 2010	46,000	80.20
June 10, 2010	206,851	84.26

17.2.1 VESTING PERIOD

The shares granted vest at the end of a two-year period or a four-year period from the date of the decision to grant the shares.

17.2.2 ELIGIBILITY AND PERFORMANCE CONDITIONS

In 2010, upon the recommendation of the Human Resources, Appointment and Compensation Committee, the Board of Directors decided to grant free shares that will vest if the following performance conditions are met:

– the beneficiary holds a position in the Company at the grant date;

– achievement of a sales growth target;

– attainment of a recurring operating profit margin target.

However, the OPUS global plan offered to all Group employees who have already acquired Company shares only requires that the employee still hold a position in the Company at the grant date.

17.2.3 DELIVERY OF SHARES

At the end of the vesting period and provided that the conditions set by the Board of Directors are met, the Company will transfer to the beneficiary the number of free shares granted by the Board of Directors. The beneficiaries will become shareholders but they must hold their shares during the lock-up period set under the plan.

17.2.4 LOCK-UP PERIOD

According to French law, the beneficiaries undertake to hold their shares for a lock-up period of two years from the expiration of the vesting period, as defined above.

Shares granted to corporate officers after January 1, 2007 are subject to transferability restrictions as follows: a maximum of 40% may be transferred at the end of the initial two-year lock-up period, 70% after three years, and 90% after four years. In any event, at least 10% of the shares granted must be held until the expiration of the holder's term of office.

17.2.5 BENEFICIARIES' RIGHTS

Even though the shares will not be transferable, the beneficiaries of vested shares are entitled, like any other shareholder, to exercise all other rights attached to such shares during the lock-up period, including:

- pre-emptive subscription rights;
- right to information;
- right to attend shareholders' meetings;
- right to vote;
- right to dividends and, if applicable, distributed reserves.

Shares granted in 2008 to Company employees vested at the end of the vesting period in 2010. The corresponding shares were transferred to the following beneficiaries: 10,000 shares to Richard Ding and 5,000 shares to Peter Kaspar on March 17, 2010; 10,000 shares to Mojgan Lefebvre on June 25, 2010.

17.3 SHARES AND STOCK OPTIONS HELD BY CORPORATE OFFICERS

No free shares or stock options were granted to corporate officers.

17.4 EMPLOYEE PROFIT-SHARING

Incentive and mandatory profit-sharing plans

An incentive plan was negotiated for 2010, 2011 and 2012 for the employees of bioMérieux SA. The total amount distributable under the plan is calculated by reference to consolidated operating profit and growth in sales.

bioMérieux SA also has a mandatory profit-sharing plan, for which the reserve set aside is calculated on the basis of the legal formula.

Employee profit sharing amounted to €13.7 million in 2010 (see Note 17 to the consolidated financial statements in section 20.1.1).

18 MAIN SHAREHOLDERS

18.1 MAIN SHAREHOLDERS

Changes in the ownership structure over the past three years

The table below shows the Company's ownership structure on the dates indicated.

Shareholders[a]	December 31, 2010				December 31, 2009				December 31, 2008			
	Number of shares	% of capital	Number of voting rights	% of voting rights	Number of shares	% of capital	Number of voting rights	% of voting rights	Number of shares	% of capital	Number of voting rights	% of voting rights
Institut Mérieux[b]	23,240,090	58.90	46,480,180	70.87	23,240,090	58.90	46,480,180	70.79	23,240,090	58.90	46,480,100	72.15
GIMD[c]	2,013,470	5.10	4,026,940	6.14	2,013,470	5.10	4,026,940	6.13	2,013,470	5.10	3,993,940	6.20
Employees[d]	464,232	1.18	471,254	0.72	391,246	1	530,544	0.81	544,761	1.38	390,818	0.61
Treasury stock[e]	31,200	0.1	0	0.00	44,900	0.1	0	0.00	191,431	0.49	0	0.00
Public	13,704,748	34.74	14,607,811	22.27	13,764,034	34.9	14,622,015	22.27	13,463,988	34.13	13,558,098	21.04
TOTAL	39,453,740	100	65,586,185	100	39,453,740	100	65,659,679	100	39,453,740	100	64,422,956	100

(a) Only the shareholders representing more than 5% of the capital are named in this table. The other shareholders are included under Public.

(b) Institut Mérieux is the holding company of the Mérieux family through Compagnie Mérieux Alliance.

(c) Groupe Industriel Marcel Dassault.

(d) This line includes employee share ownership through corporate mutual funds ("FCPE"), the shares held by employees within the framework of the OPUS plans and shares held by employees in registered form. In 2009 and 2008, this line included employee share ownership through corporate mutual funds, the shares held by employees within the framework of the OPUS plans and the free shares granted to the Company's employees.

(e) The shares are held pursuant to the liquidity contract with Crédit Agricole Cheuvreux and the agency agreements entered into with Crédit Agricole Cheuvreux and Natixis.

The change in voting rights is due to the existence of double voting rights as defined in section 21.2.3 of this Registration Document.

Disclosure thresholds

- On August 3, 2010, AXA Investment Managers disclosed that it had increased its interest to above the 1% disclosure threshold;
- On September 1, 2010, AXA Investment Managers disclosed that it had decreased its interest to below the 1% disclosure threshold;
- On November 16, 2010, Sofina disclosed that it had increased its interest to above the 2% disclosure threshold.

Employee share ownership

At December 31, 2010, employees held 464,232 shares, i.e., 1.18% of the share capital of the Company, broken down as follows:

- under the OPUS Classic mutual fund: 208,400 shares;
- registered shares: 228,397 shares;
- following the acquisition of shares under the OPUS plans: 27,435 shares.

Neither the Company nor any Group company granted stock options to corporate officers or employees in 2010. At December 31, 2010, there were no exercisable stock options.

In 2010, the Company granted free shares, as described in the special report drawn up for this purpose (see section 17.2).

18.2 CONTROL OF THE ISSUER

Institut Mérieux, which is the holding company owned by the Mérieux family, through Compagnie Mérieux Alliance, held 58.90% of the share capital and 70.87% of the voting rights of the Company at December 31, 2010. Therefore, Institut Mérieux can adopt all the resolutions submitted for the approval of shareholders at Shareholders' Meetings.

The Company is controlled as described above. However, the Company considers that there is no risk that control will be exercised in an abusive manner.

18.3 CHANGE OF CONTROL

To the best of the Company's knowledge, there are no shareholders' agreements and/or joint action, nor any agreement whose implementation could result in a change of control.

19 RELATED-PARTY TRANSACTIONS

The Statutory Auditors' special report on related-party agreements for the year ended December 31, 2009 and the description of the transactions with related parties are presented in sections 5.7 and 5.3.29 respectively of the 2009 Reference Document filed with the French financial markets authority (*Autorité des Marchés Financiers* – AMF) on April 26, 2010.

For 2010, transactions with related parties are described in section 20.1.1. of this Registration Document (Note 29 to the consolidated financial statements for the year ended December 31, 2010) and in section 20.1.2 (Note 20.7 to the parent company financial statements for the year ended December 31, 2010). The Statutory Auditors' special report on related-party agreements for the year ended December 31, 2010 is presented below.

All the agreements and commitments authorized by the Board of Directors and submitted to the shareholders for approval were approved in accordance with the provisions of article L.235-38 of the French Commercial Code (*Code de commerce*).

Statutory Auditors' special report on related-party agreements and commitments

This is a free translation into English of the Statutory Auditors' special report issued in French and is provided solely for the convenience of English speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Shareholders,

In our capacity as Statutory Auditors of bioMérieux, we hereby report to you on related-party agreements and commitments.

It is our responsibility to report to shareholders, based on the information provided to us, on the principal terms and conditions of the agreements and commitments that have been disclosed to us or that we may have identified as part of our engagement, without commenting on their relevance or substance or identifying any undisclosed agreements and commitments. Under article R.225-31 of the French Commercial Code, it is the responsibility of the shareholders to determine whether the agreements and commitments are appropriate and should be approved.

Where applicable, it is also our responsibility to provide shareholders with the information required by article R.225-31 of the French Commercial Code in relation to the implementation during the year of agreements and commitments already approved by the Shareholders' Meeting.

We performed the procedures that we deemed necessary in accordance with professional standards applicable in France. These procedures consisted in verifying that the information provided to us is consistent with the underlying documents.

AGREEMENTS AND COMMITMENTS SUBMITTED FOR THE APPROVAL OF THE SHAREHOLDERS' MEETING

Agreements and commitments authorized during the year

In accordance with article L.225-40 of the French Commercial Code, we have been informed of the following agreements and commitments which were subject to the Board of Directors' prior authorization.

With Jean-Luc Bélingard, Chairman and Chief Executive Officer appointed at January 1, 2011

Termination benefits

At its meeting of December 17, 2010, in accordance with the provisions of article L.225-42-1 of the French Commercial Code, the Board of Directors authorized the payment of termination benefits to Jean-Luc Bélingard, Chairman and Chief Executive Officer of the Company at January 1, 2011.

The termination benefits represent 24 months of his total fixed and variable compensation.

The termination benefits will be payable only in the event of a forced departure resulting from a change of strategy or control. In addition, they will be payable based on the achievement of sales growth and recurring operating profit targets announced the year preceding the year of Jean-Luc Bélingard's departure.

The termination benefits will be payable only after the Board of Directors' official recording of the achievement of the above-mentioned performance conditions.

They will not be payable in the case of resignation, retirement or a change of position within the Group.

With bioMérieux BV

Debt waiver

Nature and purpose: On December 23, 2010, the Company granted a debt waiver of €7,500,000 to its subsidiary bioMérieux BV.

Directors indirectly concerned: Alain Mérieux and Alexandre Mérieux.

With Théra Conseil

Nature and purpose: On March 3, 2011, the Company signed a short-term lease agreement to occupy a building located in Tassin (without an automatic renewal clause), 45 avenue du 11 novembre 1918 effective at March 15, 2010.

Terms and conditions: Annual fee of €36,000, excluding charges, payable each quarter in arrears until March 15, 2011, €37,000 thereafter.

Amount billed for the year ended December 31, 2010: €36,000

Director concerned: Philippe Archinard.

AGREEMENTS AND COMMITMENTS ALREADY APPROVED BY THE SHAREHOLDERS' MEETING

Agreements and commitments approved in previous years

a) Implemented in 2010

Pursuant to article L.225-42 of the French Commercial Code, we were informed of the following agreements and commitments approved in prior years, which were implemented in 2010.

With Transgène

Collaboration on the ADNA project to develop an HPV accompanying test

Nature and purpose: Service agreement between bioMérieux and Transgène, pursuant to which bioMérieux is entrusted with the development of an HPV accompanying test on behalf of Transgène.

Terms and conditions: Both parties' contributions to the program are as follows:

Pooling of resources and knowledge.

Development financing in the amount of €782,000 to be paid by Transgène to bioMérieux based on the progress and results of the development.

Transgène has title to intellectual property rights in the results, except for developments derived from technologies contributed by bioMérieux.

The kits developed by bioMérieux will be transferred to Transgène at cost, plus a 15% mark-up.

Amount recognized as income by bioMérieux in 2010: €238,000

With Institut Mérieux and Transgène

Consortium agreement within the framework of the ADNA project (Advanced Diagnostics for New therapeutic Approaches

Nature and purpose: The purpose of the agreement is to set forth the governing rules and the status of the intellectual property rights in and use of the results produced by the consortium.

The parties to the consortium agreement include Institut Mérieux, bioMérieux SA and various other companies, including Transgène SA, with a view to the implementation of a research and development project known as “ADNA” (Advanced Diagnostics for New therapeutic Approaches) which is designed to contribute to the development of personalized medical care in the fields of infectious diseases, cancers and rare genetic disorders.

Terms and conditions: The agreement came into force in October 2008 following approval by the European Commission of the project's financing by OSEO-ANVAR (formerly known as *Agence pour l'Innovation Industrielle*).

With Institut Mérieux

Service agreement within the framework of the ADNA project

Nature and purpose: Institut Mérieux, in its capacity as consortium leader under the ADNA project, undertakes to provide coordination services.

Terms and conditions: bioMérieux is liable for a share of the direct and indirect expenses incurred by Institut Mérieux in connection with the performance of its assignments, proportional to bioMérieux's share of the budget eligible for subsidies and repayable advances.

Amount of expenses billed to bioMérieux for 2010: €226,998.

Service agreement

Nature and purpose: The Company entered into a service agreement with Institut Mérieux effective January 1, 2002 (amended by two addenda in 2007).

Terms and conditions:

- Under addendum 1, compensation is based on services provided by Institut Mérieux (personnel costs and contributions, plus 8%) and is allocated between the companies of the Institut Mérieux Group according to three allocation keys based on the weighting of fixed assets, revenue and payroll costs.

- Addendum 2 governs the allocation of the cost of free share grants when the beneficiary employee has been transferred within the Institut Mérieux Group during the vesting period. The companies of the Institut Mérieux Group granting free shares charge back the costs related to the free shares, without any profit margin, on a prorated basis to reflect time spent by the employee concerned within each of the companies during the vesting period.

In 2010:

- under addendum 1, Institut Mérieux billed the Company €3,311,583,

- under addendum 2, the Company billed Institut Mérieux €0.

With the Mérieux Foundation

Specific partnership and sponsorship arrangement

Nature and purpose: As the Mérieux Foundation wishes to have its own research facilities to develop health solutions that meet the constraints of developing countries, bioMérieux decided to give financial support to this project by entering into a sponsorship agreement while providing a laboratory team and related resources. This agreement, which was entered into for a term of three years, represented financial aid of €1.5 million in 2008, €1 million in 2009 and €0.5 million in 2010.

The Mérieux Foundation is entitled to access other skills and resources within bioMérieux and shall own all the results of research carried out in the laboratory.

Terms and conditions: The various resources made available to the Mérieux Foundation by the Company in 2010 amounted to €500,000.

With Ipsen

Cooperation agreement in the field of theranostics

Nature and purpose: Cooperation between bioMérieux and Ipsen for the development of an accompanying diagnostic test for a new compound currently in phase I clinical trial by Ipsen, intended for the treatment of breast cancer.

Terms and conditions: Ipsen supplies the samples needed by bioMérieux for conducting research and development on this accompanying test. bioMérieux must design a test capable of identifying patients likely to benefit from this new treatment. Half of the development cost is borne by Ipsen. The test will contribute to the clinical development of the Ipsen compound, as well as to that of a diagnostic test that could be distributed by bioMérieux.

With the Christophe and Rodolphe Mérieux Foundation

Humanitarian projects

Nature and purpose: The Company has entered into a sponsorship agreement with the Christophe and Rodolphe Mérieux Foundation. The amount of annual contributions is submitted each year to the Board of Directors for approval.

Terms and conditions: For 2010, the Company recognized an expense of €1,325,000.

b) Not implemented in 2010

In addition, we were informed of the following agreements and commitments, already approved by the Shareholders' Meeting in previous years, which were not implemented in 2010.

With Institut Mérieux

Use of the Mérieux name

Nature and purpose: Institut Mérieux may use the Mérieux family name for identified activities that are distinct from those of the Company, provided such use is not detrimental to the interests of the Company. Institut Mérieux may also be granted the exclusive use of the Mérieux family name should the Company be controlled by a third party not wishing to retain its corporate name.

Terms and conditions: This agreement had no impact in 2010.

Pension plan

Nature and purpose: The Company set up a defined benefit pension plan for managers with a professional classification coefficient of 800, within the meaning of the national collective bargaining agreement governing the pharmaceutical industry. Following the group restructuring, plan beneficiaries may be employees of Institut Mérieux. The purpose of the agreement was therefore to secure the membership of Institut Mérieux.

Terms and conditions: Alain Mérieux was the plan's sole beneficiary. The agreement was terminated and no amounts were paid in 2010.

With Institut Mérieux, Mérieux NutriSciences Corp. and Transgène

Agreement concerning the allocation of costs related to the termination of the employment contract of a Group employee

Nature and purpose: Allocation of the financial consequences of the possible termination of employment contracts of employees who have worked for several Institut Mérieux Group entities.

Terms and conditions: The dismissed employee will receive a severance payment from the entity initiating the dismissal, which will be allocated among the other entities prorata to the compensation paid by each company since the beginning of the employee's career with the Group.

No amounts were billed during the year under this agreement.

Lyon and Villeurbanne, April 8, 2011
The Statutory Auditors

COMMISSARIAT CONTROLE AUDIT - CCA	DELOITTE & ASSOCIÉS
Danielle Pissard	Olivier Rosier

20 FINANCIAL INFORMATION

20.1 HISTORICAL FINANCIAL INFORMATION

The consolidated financial statements for the years ended December 31, 2009 and December 31, 2008 are respectively presented in section 5.3 of the Reference Document filed with the AMF on April 26, 2010 under number D.10-0322 and section 5.3 of the Reference Document filed on June 10, 2009 under number D.09-0495.

20.1.1 CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2010

CONSOLIDATED INCOME STATEMENT

The presentation of the consolidated income statement has changed compared with the previous presentation method used (see Note 1 "Summary of significant accounting policies").

In millions of euros	**2010**	**2009**
Net sales (Note 1.16.1)	**1,357.0**	**1,223.4**
Cost of sales	(634.9)	(563.8)
Gross profit	**722.1**	**659.6**
Other operating income (Note 19)	22.7	25.2
Selling and marketing expenses	(238.8)	(217.1)
General and administrative expenses	(103.2)	(98.7)
Research and development expenses	(149.2)	(143.0)
Total operating expenses	**(491.2)**	**(458.8)**
Operating profit before non-recurring items	**253.6**	**226.0**
Non-recurring income and expenses from operations, net (Note 23)	(9.6)	(9.6)
Operating profit	**244.0**	**216.4**
Cost of net debt (Note 22.1)	(3.2)	(2.5)
Other financial income and expenses, net (Note 22.2)	0.6	1.4
Income tax expense (Note 24)	(81.4)	(67.1)
Share of profit of associates	0.0	0.0
Profit for the year	**160.0**	**148.2**
Attributable to non-controlling interests	1.3	0.4
Attributable to owners of the parent	**158.7**	**147.8**
Basic earnings per share	€4.03	€3.75
Diluted earnings per share (Note 18.2)	€4.03	€3.75

STATEMENT OF COMPREHENSIVE INCOME

In millions of euros	**2010**	**2009**
Profit for the year	**160.0**	**148.2**
Fair value gains (losses) on financial instruments (a)	(2.2)	(12.7)
Tax effect	0.8	4.4
Movements in cumulative translation adjustments	44.9	1.5
Total other comprehensive income (expense) (b)	**43.5**	**(6.8)**
Total comprehensive income	**203.5**	**141.4**
Attributable to non-controlling interests	1.4	0.9
Attributable to owners of the parent	**202.1**	**140.5**

(a) Corresponding to gains (losses) on the effective portion of cash flow hedges.
Fair value gains and losses recognized in operating profit before non-recurring items following the unwinding of hedges are disclosed in Note 27.1.3.

(b) No fair value gains or losses on available-for-sale financial assets were recognized directly in equity in 2010 or 2009 (see Note 27.6).

CONSOLIDATED BALANCE SHEET

Assets *In millions of euros*	Net Dec. 31, 2010	Net Dec. 31, 2009
Non-current assets		
. Intangible assets (Note 3)	122.7	93.0
. Goodwill (Note 4)	188.7	166.9
. Property, plant and equipment (Note 5.1)	340.1	312.8
. Non-current financial assets (Note 6)	26.6	10.5
. Other non-current assets (Note 5.4)	28.0	27.0
. Deferred tax assets (Note 14)	24.9	26.1
Total	**731.2**	**636.3**
Current assets		
. Inventories and work-in-progress (Note 7)	179.5	158.6
. Trade receivables (Note 8)	403.0	346.6
. Other operating receivables (Note 9)	48.0	45.9
. Current tax receivable (Note 9)	2.9	10.6
. Non-operating receivables (Note 9)	0.8	2.4
. Cash and cash equivalents (Note 10)	71.4	47.0
Total	**705.5**	**611.1**
. Assets held for sale (Note 5.2)	12.0	13.4
Total assets	***1,448.7***	***1,260.8***
Equity and liabilities	**Dec. 31, 2010**	**Dec. 31, 2009**
Equity		
. Share capital (Note 11)	12.0	12.0
. Additional paid-in capital and reserves	800.9	642.0
. Profit for the year attributable to owners of the parent	158.8	147.8
Equity before non-controlling interests	**971.7**	**801.8**
Non-controlling interests	**4.4**	**4.6**
Total equity	**976.1**	**806.4**
Non-current liabilities		
. Long-term borrowings (Note 15.2)	7.5	8.4
. Deferred tax liabilities (Note 14)	24.8	21.0
. Long-term provisions (Note 13)	31.6	35.7
Total	**63.9**	**65.1**
Current liabilities		
. Short-term borrowings (Note 15.2)	39.6	40.7
. Short-term provisions (Note 13)	14.4	16.0
. Trade payables (Note 16)	128.9	116.6
. Other operating payables (Note 16)	185.2	166.6
. Current tax payable (Note 16)	15.6	20.5
. Non-operating payables (Note 16)	25.1	28.9
Total	**408.8**	**389.3**
Total equity and liabilities	***1,448.7***	***1,260.8***

The presentation of the consolidated balance sheet has changed compared with the previous presentation method used (see Note 1 "Summary of significant accounting policies").

CONSOLIDATED STATEMENT OF CASH FLOWS

In millions of euros	**2010**	**2009**
Profit for the year	160.0	148.2
Net additions to depreciation and amortization - provisions and other	88.3	58.9
Unrealized gains and losses on changes in fair value of financial instruments	1.2	0.1
Gains and losses on capital transactions	(0.4)	(3.0)
Cash flow from operating activities	**249.1**	**204.2**
Cost of net debt	3.2	2.5
Current income tax expense	76.3	67.0
Cash flow from operating activities before cost of net debt and income tax	**328.6**	**273.7**
Increase in inventories	(13.1)	(0.2)
Increase in trade receivables	(37.5)	(28.4)
Increase in trade payables and other operating working capital	8.7	3.3
Increase in operating working capital	**(41.9)**	**(25.3)**
Income tax paid	(74.5)	(70.3)
Other non-operating working capital	(14.4)	12.0
Net change in non-current non-financial assets and liabilities	1.2	(1.5)
Total increase in working capital requirement	**(129.6)**	**(85.1)**
Net cash generated from operating activities	**199.0**	**188.6**
Purchases of property, plant and equipment and intangible assets	(123.3)	(119.6)
Proceeds from disposals of property, plant and equipment and intangible assets	10.0	10.2
Purchases of and proceeds from disposals of non-current financial assets, net	(14.0)	8.3
Impact of changes in Group structure	(12.3)	0.1
Other cash flows from investing activities	(1.6)	(2.5)
Net cash used in investing activities	**(141.2)**	**(103.5)**
Purchases and sales of treasury shares	(0.8)	4.7
Dividends paid	(36.4)	(31.9)
Non-controlling interests in capital increase	1.3	
Cost of net debt	(3.2)	(2.5)
Change in confirmed debt	(6.7)	(66.1)
Net cash used in financing activities	**(45.8)**	**(95.8)**
Net change in cash and cash equivalents	**12.0**	**(10.7)**
Analysis of net decrease in cash and cash equivalents		
Net cash and cash equivalents at beginning of year	14.2	31.5
Impact of currency changes on net cash and cash equivalents	7.8	(6.6)
Net change in cash and cash equivalents	**12.0**	**(10.7)**
Net cash and cash equivalents at year-end (Note 15.2)	**34.0**	**14.2**

The presentation of the consolidated statement of cash flows has changed compared with the previous presentation method used (see Note 1 "Summary of Significant Accounting Policies").

STATEMENT OF CHANGES IN CONSOLIDATED EQUITY

	Attributable to owners of the parent									Non-controlling interests
In millions of euros	**Share capital**	Additional paid-in capital & consolidated reserves (a)	Cumulative translation adjustments	Fair value gains and losses on financial instruments (b)	Treasury shares	Share-based payment	**Total additional paid-in capital & reserves**	**Profit for the year**	**Total**	**Total**
Equity at December 31, 2008	**12.0**	589.7	(45.6)	7.1	(12.5)	4.1	**542.8**	**129.9**	**684.7**	**3.7**
Total comprehensive income for the year			1.0	(8.3)			**(7.3)**	**147.8**	**140.5**	**0.9**
Appropriation of 2008 profit		129.9					**129.9**	**(129.9)**		
Dividends paid (c)		(31.9)					**(31.9)**		**(31.9)**	
Treasury shares		(4.1)			9.7		**5.6**		**5.6** (h)	
Share-based payment (d)		4.5 (e)				(1.6)	**2.9**		**2.9**	
Effect of changes in Group structure		(1.0)	1.0				**0.0**		**0.0**	
Equity at December 31, 2009	**12.0**	687.1	(43.6)	(1.2)	(2.8)	2.5	**642.0**	**147.8**	**801.8**	**4.6**
Total comprehensive income for the year			44.7	(1.4)			**43.3**	**158.8**	**202.1**	**1.4**
Appropriation of 2009 profit		147.8					**147.8**	**(147.8)**	**0.0**	
Dividends paid (c)		(36.3)					**(36.3)**		**(36.3)**	**(0.2)**
Treasury shares		(1.9)			0.9		**(1.0)**		**(1.0)** (h)	
Share-based payment (d)		1.8 (e)				2.7	**4.5**		**4.5**	
Capital increase							**0.0**		**0.0**	**1.3** (i)
Effect of changes in Group structure		0.1	0.5				**0.6**		**0.6**	**(2.7)** (j)
Equity at December 31, 2010	**12.0**	798.6 (f)	1.6 (g)	(2.6)	(1.9)	5.2	**800.9**	**158.8**	**971.7**	**4.4**

(a) Including €63.7 million in additional paid-in capital
(b) Corresponding to gains and losses arising from changes in fair value of financial instruments used as cash flow hedges
(c) Dividend per share: €0.81 in 2009 and €0.92 in 2010
(d) The fair value of benefits related to the share grants is being recognized over the vesting period
(e) Free shares vested for beneficiaries
(f) Including €536 million in bioMérieux SA reserves available for distribution. A dividend payment of €1 per share will be recommended at the Annual General Meeting to be held on June 15, 2011
(g) See Note 12
(h) Pre-tax amount: €5.6 million in 2009 and €(0.8) million in 2010
(i) Corresponding to Kehua's acquisition of a 40% interest in Shanghai bioMérieux bio-engineering
(j) Corresponding to the purchase of non-controlling interests in bioMérieux Mexico for €0.4 million and bioMérieux South Africa for €2.3 million

GENERAL INFORMATION

bioMérieux is a leading international diagnostics group that specializes in the field of *in vitro* diagnostics for clinical and industrial applications. The Group designs, develops, manufactures and markets diagnostic systems, i.e., reagents, instruments and software. bioMérieux is present in more than 150 countries through 39 subsidiaries and a large network of distributors.

The consolidated financial statements were approved by the Board of Directors on March 8, 2011 but will only be considered definitive after approval by the Company's shareholders at the Annual General Meeting on June 15, 2011.

They are presented in millions of euros.

1. Summary of significant accounting policies

Standards and interpretations

The 2010 consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), including all standards, amendments and interpretations adopted by the European Union at December 31, 2010. The standards and interpretations adopted by the European Union can be downloaded from the European Commission's website at http://ec.europa.eu/internal_market/accounting/ias/index_en.htm

The impact of standards and interpretations whose application was mandatory for the first time in 2010 is presented below.

- The revised version of IFRS 3 "Business Combinations" and consequential amendments to IAS 27 "Consolidated and Separate Financial Statements" were applicable for the Group for the first time in the year beginning January 1, 2010. This revised standard and amendments – which are effective prospectively – have given rise to major changes to the accounting treatment applied for business combinations. For example, all acquisition-related costs are now expensed and any purchases or sales of non-controlling interests carried out subsequent to obtaining control are recognized directly in equity. The new requirements had an impact on business combinations carried out by the Group during 2010 but business combinations carried out prior to January 1, 2010 continue to be accounted for in accordance with the policies applied on the Group's first–time adoption of IFRS. The Group has also elected to continue to apply its previous accounting treatment for contingent consideration concerning subsidiaries over which it obtained control prior to January 1, 2010.

- The other new standards, interpretations and amendments to existing standards whose application was mandatory for the first time from January 1, 2010 – particularly "Improvements to IFRSs" issued in 2009 – are not relevant to bioMérieux, or their impact was not material.

The Group does not early adopt standards and interpretations endorsed by the European Union whose effective date is subsequent to the end of the reporting period. Based on the Group's current analysis, these standards and interpretations should not have a material impact on consolidated equity. The Group has not applied any accounting policies that do not comply with the IFRSs that were mandatory in 2010 but which have not yet been adopted by the European Union. Standards and interpretations issued by the IASB which have not yet been adopted by the European Union should not have a material impact on the Group's financial statements in the coming years. The financial statements of the consolidated Group companies, which are prepared in accordance with local accounting policies, are restated to comply with the policies used for the consolidated financial statements.

Changes in presentation method

Research tax credits have been reclassified under operating subsidies, in line with the recommendations issued by the AMF.

Consequently, these tax credits are now presented as follows:

- Under "Other operating income" in the income statement instead of under "Income tax expense".

- Under "Other operating receivables" in the balance sheet instead of under "Current tax receivables".

– Under changes in operating working capital in the statement of cash flows.

In accordance with the revised version of IAS 1 the published figures for 2009 have been restated to reflect these changes in presentation method.

The impact of the above-mentioned income statement reclassification on (i) operating profit before non-recurring items and (ii) income tax expense was as follows:

In millions of euros	2010	2009
Operating profit before non-recurring items – new presentation	**253.6**	**226.0**
Research tax credits	12.6	12.7
Operating profit before non-recurring items – former presentation	**241.0**	**213.3**
Income tax expense (Note 24) – new presentation	**(81.4)**	**(67.1)**
Research tax credits	12.6	12.7
Income tax expense (Note 24) – former presentation	**(68.8)**	**(54.4)**

This reclassification did not have any impact on profit for the year.

General presentation methods used for the financial statements

The balance sheet is presented based on the distinction between “current” and “non-current” assets and liabilities as defined in the revised version of IAS 1. Consequently, the short-term portion of provisions, borrowings and financial assets (due within one year) is classified as “current” and the long-term portion (due beyond one year) is classified as “non-current”.

The consolidated income statement is presented by function, in accordance with the model proposed by the French National Accounting Board (*Conseil national de la comptabilité* − CNC) in its recommendation 2009-R-03 issued on July 2, 2009.

The Group applies the indirect presentation method for the statement of cash flows, based on the format recommended by the CNC in its recommendation 2009-R-03.

1.1 Estimates and judgments

When preparing the consolidated financial statements, estimates and assumptions are made that affect the carrying amount of certain assets, liabilities, and income and expense items. They particularly concern the measurement and impairment of intangible assets (including goodwill); the measurement and impairment of non-current financial assets; provisions; the measurement of employee benefit obligations; deferred taxes; and share-based payment, as well as the disclosures provided in certain notes to the financial statements. These estimates and assumptions are reviewed on a regular basis, taking into consideration past experience and other factors deemed relevant in light of prevailing economic conditions. Changes in those conditions could therefore lead to different estimates being used for the Group's future financial statements. The financial and economic crisis has made it more difficult to measure and estimate certain assets and liabilities and to assess the impact that unforeseen events may have on operations. As prescribed in IAS 10, estimates have been made on the basis of information available at the end of the reporting period, taking into account events occurring after the year-end.

1.2 Basis of consolidation

Companies over which bioMérieux exercises exclusive control are fully consolidated. Exclusive control is deemed to exist when the Group has the power – either directly or indirectly – to govern an entity's financial and operating policies so as to obtain benefits from its activities, generally accompanying a shareholding representing more than one half of the voting rights. Companies over which bioMérieux exercises significant influence are accounted for by the equity method. Significant influence is the power to participate in the financial and operating policy decisions of an entity, without exercising control, and is deemed to exist when the Group holds between 20% and 50% of the voting rights either directly or indirectly. Subsidiaries are fully consolidated from the date on which control is effectively transferred to the Group.

A list of consolidated companies is provided in Note 32.

All significant intragroup balances and transactions are eliminated in consolidation (notably dividends and internal gains on inventories and non-current assets).

1.3 Year-end

All Group companies have a December 31 year-end, except for the Indian subsidiary for which interim accounts are drawn up and audited at the Group's balance sheet date.

1.4 Foreign currency translation

The functional currency of bioMérieux is the euro and the consolidated financial statements are presented in millions of euros.

1.4.1 Translation of the financial statements of foreign companies

General circumstances: The financial statements of foreign subsidiaries whose functional currency is not the euro or that of an economy subject to hyperinflation are translated as follows:

- Balance-sheet items (except for equity) are translated using the official year-end exchange rate.
- Income statement items are translated using the average exchange rate for the year.
- Equity items are translated using the historic rate.
- Cash flow statement items are translated using the average exchange rate for the year.

Differences resulting from the translation of subsidiaries' financial statements are recognized in a separate heading in the statement of changes in consolidated equity – "Cumulative translation adjustments" – and movements during the year are presented in a separate line within the statement of comprehensive income.

When a foreign subsidiary is sold and the sale leads to a loss of control, translation differences previously recognized in other comprehensive income relating to that company are recognized in profit for the year proportionate to the percentage interest sold. If shares in a subsidiary are sold without any loss of control over the subsidiary, the translation differences are reclassified between non-controlling interests and translation differences attributable to owners of the parent.

The main exchange rates used for 2010 were as follows:

Average rates				
1 EURO =	**USD**	**JPY**	**GBP**	**BRL**
2010	1.33	117	0.86	2.34
2009	1.39	130	0.89	2.77
2008	1.47	152	0.80	2.67

Year-end rates				
1 EURO =	**USD**	**JPY**	**GBP**	**BRL**
2010	1.34	109	0.86	2.23
2009	1.44	133	0.89	2.51
2008	1.39	126	0.95	3.25

Specific circumstances: The financial statements of subsidiaries whose functional currency is not the local currency are translated into the functional currency as follows:

- Non-monetary items are translated at the historical rate.
- Monetary items in the balance sheet are translated at the year-end exchange rate, while those in the income statement are translated at the average rate for the year.
- Differences resulting from the translation of these subsidiaries' financial statements are recognized immediately in the income statement.

If this functional currency is not the euro, the financial statements are then translated into euros as shown under "General circumstances".

1.4.2 Translation of transactions in foreign currencies

As prescribed by IAS 21 "The Effect of Changes in Foreign Exchange Rates", each Group entity translates foreign currency transactions into its functional currency at the exchange rate prevailing on the transaction date. Exchange-rate gains or losses resulting from differences in rates between the transaction date and the payment date are recognized under the corresponding lines in the income statement (sales and purchases for commercial transactions).

Foreign currency payables and receivables are translated at the year-end exchange rate and the resulting currency translation gain or loss is recognized in the income statement at the end of the reporting period.

Derivatives are recognized and measured in accordance with the general principles described in Note 1.17 "Recognition and measurement of financial instruments". Foreign-exchange derivatives are recognized in the balance sheet at their fair value at the end of each reporting period.

When the Group first adopted IFRS it used the option available under IFRS 1 and transferred the cumulative translation differences existing at January 1, 2004 to consolidated reserves.

1.5 Intangible assets

1.5.1 Research and development costs (excluding software development costs)

In accordance with IAS 38 "Intangible Assets", research expenses are not capitalized.

Under IAS 38, development expenses must be recognized as intangible assets whenever specific conditions are met, related to technical feasibility and marketing and profitability prospects. Given the high level of uncertainty attached to development projects carried out by the Group, these recognition conditions are not met until the regulatory procedures required for the sale of the products concerned have been finalized. As most costs are incurred before that stage, development expenses are recognized in the income statement in the period during which they are incurred.

1.5.2 Other intangible assets

Other intangible assets mainly include patents, licenses and computer software. They all have finite useful lives and are initially recognized as follows:

- If purchased: at their purchase price.
- In the case of business combinations: at fair value, based on the discounted value of estimated future cash flows.
- If produced in-house: at the production cost incurred by the Group.

Costs directly attributable to the creation or improvement of software developed in-house are capitalized if it is considered probable that they will generate future economic benefits. Other development costs are expensed as incurred.

Intangible assets are amortized in accordance with the expected pattern of consumption of future economic benefits embodied in the asset concerned, generally on a straight-line basis over periods of five to twenty years in the case of patents and licenses, ten years for major integrated management software (such as ERP systems), and three to six years for other computer software. Software is brought into service when it comes into operational effect in each subsidiary.

Intangible assets are carried at their initial cost less accumulated amortization and any accumulated impairment losses. Amortization is recognized in the income statement based on the assets' function. Impairment losses are recognized under "Non-recurring income and expenses from operations, net" if they meet the applicable definition (see Note 1.16.3). For ERP-type management software, any termination of a project or batch constitutes an indication that the asset is impaired.

The Group’s application of IAS 23 “Borrowing Costs” did not lead to the capitalization of any borrowing costs within intangible assets as the Group does not have a material level of debt related to these assets.

1.6 Goodwill

In accordance with the option available under IFRS 1 “First-time Adoption of IFRS”, the carrying amount of goodwill was not restated in the opening IFRS balance sheet at January 1, 2004 and accumulated amortization in the balance sheet at that date was deducted from the gross value of the goodwill recognized.

The Group has applied the revised version of IFRS 3 “Business Combinations”, on a prospective basis to business combinations occurring after January 1, 2010.

The principles presented below are those set out in the revised version of IFRS 3.

Goodwill represents the excess of the cost of a business combination (excluding acquisition-related costs) over the fair value of the Group's share of the acquiree’s identifiable assets, liabilities and contingent liabilities on the acquisition date. Goodwill is measured in the acquiree’s functional currency. Provisional values may be assigned to fair values and goodwill during a "measurement period" which may not exceed one year from the acquisition date. Any changes made to provisional values after the end of the measurement period are recognized in profit, including those concerning deferred tax assets.

The purchase price of a business combination includes the estimated impact of any contingent consideration. This consideration is measured by applying the criteria included in the acquisition agreement, such as sales or earnings targets, to forecasts that are deemed to be highly probable. It is then re-measured at the end of each reporting period, and any changes are recorded in profit after the acquisition date (including during the measurement period). The amount of contingent consideration is discounted if the impact is material and any discounting adjustments to the carrying amount of the liability are recognized in “Cost of net debt".

For business combinations in which the Group holds less than 100% of the equity interest in the acquiree at the acquisition date, the non-controlling interest in the acquiree is measured on an acquisition-by-acquisition basis, either at fair value (full goodwill method) or at the non-controlling interest’s proportionate share of the acquiree's net assets (partial goodwill method).

When the Group purchases an additional interest in an acquired entity after the acquisition date, the difference between the consideration paid and the Group's share in the acquiree's net assets is recognized directly in consolidated reserves. Similarly, if the Group sells an interest in an acquired entity without losing control, the resulting impact is also recognized directly in consolidated reserves.

Goodwill is recognized on a separate line of the balance sheet at cost less any accumulated impairment losses. Any negative goodwill is recognized directly in profit during the year in which the business combination occurs.

In compliance with IFRS 3 "Business Combinations", goodwill is not amortized. Instead, it is tested at least once a year for impairment and whenever there is an indication it may be impaired. These impairment tests are carried out at the level of cash-generating units (CGUs) to which the goodwill is allocated at the acquisition date based on synergies expected to be derived by the Group (see Note 1.8). The methods used for performing the tests and recognizing any identified impairment losses are described in Note 1.8 below, "Impairment of non-current assets".

Goodwill impairment losses are recognized under "Non-recurring income and expenses from operations, net" if they meet the applicable definition (see Note 1.16.3). They may only be reversed when the asset is sold.

For transactions that were in process at January 1, 2010 when the Group adopted the revised version of IFRS 3 and the consequential amendments to IAS 27, the Group has decided, on an exceptional basis, to use the previously applicable accounting treatment for contingent consideration related to equity interests held in the acquiree prior to the acquisition date for business combinations achieved in stages, i.e., with changes in contingent consideration recognized in goodwill.

1.7 Property, plant and equipment

As prescribed by IAS 16 "Property, Plant and Equipment", items of property, plant and equipment are initially recognized at their purchase or production cost or at their acquisition-date fair value if acquired as part of a business combination. They are not revalued and any revaluations carried out by Group companies in their individual accounts are eliminated when preparing the consolidated financial statements.

Property, plant and equipment is recorded using the component approach, under which each component of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the asset and which has a different useful life to that of the asset as a whole is recognized and depreciated separately. The only Group assets to which this method is applied are buildings.

The Group’s application of IAS 23 “Borrowing Costs” did not lead to the capitalization of any borrowing costs within property, plant and equipment as the Group does not have a material level of debt related to these assets.

Routine maintenance and repair costs of property, plant and equipment are expensed as incurred. Other subsequent expenses are capitalized only if they satisfy the applicable recognition criteria such as for replacing an identified component.

Property, plant and equipment is carried at cost less accumulated depreciation and any accumulated impairment losses.

Items of property, plant and equipment are depreciated using the straight-line method, with their depreciable value corresponding to cost as they are not considered to have any material residual value.

The assets are depreciated over their useful lives as follows:

Category	Useful life
Machinery and equipment	3-10 years
Instruments	3-5 years

** Instruments either placed with third parties or used in-house.*

In the case of buildings, depreciation is calculated separately for each component as follows:

Category	Useful life
Shell	30-40 years
Finishing work, fixtures and fittings	10-20 years

The useful lives of items of property, plant and equipment are reviewed periodically and the impact of any adjustments is accounted for prospectively as a change in accounting estimates.

Impairment tests are carried out for property, plant and equipment whenever events or market developments indicate that an asset may have suffered an impairment. If an asset's recoverable amount (see Note 1.8) is less than its carrying amount, either its useful life is adjusted or an impairment loss is recorded in "Non-recurring income and expenses from operations, net", if the applicable definition is met (see Note 1.16.3).

Capital gains on intra-group sales of property, plant and equipment (mainly instruments) are eliminated in consolidation. The impact of this elimination (€8.1 million at December 31, 2010) is not deducted from property, plant and equipment but is included in "Deferred income".

Assets held for sale

In accordance with IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations", in 2009 the real estate assets of the Boxtel and Toronto sites were reclassified to "Assets held for sale" in the balance sheet. This was due to the fact that a property brokerage agreement was signed as part of the process to close the two sites that was underway in that year. The Toronto site was subsequently sold during 2010.

These assets have not been depreciated since December 31, 2009 – the date on which they were classified as "Assets held for sale". They are measured at the lower of their carrying amount and fair value less costs to sell.

Negotiations concerning the sale of the Boxtel site were still in progress at December 31, 2010.

Finance leases

As lessee: Leases are classified as finance leases whenever they transfer to the lessee substantially all the risks and rewards incidental to ownership. Leases qualify as finance leases based on the substance of each contract, and notably when:

- ownership of the leased asset is transferred to the lessee at the end of the lease term;
- the lessee has the option to purchase the asset at a preferential price;
- the lease term covers the major part of the leased asset's economic life;
- the present value of the minimum lease payments amounts to at least substantially all of the fair value of the leased asset; and
- the leased assets are of such a specialized nature that only the lessee can use them without making major modifications.

Whenever the Group leases property under an agreement classified as a finance lease, the fair value of the asset concerned or, if lower, the present value of the minimum lease payments, is capitalized and depreciated over the asset's useful life. A corresponding liability is recognized in the balance sheet. Lease payments are apportioned between the finance charge and the reduction of the outstanding liability.

Other leases are classified as operating leases and the lease payments are expensed on a straight-line basis over the term of the lease.

As lessor: when the Group leases assets to third parties on terms equivalent to a sale, the assets are recorded as though they had been sold, as prescribed by IAS 17 "Leases". The long-term portion of the lease payments due is recorded under "Other non-current assets" and the short-term portion is recognized under "Trade receivables". The corresponding finance income is recognized in the income statement during the period in which it is received, under "Other financial income and expenses, net".

1.8 Impairment of non-current assets

The Group systematically carries out annual impairment tests on goodwill and other intangible assets with an indefinite useful life (the Group did not have any such assets in the years presented in these financial statements).

Property, plant and equipment and intangible assets with a finite useful life are tested for impairment whenever there is an indication that they may be impaired.

The definition of cash-generating units (CGUs) has been revised to reflect the Group's development, in particular following the significant acquisitions made in 2008, and in the context of the implementation of IFRS 8. A CGU corresponds either to a legal entity or a product line (a group of property, plant and equipment – mainly production plants – and intangible assets – essentially technologies – which generate cash flows as a result of a product line or a set of product lines).

bioMérieux no longer has any goodwill for which impairment tests are carried out at Group level.

The recoverable amount of a CGU or group of CGUs is determined primarily on the basis of discounted cash flow projections covering a period of five years and a terminal value. Growth assumptions for the first five years are consistent with available market information and conservative assumptions have been used for determining the terminal value, including a growth rate to perpetuity typically corresponding to 2% and no more than 3%. The assumptions used for 2010 were unchanged from 2009.

Cash flow projections do not include any expansion investments or restructurings that have not already commenced.

The discount rate used to calculate future cash flows is the post-tax weighted average cost of capital (WACC), corresponding to between 9% and 15.4% in 2010 and between 9% and 17.6% in 2009. The same results would be obtained if pre-tax WACC figures were used. The average cost of capital is calculated using a risk-free rate (French government OAT bond rate), the equity market risk premium and the beta ratio (which enables the overall equity market risk to be adjusted in relation to specific industry risk). The WACC determined by the Group is compared with the figure calculated by the analysts who track the Company's stock.

The projection period may be extended depending on the maturity of the businesses being reviewed and the discount rate may be adjusted to factor in specific risks. The business plan for bio Theranostics has a specific 15-year projection period in order to take into account the particular circumstances of this company which operates in a fledgling market.

Tests were performed to assess the sensitivity of the recoverable amounts to variations in certain actuarial assumptions, primarily the discount rate (1% increase/decrease), and the growth rate to perpetuity (0.5% increase/decrease). Based on the results of these sensitivity tests, the variations concerned would not give rise to the need to recognize any material impairment losses.

An impairment loss is recognized when the carrying amount of a CGU exceeds its recoverable amount, unless the corresponding assets' identifiable fair value exceeds their carrying amount.

Impairment losses are recognized immediately in the income statement under "Non-recurring income and expenses from operations, net", if they meet the applicable definition (see Note 1.16.3). Goodwill impairment losses cannot be reversed.

1.9 Non-current financial assets

Non-current financial assets include investments in non-consolidated companies, loans and receivables maturing in more than one year – including pension fund assets whenever these have not been definitively allocated to cover corresponding obligations – and deposits and guarantees. They are recognized and measured in compliance with the rules described in Note 1.17. Capital gains and losses on the sale of securities are recognized in accordance with the FIFO (first-in-first-out) method.

1.10 Inventories

As required under IAS 2 "Inventories", inventories are measured at the lower of cost and net realizable value.

Inventories of raw materials, goods held for resale and consumables are measured at their purchase price plus related expenses using the FIFO method. Work-in-progress and finished products are measured at their standard production cost, adjusted for changes recorded during the manufacturing period of products on hand. Standard production cost is calculated assuming a normal capacity of production facilities and includes both direct and indirect manufacturing expenses.

The implementation of the revised IAS 23 "Borrowing Costs" did not result in any borrowing costs being included in the cost of inventories.

Inventories are written down where necessary, taking into account selling prices, obsolescence, residual shelf life, product condition, sale prospects and, in the case of spare parts, changes in the corresponding instruments' installed base.

1.11 Cash and cash equivalents

Cash and cash equivalents includes cash and short-term highly liquid investments denominated in euros and subject to an insignificant risk of changes in value and counterparty default (e.g., money-market SICAV funds in euros).

Investments meeting these criteria are measured at the end of the reporting period at their fair value, with fair value gains or losses recognized in profit (see Note 1.17).

None of the Group's investments are pledged or subject to restrictions.

1.12 Employee benefits

1.12.1 Short-term employee benefits

Short-term employee benefits include wages, salaries and payroll taxes as well as paid vacation and performance-related bonuses. They are expensed during the period in which employees perform the corresponding services. Outstanding payments at the end of the reporting period are included in "Other operating payables".

As the Group's liability relating to the statutory training entitlement applicable in French companies (DIF) is not material, it is accounted for as an off balance sheet commitment.

1.12.2 Post-employment benefits

These benefits notably correspond to pensions, contractual retirement payments and post-employment health insurance. They are covered either by defined contribution plans or defined benefit plans.

Defined contribution plans: Where required under local laws and practices, the Group pays salary-based contributions to pension and social security organizations. The Group's obligation is limited to paying the contributions, which are expensed in the period in which employees perform the corresponding services. Outstanding payments at the end of the reporting period are included in "Other operating payables".

Defined benefit plans correspond to all plans other than defined contribution plans. They concern:

- regular or supplementary pension plans (primarily in the United States, Germany and France) and contractual retirement payments (primarily in France and Japan);
- health insurance for retired employees.

Post-employment benefit obligations are calculated in accordance with the projected unit credit method, taking into consideration actuarial assumptions such as discount rates, the rate of future salary increases, employee turnover and mortality rates. The main assumptions used in 2009 and 2010 were as follows:

	bioMérieux SA	bioMérieux Inc
Future salary increases		
2010	3.50%	4.00%
2009	3.50%	4.20%
Discount rate		
2010	4.40%	5.30%
2009	4.80%	5.70%
Expected return on plan assets		
2010	4.00%	8.00%
2009	4.75%	8.00%

For the purpose of determining the discount rate, the Group analyzed various market rates and, as prescribed by IAS 19, chose an adjusted average of the Iboxx Corporate AA and Bloomberg indices (Euro, Dollar and Pound Sterling) at December 31, 2010.

The expected rate of return on plan assets is estimated by independent actuaries based on forecasts and past returns on similar investments.

Actuarial gains and losses are deferred and amortized in accordance with the corridor method, based on the average remaining vesting period of the plan participants' entitlements.

Past service cost due to changes in benefit plans is spread over the average remaining vesting period.

Sensitivity tests are performed to measure the sensitivity of the Group's post-employment benefit obligation to changes in certain actuarial assumptions.

IFRIC 14, "The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction" is not relevant to the Group.

1.12.3 Other long-term benefits

Other long-term benefits include long-service awards and jubilee bonuses. The corresponding liabilities are recognized on an actuarial basis whenever they have a material impact. Actuarial gains and losses and past service cost are recognized immediately in the income statement.

1.13 Provisions, contingent liabilities and contingent assets

In accordance with IAS 37 "Provisions, Contingent Liabilities and Contingent Assets", provisions are recognized when the Group has a legal or constructive obligation towards a third party, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and no inflow of resources of an equivalent amount is expected in return, and when the amount of the obligation can be reliably estimated.

Provisions for restructuring costs are recognized only when the restructuring has been announced and the Group has drawn up or has started to implement a detailed formal plan. Restructuring provisions notably cover the cost of severance payments.

Provisions are discounted when the impact is material.

Contingent liabilities are disclosed in the notes to the financial statements, unless the probability of an outflow of resources embodying economic benefits is remote.

Contingent assets are disclosed in the notes to the financial statements where an inflow of economic benefits is probable.

1.14 Deferred taxes

Deferred taxes are recognized, using the liability method, for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. These differences arise in particular from:

- timing differences between the recognition of certain income and expense items for financial reporting and tax purposes (e.g., non-deductible provisions, employee profit sharing);

- consolidation adjustments (e.g., accelerated depreciation, provisions, elimination of internal gains included in inventories and non-current assets);

- non-refundable withholding tax on dividend payments planned for the next year.

Deferred tax assets arising on timing differences, consolidation adjustments and tax losses carried forward are only recognized if it is sufficiently probable that they will be utilized in the near future (within a maximum of two years).

Deferred taxes are determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realized or the deferred tax liability is settled. They are not discounted.

Deferred tax assets and liabilities are included in non-current assets and non-current liabilities, respectively. They are offset in the balance sheet if they are levied by the same taxation authority and relate to the same taxable entity (or group of entities) and if the entity (or group of entities) has a legally enforceable right to set off current tax assets against current tax liabilities.

In France, local business tax (*taxe professionnelle*) has been abolished and since January 1, 2010 replaced by a new territorial economic tax (*Contribution Economique Territoriale* – CET). This new tax includes two contributions: one based on companies' value added (*Cotisation sur la Valeur Ajoutée des Entreprises* – CVAE) and the other based on the rental value of real estate used in the business (*Contribution Foncière des Entreprises* – CFE). Pending guidance from France's Accounting Standards Association (*Autorité des normes comptables* − ANC), the Group has elected to account for the new tax as described in the notes to the 2009 consolidated statements, in accordance with the option set out in the statement issued by the French National Accounting Board (CNC) on January 14, 2010. Under this method, the CVAE and CFE contributions are classified under operating expenses rather than income tax, as was the case for the previously applicable *taxe professionnelle*, in view of the fact that the value added generated by the Group's French operations significantly exceeds their taxable profit. Consequently, the CET payable for 2010 was included in operating profit in the same way as the former *taxe professionnelle* and the same will apply for subsequent years.

1.15 Other non-operating receivables and payables

Other non-operating receivables and payables correspond to receivables and payables that do not form part of bioMérieux's normal business activities. They include receivables related to the disposal of non-current assets and amounts due to suppliers of non-current assets.

1.16 Presentation of the income statement

1.16.1 Revenue recognition

Revenue is accounted for in accordance with IAS 18 "Revenue".

Net sales

Revenue from the sale of products (reagents and instruments) and related services (technical support, training, shipping, etc.) is reported as "Net sales" in the income statement.

Revenue arising from the sale of products is recognized when all of the following criteria have been satisfied:

- the significant risks and rewards of ownership have been transferred to the buyer;

– the Group no longer has effective control over the goods sold;

– the revenue and the costs incurred or to be incurred in relation to the transaction can be measured reliably;

– it is probable that the economic benefits associated with the transaction will flow to the Group.

These criteria are satisfied when reagents are delivered and when sold instruments are installed.

In the case of services (training, technical support, etc.), revenue is recognized only after the services have been rendered. Revenue from instrument maintenance contracts is deferred and recognized on the basis of the elapsed portion of the service contract.

When the Group provides goods to third parties under leases with terms equivalent to a sale, the goods concerned are accounted for as if they had been sold, as prescribed by IAS 17 "Leases" (see Note 1.7).

Net sales are measured at the fair value of consideration received or receivable, net of any discounts and rebates granted to buyers. Sales taxes and value-added taxes are not included in net sales.

Other operating income

Ancillary revenue – which essentially consists of royalties received – is included in "Other operating income" and is recognized when earned.

As explained in Note 1, research tax credits are now also presented under "Other operating income", in accordance with the guidance issued by the AMF.

1.16.2 Classification of recurring expenses

Cost of sales includes the following:

– The cost of raw materials consumed, including freight, direct and indirect payroll expenses for production personnel, the depreciation of assets used in production, all external expenses related to manufacturing (utilities, maintenance, tools, etc.), as well as indirect expenses (the Group's share of expenses such as purchasing, human resources and IT). Expenses relating to areas such as quality control, production quality assurance, engineering, business processes and logistics are included in production costs.

– Royalties paid in relation to marketed products.

– Distribution expenses, including shipping and warehousing, as well as the cost of shipping finished products to distribution centers or end customers.

– Depreciation of instruments placed with or leased to customers.

– Technical support expenses, including the cost of installing and maintaining instruments placed or sold, irrespective of whether such services are billed separately. Also included under this heading are personnel expenses, travel expenses and the cost of spare parts, as well as movements in provisions for warranties granted at the time instruments are sold.

Selling and marketing expenses include expenses incurred by the strategy, marketing, sales and sales administration departments. They also include sales bonuses and commissions paid to employees in the Group's sales departments and to independent sales agents. Advertising and promotional costs are also classified as selling and marketing expenses.

General and administrative expenses comprise the cost of general management and support services (human resources, finance, IT, purchasing), excluding the portion of costs incurred by these departments that is allocated to the other departments that directly use their services. Insurance premiums are also included in general and administrative expenses.

Research and development expenses include all costs concerning in-house and outsourced research and development work on new products other than software (design costs) as well as expenses related to regulatory affairs, intellectual property, technological monitoring and research and development quality assurance. Research and development subsidies are deducted from research and development expenses.

Royalty payments (fixed or proportional) are included in the cost of sales of the corresponding products. If no product is marketed or marketable in the short term, these payments are classified as research and development expenses.

Variable compensation (performance related bonuses, commissions, incentives and profit sharing) as well as share-based payments are included in the payroll expenses of the departments concerned.

Foreign exchange gains and losses are included in the income statement line corresponding to the nature of the transaction concerned (primarily net sales, cost of sales and financial expenses).

1.16.3 Non-recurring income and expenses from operations

Non-recurring income and expenses from operations are items that are material, unusual and non-recurring. They are presented on a separate line of the income statement in order to give a clearer picture of the Group's routine business performance. They chiefly include net proceeds from disposals of non-current assets (other than instruments), restructuring costs and certain impairment losses (see Note 1.8).

Restructuring costs (which include the cost of severance payments) correspond to the expenses recognized when the Group officially announces the closure of a facility or a scaling down of operations in the ordinary course of business, as well as subsequent adjustments made to reflect the actual costs incurred.

1.16.4 Financial income and expenses

Financial income and expenses are shown on two separate lines:

- "Cost of net debt", which includes interest expense, fees and foreign-exchange gains and losses arising on borrowings, as well as income generated by cash and cash equivalents.

- "Other financial income and expenses, net", which includes lease payments received on instruments sold under finance lease arrangements, the impact of disposals and write-downs of investments in non-consolidated companies, late-payment interest charged to customers, discounting gains and losses, and the ineffective portion of currency hedges on commercial transactions.

1.16.5 Income tax

The income tax expense for the period comprises current and deferred tax.

Tax credits other than research tax credits are deducted from income tax expense.

1.17 Recognition and measurement of financial instruments

Financial instruments include financial assets, financial liabilities and derivatives (swaps, forward contracts, etc.).

They are presented under several balance sheet headings: non-current financial assets, other non-current assets, trade receivables, other receivables and other liabilities (e.g., fair value gains and losses on derivatives), short- and long-term borrowings, trade payables, and cash and cash equivalents.

In compliance with the revised version of IAS 39 "Financial Instruments: Recognition and Measurement", financial instruments fall into five categories that do not correspond to specific balance sheet headings. This classification is used as a basis for determining the methods used for the initial recognition of the Group's financial instruments and their subsequent measurement at the end of each reporting period. The categories and methods are described below.

1.17.1 Held-to-maturity financial assets

Held-to-maturity financial assets consist solely of fixed income securities that the Group has the intention of holding to maturity. The Group does not currently own any financial instruments corresponding to this definition.

1.17.2 Financial assets and liabilities at fair value through profit or loss

This category comprises financial instruments held for the purpose of short-term trading as well as financial instruments designated by the Group as at fair value through profit or loss on initial recognition, as permitted under IAS 39.

The assets concerned correspond to:

- equity interests in companies listed on an active market (recognized under "Non-current financial assets" in the balance sheet) other than those classified as "available-for-sale financial assets" (see Note 1.17.4 below).

- "Cash and cash equivalents", including marketable securities (presented in the balance sheet under the specific heading of "Cash and cash equivalents").

The Group does not currently hold any financial liabilities that fall within this category.

"Financial assets and liabilities at fair value through profit or loss" are initially recognized and subsequently measured at fair value (excluding transaction costs). For equities, fair value corresponds to the quoted market price at the end of the reporting period, and for marketable securities it is the securities' net asset value. Changes in fair value are recognized in the income statement.

1.17.3 Loans, receivables and payables

Financial assets and liabilities classified in this category are measured either at cost or amortized cost.

"Assets and liabilities measured at cost" primarily correspond to deposits paid, trade receivables and trade payables. They are initially recognized at fair value, which, in the case of the Group, corresponds to their face value. At each year-end they are measured at their original carrying amount less any impairment losses, which represents a reasonable approximation of fair value.

"Assets and liabilities measured at amortized cost" primarily comprise short- and long-term borrowings, loans, and finance lease receivables reported on the balance sheet under "Other non-current assets" or "Trade receivables". These assets and liabilities are initially recognized at fair value, which, in the case of the Group, approximates their contractual face value. Their carrying amount at the year-end corresponds to their initial cost, less any principal repayments and any impairment losses. Their year-end carrying amount therefore represents a reasonable approximation of their fair value.

Financial assets and liabilities that do not belong to any of the above categories are recognized as "available-for-sale financial assets". Items in this category mainly include shares in non-consolidated entities that are either unlisted, listed on an inactive market or listed on an active market but that the Group intends to hold on a long-term basis. These investments are presented in the balance sheet under non-current financial assets.

1.17.4 Available-for-sale financial assets

Available-for-sale financial assets are recognized at fair value on their acquisition date, which generally approximates their purchase price. They are subsequently measured as follows:

– When the fair value of an asset can be reliably determined at the year-end, fair value changes are recognized directly within other comprehensive income. However, if a decline in the fair value of an available-for-sale financial asset provides evidence of a prolonged impairment in value, the impairment loss in excess of any fair value gains previously recorded in equity is recognized in profit.

– If fair value cannot be reliably determined, available-for-sale financial assets are measured at cost and are tested for impairment. An impairment loss is recorded when this cost amount exceeds the asset's estimated value at the year-end, determined based on appropriate financial criteria. Impairment losses are recognized in the income statement and can only be reversed when the shares are sold.

1.17.5 Foreign currency and interest rate derivatives

Foreign currency and interest-rate derivatives include instruments such as swaps, forward contracts and options and are initially recognized at fair value. They are subsequently measured at fair value at the year-end and are recorded in the balance sheet under "Non-operating receivables" and "Non-operating payables". Fair value is determined on the basis of information provided by the relevant financial institution at the year-end. Accounting for changes in their fair value depends on the type of derivative concerned and whether there is a hedging relationship, and if so what type of hedge is involved:

– Fair value gains and losses on derivatives not qualifying as hedging instruments are recognized in the income statement.

– Fair value gains and losses on derivatives qualifying and used as fair value hedges (e.g., hedges of foreign currency receivables and payables) are recognized in full in the income statement on a symmetrical basis with the loss or gain on the hedged item.

– Fair value gains and losses on derivatives qualifying and used as cash flow hedges (e.g., hedges of future commercial transactions in foreign currencies and hedges of net investments in foreign operations) are recognized directly in other comprehensive income for the effective portion of the hedges, and in the income statement for their non-effective portion (mainly the time value of money in the case of forward currency transactions). Amounts that had been recognized under other comprehensive income are reclassified from equity to profit in the same period(s) during which the hedged forecast cash flows affect profit.

The foregoing rules are applied provided that the hedging relationship is clearly designated and documented at the time the hedge is set up, and that the effectiveness of the hedge can be demonstrated.

No financial assets were reclassified between the above categories in either 2010 or 2009.

Presentation of financial assets and liabilities at fair value through profit or loss

In accordance with the amendments to IFRS 7, financial instruments are presented under three categories (see Note 27.6), based on a fair value hierarchy comprising the following levels:

– Level 1 – quoted prices in active markets for identical assets or liabilities.

– Level 2 – valuation techniques whose inputs are based on observable data, such as prices of similar assets or liabilities or a rate that is quoted in an active market.

– Level 3 – valuation techniques whose inputs are wholly or partly based on unobservable data, such as prices in an inactive market or valuations based on multiples for unquoted equities.

1.18 Share-based payments

Share-based payments concern:

- the bioMérieux SA free share plans approved by shareholders at the Annual General Meetings of June 12, 2008 and June 10, 2010;

- the bioTheranostics stock option plan approved by that company's shareholders at its Annual General Meeting of September 24, 2008.

In accordance with IFRS 2 "Share-based Payment", the fair value of the benefits granted is expensed over the vesting period, with a corresponding increase in equity.

This fair value is based on the value of the underlying shares or options at the grant date i.e., the date on which the list of beneficiaries was approved by the Board of Directors. It is reviewed at the end of each reporting period based on the number of shares vested or acquired.

At the end of the vesting period, the full value of the benefit continues to be recognized in equity, irrespective of whether or not the shares have actually been allocated to the beneficiaries.

In application of IFRS 2, the corresponding tax saving recognized in the parent company financial statements is allocated in the consolidated financial statements to the year during which the share-based payment expense is recognized.

1.19 Earnings per share

Basic earnings per share is calculated by dividing profit attributable to owners of the parent by the weighted average number of shares outstanding during the period (excluding any treasury shares held for market-making purposes).

As bioMérieux SA has not issued any dilutive instruments, diluted earnings per share is identical to basic earnings per share.

1.20 Consolidated statement of cash flows

The majority of the consolidated statement of cash flows is presented in accordance with recommendation 2009.R.03 issued by the CNC on July 2, 2009.

It lists separately:

- cash flows from operating activities;

- cash flows from investing activities;

- cash flows from financing activities.

Cash flows from investing activities include the amount of net cash of companies acquired or sold on the date of their first-time consolidation or their derecognition as well as amounts due to suppliers of non-current assets and amounts receivable from the sale of non-current assets.

“Cash flows from operating activities before cost of net debt and income tax" corresponds to the aggregate of profit of consolidated companies, depreciation, amortization and provisions (except against current assets), share-based payment expense, unrealized gains and losses on changes in fair value of financial instruments, gains or losses on capital transactions, cost of net debt, current and deferred income tax expense and any impairment losses.

Net cash and cash equivalents corresponds to the net amount of the Group’s debit and credit cash positions.

1.21 Segment information

As indicated above, and pursuant to IFRS 8 "Operating Segments", the Group has one operating segment (the *in vitro* diagnostics segment) and a single geographic segment.

In accordance with IFRS 8, in Note 25 the Group has disclosed information on net sales and non-current assets broken down by geographic area which has been prepared using the same accounting policies as those applied to prepare the consolidated financial statements.

1.22 Treasury shares

The Company has signed a liquidity agreement with an investment firm, specifically for market-making purposes. It therefore sometimes holds a small number of its own shares in connection with this agreement. It also purchases treasury shares for the purpose of allocation under the share grant plans described in Note 18.

Treasury shares held under the liquidity agreement or for the purpose of allocation under share grant plans are recorded as a deduction from equity and the impact of all corresponding transactions are also recognized directly in equity (disposal gains and losses, impairment etc.).

2. Significant events and changes in scope of consolidation in 2010

Meikang Biotech and Dima

On January 14, 2010, bioMérieux China acquired the entire capital of the rapid test manufacturer, Meikang Biotech. On the same date bioMérieux Germany purchased all of the shares in Dima Gesellschaft für Diagnostika, a sister company that distributes Meikang Biotech products, primarily in Germany. The aggregate purchase price paid for these two companies was €15.1 million.

Meikang Biotech and Dima Gesellschaft für Diagnostika employ 264 people and generated aggregate net sales of €10.6 million in 2009.

Net sales posted by Meikang and Dima since the acquisition respectively total €4.7 million (including €3.1 million generated with Dima) and €9.1 million (including €0.5 million generated with bioMérieux Germany). Meikang reported an operating loss of €0.2 million whereas Dima posted operating profit of €3.5 million.

As the fair value of the assets acquired and liabilities assumed was €10.1 million, residual goodwill of €5 million was recognized at the acquisition date.

Zenka Biotechnology Co. Ltd

On February 25, 2010, bioMérieux China acquired for CNY 10.9 million (€1.2 million) the entire capital of Zenka Biotechnology Co. Ltd, a Shanghai-based manufacturer of Pre-poured Culture Media (PPM). Zenka posted net sales of €0.3 million in 2009 and its post-acquisition net sales figure is €0.2 million.

Residual goodwill recognized at the acquisition date amounted to €1.1 million.

Greek State receivables

By way of a law passed in August 2010, the Greek government has proposed settling the payments owed by the State for 2007, 2008 and 2009 in the form of zero-coupon government bonds with respective maturities of one, two and three years. bioMérieux has agreed to this proposal for €9 million worth of receivables but is continuing efforts to recover the other past-due receivables owed by the Greek State by taking legal action.

As a result of the exceptional solvency problems in Greece – which led to the above-mentioned law in August 2010 – the Group recorded an additional €4.4 million provision through “Non-recurring income and expenses from operations, net” in 2010.

Closure of the Boxtel site

As scheduled, all operations at the Boxtel site were stopped on December 31, 2009, with the exception of a production team which continued to operate during the first nine months of 2010 to meet the registration deadlines for microplate immunoassay reagents in certain countries.

The costs incurred in connection with this site's closure totaled €1.8 million in 2010 and €8.2 million in 2009.

Partnership with Biocartis

In early November 2010, bioMérieux and Biocartis entered into a strategic agreement to co-develop assays on Biocartis' fully integrated molecular diagnostics system, which the two companies will jointly distribute starting in 2012. Under the agreement, bioMérieux will have worldwide exclusive rights to develop and market microbiology assays on the platform. It will also have access to the platform for certain oncology and theranostics assays.

bioMérieux paid €5 million upfront for access to the technology, with additional milestone payments planned representing up to €15 million. In addition, the Company has been granted an option concerning the transfer of reagent production in return for €1.5 million in consideration.

Lastly, as part of the overall partnership, bioMérieux acquired an 8.65% equity stake in Biocartis for €9 million and has undertaken to purchase a further €6 million worth of shares if the company is subsequently floated on the stock market.

Partnership with Knome

bioMérieux and Knome have entered into a strategic agreement to collaborate in the development of next-generation, sequence-based *in vitro* diagnostics. Under the agreement, bioMérieux will have exclusive rights to license Knome's proprietary genome analysis platform for use in the *in vitro* diagnostics market. Knome will have access to bioMérieux's intellectual property in DNA extraction and sample preparation.

bioMérieux has purchased a 7.76% equity stake in Knome for USD 5 million.

3. Intangible assets

GROSS VALUE *In millions of euros*	Patents Technologies	Software	Other	Total
Total at December 31, 2008	**98.8**	**36.9**	**10.6**	**146.3**
Translation adjustments		(0.1)		(0.1)
Acquisitions/Increases	1.8	0.7	27.1	29.6
Changes in Group structure	1.4			1.4
Disposals/Decreases		(0.3)	(8.8)	(9.1)
Reclassifications	(1.3)	0.4	0.6	(0.3)
Total at December 31, 2009	**100.7**	**37.6**	**29.5**	**167.8**
Translation adjustments	7.4	1.3	1.0	9.7
Acquisitions/Increases	11.1	4.8	14.8	30.7
Changes in Group structure	0.2	0.0	2.9	3.1
Disposals/Decreases	(0.3)	(1.5)	0.1	(1.7)
Reclassifications	(0.7)	16.2	(15.0)	0.5
Total at December 31, 2010	**118.4**	**58.4**	**33.3**	**210.1**

AMORTIZATION AND IMPAIRMENT *In millions of euros*	Patents Technologies	Software	Other	Total
Total at December 31, 2008	**34.4**	**31.0**	**2.8**	**68.2**
Translation adjustments	(0.3)	(0.1)		(0.4)
Additions	4.9	3.3	0.1	8.3
Reversals/Disposals		(0.3)		(0.3)
Reclassifications	(0.6)	(0.1)	(0.3)	(1.0)
Total at December 31, 2009 (a)	**38.4**	**33.8**	**2.6**	**74.8**
Translation adjustments	1.8	0.9	0.0	2.7
Additions	6.4	4.7	0.1	11.2
Reversals/Disposals	(0.3)	(0.5)	0.1	(0.7)
Reclassifications	(0.7)	0.0	0.1	(0.6)
Total at December 31, 2010 (b)	**45.6**	**38.9**	**2.9**	**87.4**

NET VALUE *In millions of euros*	Patents Technologies	Software	Other	Total
Total at December 31, 2008	**64.4**	**5.9**	**7.8**	**78.1**
Total at December 31, 2009	**62.3**	**3.8**	**26.9**	**93.0**
Total at December 31, 2010	**72.8** (c)	**19.5**	**30.4**	**122.7**

(a) Including €2.9 million in impairment losses
(b) Including €4.1 million in impairment losses
(c) Including bioTheranostics (€35 million), BTF (€10.2 million) and Bacterial Barcodes Inc (€6.6 million)

4. Goodwill

In millions of euros	Gross value Dec. 31, 2010	Gross value Dec. 31, 2009	Impairment test level
AB bioMérieux (Sweden)	68.9	60.2	Group product lines
Organon Teknika	50.6	48.8	Group product lines
bioTheranostics (US)	16.4	15.3	Entity
PML (US)	12.2	11.3	Group product lines
Bacterial Barcodes (US)	8.3	7.7	Group product lines
BTF (Australia)	6.7	5.5	Group product lines
Biotrol	4.8	4.8	Group product lines
Dima	3.5		Group product lines
bioMérieux Inc (Vitek)	2.6	2.4	Group product lines
bioMérieux South Africa	2.2	1.9	Entity
MDI (US)	1.9	1.8	Group product lines
Micro Diagnostics (Australia)	1.9	1.6	Entity
bioMérieux Poland	1.8	1.7	Entity
bioMérieux Spain	1.8	1.7	Group product lines
bioMérieux Greece	1.7	1.7	Entity
Meikang	1.6		Group product lines
Zenka	1.3		Group product lines
bioMérieux Brazil	0.5	0.5	Entity
Total (a)	**188.7**	**166.9**	

(a) The impairment tests carried out did not result in the recognition of any impairment losses for either 2010 or 2009.

MOVEMENTS *In millions of euros*	**Gross value**
December 31, 2008 (a)	**168.0**
Translation adjustments	3.4
Changes in Group structure (b)	(4.5)
December 31, 2009 (a)	**166.9**
Translation adjustments	15.7
Changes in Group structure (c)	6.1
December 31, 2010 (a)	**188.7**

(a) The impairment tests carried out did not result in the recognition of any impairment losses for 2010, 2009 or 2008.
(b) Fair value adjustments to assets acquired and liabilities assumed as part of the PML Microbiologicals and bioTheranostics acquisitions (negative amounts of €1.7 million and €4.5 million respectively) and additional purchase consideration for BTF (€1.7 million).
(c) Goodwill recognized on the acquisitions of Dima (€3.5 million), Meikang (€1.5 million) and Zenka (€1.1 million).

The sensitivity tests described in Note 1.8 above (“Impairment of non-current assets”) did not result in the identification of any probable scenarios that could lead to the CGUs’ carrying amount exceeding their recoverable amount.

The acquisitions carried out in 2010 all concerned the purchase of the entire capital of the acquirees.

5. Property, plant and equipment – Finance lease receivables

5.1 Breakdown of property, plant and equipment

GROSS VALUE *In millions of euros*	Land	Buildings	Machinery & equipment	Capitalized instruments	Other	Assets under construction	Advances & down-payments	Total
Total at December 31, 2008	**25.4**	**242.4**	**191.1**	**285.8**	**67.7**	**17.4**	**4.4**	**834.2**
Translation adjustments	(0.1)		(1.0)	5.6	0.6	(0.6)		**4.5**
Acquisitions/Increases	0.8	18.5	14.1	38.2	4.7	20.0	3.6	**99.9**
Disposals/Decreases	(1.6)	(3.2)	(4.7)	(21.6)	(1.4)			**(32.5)**
Reclassifications	(4.3)	(22.2)	8.6	0.3	0.9	(13.2)	(3.4)	**(33.3)**
Total at December 31, 2009	**20.2**	**235.5**	**208.1**	**308.3**	**72.5**	**23.6**	**4.6**	**872.8**
Translation adjustments	0.5	4.7	4.9	15.9	3.3	1.7		**31.0**
Changes in Group structure (a)		2.7	1.0		0.1			**3.8**
Acquisitions/Increases	0.2	7.0	10.7	36.0	3.9	27.4	5.9	**91.1**
Disposals/Decreases		(8.3)	(12.1)	(33.4)	(5.3)			**(59.1)**
Reclassifications	0.7	14.5	2.0	12.3 (b)	3.4	(19.6)	(2.3)	**11.0**
Total at December 31, 2010	**21.6**	**256.1**	**214.6**	**339.1**	**77.9**	**33.1**	**8.2**	**950.6**

DEPRECIATION AND IMPAIRMENT *In millions of euros*	Land	Buildings	Machinery & equipment	Capitalized instruments	Other	Assets under construction	Advances & down-payments	Total
Total at December 31, 2008	**0.2**	**125.2**	**138.6**	**220.4**	**49.6**			**534.0**
Translation adjustments		(0.4)	(0.6)	3.2	0.3			**2.5**
Increases (c)	0.1	12.6	15.3	31.9	5.6			**65.5**
Disposals/Decreases		(2.0)	(4.8)	(14.9)	(1.2)			**(22.9)**
Reclassifications	0.1	(19.1)			(0.1)			**(19.1)**
Total at December 31, 2009	**0.4**	**116.3**	**148.5**	**240.6**	**54.2**			**560.0**
Translation adjustments		2.1	3.2	11.7	2.3			**19.3**
Increases (c)	0.1	13.9	17.1	33.1	6.3			**70.5**
Disposals/Decreases		(8.6)	(11.2)	(27.1)	(4.9)			**(51.8)**
Reclassifications	0.2	1.5	(2.4)	12.4	0.8			**12.5**
Total at December 31, 2010	**0.7**	**125.2**	**155.2**	**270.7**	**58.7**			**610.5**

NET VALUE *In millions of euros*	Land	Buildings	Machinery & equipment	Capitalized instruments	Other	Assets under construction	Advances & down-payments	Total (f)
Total at December 31, 2008	**25.2**	**117.2**	**52.5**	**65.4**	**18.1**	**17.4**	**4.4**	**300.2**
Total at December 31, 2009	**19.8**	**119.2**	**59.6**	**67.7**	**18.3**	**23.6**	**4.6**	**312.8**
Total at December 31, 2010	**20.9**	**130.9** (d)	**59.4**	**68.4** (e)	**19.2**	**33.1**	**8.2**	**340.1**

(a) Acquisition of Meikang (€3.2 million), Zenka (€0.4 million) and Dima (€0.1 million).

(b) Including €11.8 million relating to presentation reclassifications in the opening balance sheet, with no impact on the carrying amount of the assets concerned.

(c) Accumulated impairment losses totaled €0.5 million at December 31, 2009 and €1.1 million at December 31, 2010.

(d) Including buildings held by bioMérieux SA (€82 million), bioMérieux Inc (€25.5 million), bioMérieux Italy (€7.7 million) and bioMérieux Spain (€3.1 million).

(e) Most of the instruments are placed with customers outside the Group.

(f) A breakdown of property, plant and equipment acquired under finance leases is provided in Note 5.3.

5.2 Assets held for sale

GROSS VALUE *In millions of euros*	Boxtel site	Toronto site	Total
Total at December 31, 2009	**31.3**	**1.2**	**32.5**
Translation adjustments		0.1	0.1
Disposals		(1.3)	(1.3)
Total at December 31, 2010	**31.3**	**0.0**	**31.3**

DEPRECIATION AND IMPAIRMENT *In millions of euros*	Boxtel site	Toronto site	Total
Total at December 31, 2009	**18.9**	**0.1**	**19.0**
Translation adjustments		0.0	0.0
Disposals		(0.1)	(0.1)
Increases (a)	0.4		0.4
Total at December 31, 2010	**19.3**	**0.0**	**19.3**

NET VALUE *In millions of euros*	Boxtel site	Toronto site	Total
Total at December 31, 2009	**12.4**	**1.1**	**13.5**
Total at December 31, 2010	**12.0**	**0.0**	**12.0**

(a) Impairment loss.

No depreciation was recognized on these assets in 2009 or 2010.

Negotiations are still under way concerning the sale of the Boxtel site.

5.3 Property, plant and equipment acquired under finance leases

Where an asset is leased under a finance lease that transfers to the Group substantially all the risks and rewards incidental to ownership of the leased asset, the asset is accounted for as property, plant and equipment as described in Note 1.7.

In 2010, bioMérieux SA exercised the purchase option on the lease for its International Distribution Center, which had a net value of €4.1 million at December 31, 2010.

Total depreciation recorded against property, plant and equipment acquired under finance leases amounted to €0.8 million in 2010 and €0.7 million in 2009.

The corresponding finance lease liability for these capitalized assets – which is included in the balance sheet under borrowings – was €3.9 million at December 31, 2010 and €10.3 million at December 31, 2009 (see Note 15.5).

ASSETS HELD UNDER FINANCE LEASES RECOGNIZED AS PROPERTY, PLANT AND EQUIPMENT						
In millions of euros		Land	Buildings	Machinery and equipment	Other	Total
Dec. 31, 2009	Gross value	0.8	15.6	1.0	1.7	19.1
	Accumulated depreciation	0.0	(7.7)	(1.0)	(1.4)	(10.1)
	Net value	**0.8**	**7.9**	**0.0**	**0.3**	**9.0**
Dec. 31, 2010	Gross value	0.0	4.7	1.0	1.7	7.4
	Accumulated depreciation	0.0	(0.2)	(1.0)	(1.7)	(2.9)
	Net value	**0.0**	**4.5**	**0.0**	**0.0**	**4.5**

5.4 Finance lease receivables

Certain instruments are sold under finance lease arrangements (see Note 1.7). The usual lease term is five years and the interest rate applied is around 10%.

Finance lease receivables totaled €41.3 million at December 31, 2010.

Breakdown *In millions of euros*	Due within 1 year (a)	Due in 1 to 5 years (b)	Due beyond 5 years (b)	**Total**
Gross value of finance lease receivables	17.4	32.3	0.1	**49.8**
Accrued interest	(3.9)	(4.5)		**(8.4)**
Present value of minimum future lease payments	13.5	27.8	0.1	**41.4**
Impairment losses	(0.1)			**(0.1)**
Net present value of minimum future lease payments	13.4	27.8	0.1	**41.3**

(a) Recognized as trade receivables (see Note 8)
(b) Recognized as other non-current assets

Receivables past due at the year-end which had not been written down represented a non-material amount.

6. Non-current financial assets

In millions of euros	**Dec. 31, 2010**	**Dec. 31, 2009**
Loans and receivables	8.7 (a)	5.4
Available-for-sale financial assets	17.7	4.9
Financial assets at fair value through profit or loss	0.2	0.2
Total	**26.6**	**10.5**

(a) Including (i) a €3 million investment to cover retirement benefit obligations in Germany; and (ii) €1.4 million in receivables owed by the Greek State which have been reclassified as government bonds.

MOVEMENTS *In millions of euros*	Gross value	Impairment and changes in fair value	Net value
December 31, 2008	**25.6**	**9.0**	**16.6**
Translation adjustments	0.0	(0.1)	0.0
Acquisitions/Increases	0.4	3.5 (a)	(3.1)
Disposals/Decreases	(5.7)	(0.9) (a)	(4.8)
Reclassifications	1.8 (b)	0.0	1.8
December 31, 2009	**22.1**	**11.5**	**10.5**
Translation adjustments	0.5	0.1	0.4
Acquisitions/Increases	15.4 (c)	0.1	15.3
Disposals/Decreases	(2.1)	(0.9)	(1.2)
Reclassifications	1.6 (d)		1.6
December 31, 2010	**37.5**	**10.8**	**26.6**

(a) Changes in fair value (representing a negative €2.6 million) were recognized in full in the income statement in 2010.

(b) In accordance with IAS 28 “Investments in Associates”, the consolidated value of the Group’s investment in ReLIA – which was previously accounted for by the equity method – was reclassified to "Available-for-sale financial assets" in 2009 as a result of the Group ceasing to exercise significant influence over the company following a dilution in its ownership interest that did not correspond to a sale.

(c) Including acquisitions by bioMérieux SA of non-controlling interests in Biocartis (€9 million) and Knome (€3.7 million).

(d) Including €1.4 million in receivables owed by the Greek State which have been reclassified as government bonds.

In millions of euros	% ownership	Carrying amount	Equity	
			Excluding profit/(loss) for the year	Profit/(loss) for the year
Available-for-sale financial assets				
Biocartis	8.7%	9.0	5.1 (a)	(2.6) (a)
Knome	7.8%	3.7	4.0 (b)	(1.0) (b)
Advandx	5.0%	2.2	0.7 (c)	(2.6) (c)
Avesthagen	3.6%	1.4	13.5 (d)	(0.6) (d)
Labtech	9.8%	1.3	9.1 (e)	1.0 (e)
InoDiag	1.1%		(0.4) (a)	(0.7) (a)
Europroteome	8.8%		In liquidation	
ReLia	13.5%		1.4 (a)	(2.0) (a)
Other		0.2		
		17.7		
Financial assets at fair value through profit or loss				
Dynavax Technologies	0.1%	0.2	25.7 (a)	(22.0) (a)
Oscient Pharma	0.2%		In Chapter 11 bankruptcy proceedings	
		0.2		

(a) Most recent available data: year ended December 31, 2009.

(b) Most recent available data: financial statements for the period ended September 30, 2009.

(c) Most recent available data: year ended December 31, 2010.

(d) Most recent available data: year ended March 31, 2010.

(e) Most recent available data: year ended June 30, 2010.

7. Inventories and work-in-progress

In millions of euros	**Dec. 31, 2010**	**Dec. 31, 2009**
Raw materials	63.5	53.4
Work-in-progress	36.9	43.9
Finished products and goods held for resale	103.4	83.2
Total gross value	**203.8** (a)	**180.5**
Impairment losses		
Raw materials	(8.8)	(8.5)
Work-in-progress	(3.1)	(2.2)
Finished products and goods held for resale	(12.5)	(11.2)
Total impairment losses	**(24.3)**	**(21.9)**
Raw materials	54.8	44.9
Work-in-progress	33.8	41.7
Finished products and goods held for resale	90.9	72.0
Net value	**179.5** (b)	**158.6**

(a) 33% of which relating to instrumentation.

(b) No pledges of inventories had been granted at December 31, 2010.

8. Trade receivables

In millions of euros	**Dec. 31, 2010**	**Dec. 31, 2009**
Gross trade receivables (a)	420.4	358.8
Impairment losses (b)	(17.4)	(12.2)
Net value (c)	**403.0**	**346.6**

(a) Of the Group's trade receivables, 40% are due from government agencies and may be paid later than the date shown on the invoice.

(b) Impairment is recognized on a case-by-case basis by reference to various criteria including disputes, arrears, etc.

Past-due receivables owed by private-sector companies represented 18% of total outstanding trade receivables in 2009 and 2010. The original maturities of the majority of these receivables were less than six months.

(c) Including the short-term portion of finance lease receivables (see Note 5.4).

Trade receivables include amounts owed by Greek government agencies for which payment is considerably overdue. Amounts due to the Group by Greek hospitals totaled €27.1 million at December 31, 2010. The Group has written down these receivables by a total of €6.8 million, including an exceptional provision of €4.4 million recorded following a law passed by the Greek Parliament on July 27, 2010 providing for the settlement of past-due payments in the form of zero-coupon government bonds with maturities of one, two and three years.

9. Other receivables

In millions of euros	Dec. 31, 2010	Dec. 31, 2009
Advances and downpayments received	2.8	2.8
Pre-paid expenses	6.2	8.5
Other	39.1	34.6
Impairment losses	(0.1)	
Net value of other operating receivables	**48.0** (a)	**45.9**
Current tax receivable	**2.9**	**10.6**
Gross value of non-operating receivables	0.8 (b)	2.4
Impairment losses		
Net value of non-operating receivables	**0.8**	**2.4**

(a) The majority of other operating receivables are due within one year.
(b) Including the fair value of derivative instruments: €0 in 2010, versus €0.1 million in 2009.

Other operating receivables include research tax credits, which were reclassified in 2010 as described in Note 1 “Summary of significant accounting policies”.

Other receivables which are past due and not written down represented a non-material amount.

10. Cash and cash equivalents

Cash and cash equivalents includes available cash and short-term investments meeting the definition set out in Note 1.11. They broke down as follows at December 31, 2010 and 2009:

In millions of euros	Dec. 31, 2010	Dec. 31, 2009
Cash	35.6	32.8
Short-term investments (a)	35.8	14.2
Cash and cash equivalents	**71.4**	**47.0**

The Group’s main short-term investments were as follows in 2010 and 2009:

	2010	2009
Name	3-month SICAV CA AM	3-month SICAV CA AM
Amount	€0.8 million	€1.6 million
Type	Euro money-market fund	Euro money-market fund
ISIN code	FR0000296881	FR0000296881
Name	SICAV AM TRESO Eonia	SICAV CA AM Eonia
Amount	€17.0 million	€12.6 million
Type	Euro money-market fund	Euro money-market fund
ISIN code	FR0007435920	FR0007435920

The Group regularly reviews the investments made by each “SICAV” euro money-market fund as well as their past performance in order to ensure that they qualify as “cash and cash equivalents” in accordance with the recognition criteria in IAS 7.

The carrying amount of short-term investments corresponds to their market value. Changes in fair value at December 31, 2010 were not material, as investments were sold and bought back at the year-end in order to realize capital gains.

11. Share capital

The Company's share capital amounted to €12,029,370 at December 31, 2010 and was divided into 39,453,740 shares, of which 26,132,445 carried double voting rights. Following a decision taken by shareholders at the Annual General Meeting of March 19, 2001 the Company's bylaws no longer refer to a par value for its shares. No rights or securities with a dilutive impact on capital were outstanding at December 31, 2010.

There were no changes in the number of outstanding shares in 2010.

At December 31, 2010, the parent company held 12,200 of its own shares in connection with a liquidity agreement signed with an independent investment firm for market-making purposes (see Note 1.22). It also held 19,000 shares in treasury for allocation under the free share plans authorized at the Annual General Meetings of June 12, 2008 and June 10, 2010 (see Note 18). In 2010 the Company purchased 44,482 of its own shares and sold 33,182 in connection with the liquidity agreement and allocated 25,000 shares to beneficiaries of share grant plans whose rights had vested.

The Company is not subject to any specific regulatory or contractual obligations in terms of its capital.

The Group does not have any specific policy concerning capital financing. Decisions on whether to use debt or equity financing are made on a case-by-case basis for each proposed transaction. The equity used by the Group for its own operations corresponds to its consolidated equity.

12. Change in cumulative translation adjustments (currency translation differences recorded in equity)

In millions of euros	**Dollar (a)**	**Latin America**	**Europe (b)**	**Other**	**Total**
Cumulative translation adjustments at December 31, 2008	**(23.6)**	**(3.0)**	**(15.8)**	**(3.8)**	**(46.2)**
Translation differences arising on:					
- translating opening net assets and dividend payments at closing exchange rates	(9.8)	4.0	5.7	4.5	4.4
- translating income statement items at average exchange rates	(3.1)	(0.1)	(0.1)	0.3	(3.0)
Changes in Group structure	1.0				1.0
Total movements	(11.9)	3.9	5.6	4.8	2.4
Cumulative translation adjustments at December 31, 2009	**(35.5)**	**0.9**	**(10.2)**	**1.0**	**(43.8)**
Translation differences arising on:					
- translating opening net assets and dividend payments at closing exchange rates	22.5	3.8	10.0	6.4	42.7
- translating income statement items at average exchange rates	(0.5)		2.2	0.5	2.2
Changes in Group structure		0.1			0.1
Total movements	22.0	3.8	12.2	6.9	44.9
Cumulative translation adjustments at December 31, 2010	**(13.5)**	**4.7**	**2.0**	**7.9**	**1.1** (c)

(a) Dollar and pegged currencies: includes the United States and China.
(b) Including the Middle East and Africa.
(c) Excluding non-controlling interests, cumulative translation adjustments amounted to €1.6 million at December 31, 2010.

13. Provisions – Contingent assets and liabilities

13.1 Long- and short-term provisions

In millions of euros	Pension and other employee benefit obligations	Product warranties (a)	Restruc-turing	Other R&C	Total	
December 31, 2008	**30.1**	**3.6**	**28.8** (f)	**10.3** (b)	**72.8**	(c)
Additions	11.7	3.6	3.4	7.0	25.7	
Reversals (used)	(9.8)	(4.0)	(28.7)	(3.2)	(45.7)	
Reversals (surplus)			(1.0)		(1.0)	
Net additions (reversals)	1.9	(0.4)	(26.3)	3.8	(21.0)	(d)
Translation adjustments	(0.1)				(0.1)	
December 31, 2009	**31.9**	**3.2**	**2.5** (f)	**14.1** (b)	**51.7**	(c)
Additions	11.5	3.8	3.1	3.5	21.9	
Reversals (used)	(10.9)	(3.7)	(2.5)	(5.2)	(22.3)	
Reversals (surplus)				(3.7)	(3.7)	
Net additions (reversals)	0.6	0.1	0.6	(5.4)	(4.1)	(e)
Changes in Group structure				0.1	0.1	
Reclassifications	(3.4) (g)			(0.6)	(4.0)	
Translation adjustments	1.1	0.2	0.1	0.9	2.3	
December 31, 2010	**30.2**	**3.5**	**3.2** (f)	**9.1** (b)	**46.0**	(c)

(a) Estimate of the costs relating to warranties issued on the sale of instruments that may be incurred over the remaining warranty period.

(b) Including provisions for litigation in the amount of €5 million at December 31, 2010, €6.5 million at December 31, 2009 and €4.2 million at December 31, 2008. For confidentiality reasons, the breakdown between cases is not disclosed.

(c) Including short-term provisions totaling €14.5 million at December 31, 2010, €16 million at December 31, 2009 and €38.4 million at December 31, 2008.

(d) Including net additions of €5.3 million recorded within “Operating profit before non-recurring items” and €1.1 million recognized as financial expenses, and a €27.4 million net reversal recorded in “Non-recurring income and expenses from operations, net”.

(e) Including net reversals of (i) €2.5 million recorded within “Operating profit before non-recurring items" and (ii) €1.6 million recognized in "Non-recurring income and expenses from operations, net”.

(f) Including a provision relating to the closure of the Boxtel site, amounting to €0.1 million at December 31, 2010, €0.5 million at December 31, 2009 and €27.3 million at December 31, 2008.
Including a provision concerning the closure of the Portland site totaling €3.1 million at December 31, 2010.

(g) Reclassification to borrowings of scheduled payments for bioMérieux Inc.

13.2 Pension and other long-term benefit obligations

13.2.1 Defined benefit pension plans

13.2.1.1 Reconciliation of the net obligation with provisions recognized in the balance sheet

PROVISIONS FOR POST-EMPLOYMENT BENEFIT OBLIGATIONS *In millions of euros*		At December 31, 2010			
Company	**Type of obligation**	Present value of obligation	Fair value of plan assets (a)	Deferred actuarial gains and losses (b)	Provision
France	Contractual retirement payments	18.7	11.5	1.3	**5.9**
US	Pensions	96.5	62.5	28.1	**5.9**
Netherlands	Pensions and early retirement				**0.0**
Germany	Pensions	6.4	1.7	1.4	**3.3** (c)
Japan	Termination benefits	0.6			**0.6**
		122.2	75.7	30.8	**15.7**

PROVISIONS FOR POST-EMPLOYMENT BENEFIT OBLIGATIONS *In millions of euros*		At December 31, 2009			
Company	**Type of obligation**	Present value of obligation	Fair value of plan assets (a)	Deferred actuarial gains and losses (b)	Provision
France	Contractual retirement payments	16.7	10.9	0.8	**5.0**
US	Pensions	72.5	45.8	19.4	**7.3**
Netherlands	Pensions and early retirement	1.5			**1.5**
Germany	Pensions	6.0	1.6	1.2	**3.2** (c)
Japan	Termination benefits	0.5			**0.5**
		97.2	58.3	21.4	**17.5**

(a) Plan assets or scheduled payments.
(b) All past-service costs have been recognized.
(c) This amount is funded by investments that are not irrevocably allocated to post-employment benefit obligations and are therefore recognized in non-current financial assets (see Note 6).

13.2.1.2 Changes in the net obligation during the year

The tables below show the movements in the Group's main pension benefit obligations in 2010.

In millions of euros	USA	France	Germany	Japan	Total
Present value of defined benefit obligations					
At beginning of year	**72.5**	**16.7**	**6.0**	**0.5**	**95.7**
Net current service cost	5.8	0.9	0.1	0.1	6.9
Interest cost	4.7	0.7	0.2		5.6
Benefit payments	(1.1)	(0.1)	(0.3)	(0.1)	(1.6)
Past service cost					
Translation adjustments	5.5			0.1	5.6
Actuarial (gains) losses	9.1	0.5	0.4		10.0
At end of year	**96.5**	**18.7**	**6.4**	**0.6**	**122.2**
Funded status					
At beginning of year	**45.8**	**10.9**	**1.6**	**0.0**	**58.3**
Employer contributions	10.5				10.5
Expected return on plan assets	3.8	0.6	0.1		4.5
Benefit payments	(1.1)		(0.1)		(1.2)
Translation adjustments	3.3				3.3
Actuarial (gains) losses	0.2		0.1		0.3
At end of year	**62.5**	**11.5**	**1.7**	**0.0**	**75.7**
Including scheduled payments in 2010	6.7				6.7
Deferred actuarial gains or losses					
At beginning of year	**19.4**	**0.8**	**1.2**		**21.4**
Expenses recognized in 2010	(1.7)				(1.7)
New deferred items in 2010	8.9	0.5	0.3		9.7 (a)
Translation adjustments	1.5				1.5
At end of year	**28.1**	**1.3**	**1.5**	**0.0**	**30.9**

(a) Including €3.8 million in experience adjustments.

At December 31, 2010, a one-percent increase in the discount rate would have had a 15.1% (or €18 million) favorable impact on the Group's defined benefit obligations. This impact would have been deferred as actuarial gains and would not have immediately affected income.

13.2.1.3 Net expense for the year

In millions of euros	2010	2009
Net current service cost	6.8	6.6
Interest cost	5.6	4.8
Expected return on plan assets	(4.5)	(3.3)
Curtailments and settlements	0.0	0.2
Other	1.7	1.3
Total	**9.6**	**9.6**

13.2.1.4 Information on plan assets

The Group's plan assets broke down as follows at December 31, 2010 and 2009:

In millions of euros	Dec. 31, 2010			
	Equities	Bonds	Other	**TOTAL**
France	1.0	9.5	1.0	**11.5**
USA	33.5	22.3	6.7 (a)	**62.5**
Germany			1.7	**1.7**
In millions of euros	**Dec. 31, 2009**			
	Equities	Bonds	Other	**TOTAL**
France	0.9	9.1	0.9	**10.9**
USA	26.0	16.7	3.1 (a)	**45.8**
Germany			1.6	**1.6**

(a) Scheduled payment

The table below shows the actual return on plan assets in 2010 and 2009:

	2010 return	**2009 return**
France	5.2%	4.0%
USA	8.3%	22.1%
Germany	11.6%	2.9%

13.2.1.5 Other information

The table below shows a five-year comparative analysis of certain data:

In millions of euros	**2010**	**2009**	**2008**	**2007**	**2006**
Present value of defined benefit obligation	122.1	97.2	81.9	76.1	116.8
Fair value of plan assets	75.7	58.3	47.3	52.2	85.1
Actuarial gains and losses as a % of the defined benefit obligation	8.2%	10.4%	-1.5%	-1.2%	-6.8%
Actuarial gains and losses as a % of plan assets	0.4%	8.1%	-28.5%	-5.9%	0.4%

13.2.2 Other long-term employee benefits

OTHER LONG-TERM EMPLOYEE BENEFITS *In millions of euros* Company	Type of obligation	At December 31, 2010 Present value of obligation	Fair value of plan assets (a)	Deferred actuarial gains and losses (b)	Provision
France	Long service awards	7.2			**7.2**
Other					
France	Other obligations	0.1			0.1
US	Post-employment health insurance	1.8		(0.4)	2.2
		1.9			**2.3**
Other countries					
Other	Pensions and other benefits				**5.1**
TOTAL PROVISION FOR OTHER LONG-TERM EMPLOYEE BENEFITS					**14.6**

At December 31, 2010, a one-percent increase in medical cost trend rates would not have significantly affected the value of the health insurance plan obligation in the United States or the corresponding income statement items.

OTHER LONG-TERM EMPLOYEE BENEFITS *In millions of euros* Company	Type of obligation	At December 31, 2009 Present value of obligation	Fair value of plan assets	Deferred actuarial gains and losses	Provision
France	Long service awards	7.1			7.1
Netherlands	Long service awards	0.1			0.1
					7.2
Other					
France	Other obligations	0.6		(0.4)	1.0
US	Post-employment health insurance	1.8		(0.2)	2.0
					3.0
Other countries					
Other	Pensions and other benefits				**4.2**
TOTAL PROVISION FOR OTHER LONG-TERM EMPLOYEE BENEFITS					**14.4**

13.3 Other provisions

13.3.1 Provisions for claims and litigation

The Company is involved in a certain number of claims and litigation arising in the ordinary course of business, the most significant of which is described below. bioMérieux believes that no claim or litigation will have a material adverse impact on its operations. When a risk is identified, a provision is recognized as soon as the risk can be reliably measured. The provision for claims and litigation covers all disputes in which the Group is involved and amounted to €5 million at December 31, 2010.

DBV litigation

The Group is involved in a dispute with DBV and International Microbio over a DBV patent relating to the diagnosis of mycoplasma.

A number of decisions favorable to bioMérieux were handed down by the relevant French courts in 2007 and on June 3, 2008 the Supreme Court (*Cour de Cassation*) ruled that an appeal lodged by DBV and International Microbio against a ruling of the Paris Court of Appeal dated June 14, 2007 and also favorable for bioMérieux was inadmissible. This decision ended the French component of the dispute in favor of bioMérieux.

In the second quarter of 2010, DBV withdrew its claim lodged with the Spanish Supreme Court. Consequently, at end-2010 the only country in which the dispute between DBV and International Microbio was still outstanding was Italy.

13.3.2 Restructuring provisions

13.3.2.1 Movements in restructuring provisions

As part of its measures to restructure its culture media business in the United States and Canada, the Group has decided to close the Portland site (in Oregon, U.S.) during the second half of 2011. As a result, a €3.1 million addition to restructuring provisions was recorded in the 2010 income statement to cover the costs of closing this site and restructuring the business, including employee severance payments and sales contract indemnity costs. A €0.8 million impairment loss was also recorded for non-transferable equipment and fixtures.

13.3.2.2 Balance of restructuring provisions

At December 31, 2010, restructuring provisions totaled €3.2 million, of which €3.1 million related to the closure of the Portland site.

13.4 Contingent assets and liabilities

Contingent assets

Contingent assets at December 31, 2010 were not material.

Contingent liabilities

Following a tax audit carried out on the Group's operations in Italy, the transfer prices applied to the Italian subsidiary and the portion of shared costs allocated to it were challenged by the tax authorities.

The Company and its legal advisors are of the opinion that there are no valid grounds for this challenge and intend to strongly contest the findings of the tax authorities. The Company will use all possible means of recourse to defend its position. The duration and outcome of this dispute cannot be anticipated at this stage of the proceedings. An amicable resolution procedure in relation to this tax dispute is currently under way with the relevant French and Italian authorities.

No other significant contingent liabilities were identified at December 31, 2010.

14. Deferred taxes

MOVEMENTS *In millions of euros*	Deferred tax assets	Deferred tax liabilities	
December 31, 2008	**21.7**	**25.6**	
Translation adjustments	(0.2)	0.2	
Changes in Group structure	0.0	(4.7)	(a)
Movements recognized in profit	0.2	0.3	
Recognition in reserves	4.2	(0.1)	
Other movements	0.2	(0.3)	
December 31, 2009	**26.1**	**21.0**	
Translation adjustments	2.0	1.3	
Changes in Group structure	0.0	0.6	(b)
Movements recognized in profit	(2.1)	2.9	
Recognition in reserves	0.5	0.0	
Other movements	(1.6)	(1.0)	
December 31, 2010	**24.9**	**24.8**	

(a) Including adjustments to deferred taxes related to usable tax losses carried forward and the fair value of acquired assets and assumed liabilities of bioTheranostics and PML in respective negative amounts of €4.5 million and €0.2 million. These adjustments were charged against the goodwill recognized for these two subsidiaries.

(b) Including deferred taxes recognized in relation to the acquisition of Meikang Biotech and Dima amounting to €0.5 million and €0.1 million respectively, and calculated based on the fair value of the acquired assets and assumed liabilities.

The majority of the Group's deferred tax assets were generated in the United States, due to temporary tax differences arising as a result of certain provisions being non-deductible and the elimination of margins on inventories.

Breakdown of deferred tax assets *In millions of euros*	Provisions for pension benefit obligations	Elimination of margins on inventories and non-current assets	Other	**Total**
December 31, 2008	4.7	10.4	6.6	**21.7**
Movements during the period	(0.2)	4.6	0.2	**4.6**
Translation adjustments	(0.1)	(0.1)	0.0	**(0.2)**
December 31, 2009	4.4	14.9	6.8	**26.1**
Movements during the period	0.1	(1.0)	(2.3)	**(3.2)**
Translation adjustments	0.2	0.8	1.0	**2.0**
December 31, 2010	4.6	14.8	5.5	**24.9**

Deferred taxes relating to items recognized in equity (corresponding to fair value adjustments to financial instruments and deferred taxes relating to treasury shares) amounted to €1.4 million at December 31, 2010.

Deferred tax assets resulting from tax losses carried forward amounted to €0.6 million at December 31, 2010.

No deferred tax assets were recognized on €7.9 million worth of tax losses carried forward, representing a potential tax saving of €2.7 million. Furthermore, no deferred tax assets were recognized on consolidation adjustments, which amounted to €2 million at December 31, 2010 and represented a potential tax saving of €0.6 million.

Deferred tax liabilities primarily relate to the fair value recognition of the non-current assets acquired as part of the business combinations carried out with the following companies: bioTheranostics (€8.3 million), bioMérieux Spain (merged with Biomedics: €2.9 million), BTF (€2.7 million) and Bacterial Barcodes (€2.1 million). At December 31, 2010 deferred tax liabilities also included €2 million in provisions for taxes on distributable reserves.

15. Net debt/(Net cash)

15.1 Debt refinancing

At December 31, 2010, the Group had a net cash position of €24.4 million after a €36.4 million dividend payout to bioMérieux SA shareholders.

bioMérieux SA has a seven-year syndicated loan of €260 million repayable in full at maturity (January 2013). The facility agreement contains default clauses (see Note 15.3).

No amounts had been drawn under this facility at December 31, 2010.

15.2 Maturities of borrowings

The maturity schedule below refers to balance sheet amounts. Repayments are not shown at their present value and interest not yet accrued is not included as most of the loans are at floating rates.

In millions of euros	**Dec. 31, 2009**	**Increase Decrease**	**Changes in Group structure**	**% Change in statement of cash flows**	**Other movements (a)**	**Dec. 31, 2010**	
Cash	32.8	1.5	2.4	3.9	(1.0)	35.7	(d)
Cash equivalents	14.2	21.6		21.6		35.8	
Cash and cash equivalents	**47.0**	**23.1**	**2.4**	**25.5**	**(1.0)**	**71.5**	
Bank overdrafts and other uncomfirmed debt	(32.8)	(12.5)	(1.0)	(13.5)	8.8	(37.5)	
Net cash and cash equivalents (A)	**14.2**	**10.6**	**1.4**	**12.0**	**7.8**	**34.0**	
Comfirmed debt (B)	**16.3**	**(6.7)**		**(6.7)**	**0.0**	**9.6**	
o/w due beyond 5 years	*1.4*					*1.2*	
o/w due in 1 to 5 years	*7.0*					*6.3*	(b)
o/w due within 1 year	*7.9*					*2.1*	(c)
Net debt (Net cash) (B) - (A)	**2.1**	**(17.3)**	**(1.4)**	**(18.7)**	**(7.8)**	**(24.4)**	

(a) Impact of currency fluctuations and other movements.
(b) Including the balance of the employee profit-sharing account (€2.8 million).
Including a €3.8 million finance lease liability concerning office buildings in Italy.
(c) Including €2.1 million in finance lease liabilities, of which €0.5 million relating to sites in Italy.
(d) Including the balance of the employee profit-sharing account (€1 million).

At December 31, 2010 the Group had not breached any of its repayment schedules.

No loan agreements were signed prior to December 31, 2010 concerning loans to be set up in 2010.

15.3 Debt covenants

The syndicated loan requires compliance with one financial ratio: net debt may not exceed three times EBITDA before acquisition expenses. This ratio – which is tested twice a year – was respected at December 31, 2010.

The Group's other term borrowings at December 31, 2010 primarily corresponded to finance lease liabilities related to assets in Italy and the employee profit-sharing account. None of these forms of borrowings are subject to covenants based on financial ratios.

15.4 Interest rates

At December 31, 2010, the Group's gross borrowings consisted mainly of floating-rate bank overdrafts (except for the employee profit-sharing account).

15.5 Borrowings corresponding to finance lease liabilities

15.5.1 Principal amount of the borrowings

In millions of euros	**Dec. 31, 2010**	**Dec. 31, 2009**
Due within 1 year	0.4	6.4
Due in 1 to 5 years	2.6	1.9
Due beyond 5 years	0.9	2.0
Total	**3.9**	**10.3**

15.5.2 Future lease payments (principal and interest)

In millions of euros	**Dec. 31, 2010**	**Dec. 31, 2009**
Minimum future payments	**4.5**	**11.6**
Due within 1 year	*0.6*	*6.7*
Due in 1 to 5 years	*3.0*	*2.7*
Due beyond 5 years	*0.9*	*2.2*
Less interest	*(0.6)*	(1.3)
Present value of future lease payments	**3.9**	**10.3**

15.6 Breakdown of net debt/(net cash) by currency

In millions of euros	**Dec. 31, 2010**	**Dec. 31, 2009**
Euro	(20.1)	132.3
Other		
US dollar	(15.2)	(122.5)
Swedish krona	(7.4)	(16.9)
South African rand	(1.7)	(3.1)
Pound sterling	1.7	(1.0)
Polish zloty	(1.7)	(1.7)
Brazilian real	7.5	8.3
Japanese yen	10.9	10.9
Other currencies	1.7	(4.2)
Total	**(24.4)**	**2.1**

15.7 Loan guarantees

None of the Group's assets have been pledged as collateral to a bank.

For subsidiaries using external funding, bioMérieux SA may be required to issue a first call guarantee to banks granting these facilities.

16. Trade and other payables

In millions of euros	Dec. 31, 2010	Dec. 31, 2009
Trade payables	**128.9**	**116.6**
Advances and downpayments received	2.4	1.8
Accrued payroll and other taxes	132.5	121.9
Deferred income	32.3	28.6
Other	18.0	14.3
Other operating payables	**185.2** (a)	**166.6**
Current tax payable	**15.6**	**20.5**
Due to suppliers of non-current assets	12.5	15.5
Other	12.6 (b)	13.4
Non-operating payables	**25.1** (c)	**28.9**

(a) Operating payables are generally due within one year, except for certain deferred income relating to maintenance contracts.

(b) Including €5 million corresponding to the fair value of derivatives at December 31, 2010 compared with €2 million at year-end 2009.

(c) The majority of non-operating liabilities are due within one year.

17. Employee benefits expense

In millions of euros	2010	2009
Wages and salaries	313.0 (a)	323.6
Payroll taxes	114.8	116.1
Employee profit sharing (b)	13.7	11.0
Total	**441.5** (c)	**450.8**
Average number of employees	**6,365**	**6,298**
Number of employees at Dec. 31	**6,306**	**6,300**

(a) Including €4.5 million corresponding to the fair value of share-based payments (see Note 18.1).

(b) bioMérieux SA.

(c) Including €3 million corresponding to restructuring charges recognized in “Non-recurring income and expenses from operations, net”.

(d) Including €18.5 million in contributions to defined contribution pension plans (excluding Spain and Portugal, for which figures are not available).

18. Share-based payments

18.1 Share grant plans

	Share grant plans		
Company	bioMérieux SA	bioMérieux SA	bioMérieux SA
Date of Shareholders' Meeting authorizing the plan	June 9, 2005	June 12, 2008	June 10, 2010
Maximum number of shares that may be granted	1% of share capital (394,537 shares)	200,000	0.95% of share capital (374,810 shares)
Beneficiaries	Corporate officers/employees		
Vesting conditions	Two- or four-year vesting period		
Lock-up period	Two years from the expiration of the vesting period		
Number of shares granted in 2010	0	52,251	200,600
Total number of shares granted at Dec. 31, 2010	286,000	114,507	200,600
Number of shares delivered in 2010	15,000	10,000	0
Total number of shares delivered at Dec. 31, 2010	286,000	10,000	0
Number of shares forfeited in 2010	0	771	0
Number of shares to be delivered at Dec. 31, 2010	0	103,736	200,600
Number of shares outstanding at Dec. 31, 2010	0	0	174,210

An expense of €4.5 million was recognized under employee benefits expense in 2010 in relation to share-based payments (see Note 17).

The lock-up period may be waived for shares granted to non-French tax residents provided that the shares concerned are subject to a four-year vesting period.

At December 31, 2010, bioMérieux SA held 19,000 of its own shares for allocation under the above-described share grant plans. The Company will have to purchase a further 285,336 shares to cover its commitments, the cost of which would be €21.1 million based on the share price at December 31, 2010.

18.2 Stock option plan

	Stock option plan
Company	bioTheranostics
Date of Shareholders' Meeting authorizing the plan	septembre 24, 2008
Total number of options authorized	2,000,000
Beneficiaries	Corporate officers/employees/consultants
Vesting conditions	Continuous employment
Vesting period	Options vest over four years from the grant date - 25% at the end of each year (cliff vesting)
Option expiration date	10 years from the grant date
Subscription price per share	USD 3.00
Number of options granted in 2010	461,100
Total number of options granted at Dec. 31, 2010	1,577,100
Number of shares able to be subscribed at Dec. 31, 2010	195,375
Number of options exercised at Dec. 31, 2010	0
Number of shares subscribed for at Dec. 31, 2010	0
Number of options forfeited in 2010	190,750
Total number of options forfeited at Dec. 31, 2010	221,750
Number of options outstanding at Dec. 31, 2010	644,650

bioTheranostics carried out a stock split in 2010. Consequently the number of stock options that may be granted pursuant to the authorization given by shareholders on September 24, 2008 has been increased from 1 million to 2 million.

The employee benefit expense recognized in 2010 in relation to the stock option plan was not material.

The bioTheranostics stock option plan has no material impact on the calculation of the Group's diluted earnings per share.

19. Other operating income

In millions of euros	2010	2009
Net royalties received	9.9	11.8
Research tax credits	12.6	12.7
Other	0.2	0.7
Total	**22.7**	**25.2**

Research tax credits have been reclassified from income taxes to operating subsidies, in line with the recommendations issued by the AMF.

20. Operating lease expenses

In millions of euros	2010	2009
Operating lease expenses	22.0	21.2

21. Depreciation, amortization, provisions and impairment

In millions of euros	2010	2009
Depreciation and amortization of non-current assets	82.1	73.4
Provisions	(3.4)	(21.0)
Impairment of current assets	7.2	0.7
Impairment of non-current financial assets	(0.8)	2.6
Total	**85.1**	**55.7**

22. Financial income and expenses

22.1 Cost of net debt

In millions of euros	Income	Expenses	2010	2009
Finance costs	0.1 (a)	2.9	(2.8)	(2.3)
Foreign exchange gains (losses)		0.4	(0.4)	(0.2)
Total	**0.1**	**3.3**	**(3.2)**	**(2.5)**

(a) Interest income on invested cash balances.

22.2 Other financial income and expenses

In millions of euros	Income	Expenses	2010	2009
Interest income on leased assets	4.6		4.6	4.2
Impairment/Disposals of shares in non-consolidated companies	0.1		0.1	0.3 (a)
Other	1.1	5.2	(4.1) (b)	(3.1) (b)
Total	**5.8**	**5.2**	**0.6**	**1.4**

(a) Including (in millions of euros):

Disposals	3.3
Impairment	(3.4)

(b) Including (in millions of euros):

Currency hedges on future commercial transactions (time value)	(5.2)	(3.6)
Discounting charge on the Boxtel restructuring provision		(1.1)
Late payment interest billed to customers	1.1	1.8

22.3 Foreign exchange gains and losses

Foreign exchange gains and losses result from variations between the transaction exchange rate and the settlement rate (or the year-end rate if the payment has not yet been made). These differences only partially reflect the impact of currency fluctuations.

The transaction exchange rate is the rate prevailing on the date the transaction takes place. The settlement exchange rate is either the rate in effect on the date of payment or the hedging rate (excluding time value) if a currency hedge was set up for the transaction.

Translation gains and losses on commercial transactions are recognized under the relevant headings in the income statement. The table below shows their income statement impact in 2009 and 2010:

In millions of euros	**2010**	**2009**
Sales	(10.3)	3.7
Purchases	(15.5)	10.2
Financial items	(0.2)	(0.2)
Total	**(26.0)**	**13.7**

23. Non-recurring income and expenses from operations

In millions of euros	Income	Expenses	**2010**	2009
Impairment of receivables owed by the Greek State		4.4	**(4.4)** (a)	
Restructuring	3.2	8.9	**(5.7)**	(10.1)
Gains (losses) on capital transactions	10.0	9.3	**0.7**	0.3
Other	1.8	2.0	**(0.2)**	0.2
Total	**15.0**	**24.6**	**(9.6)**	**(9.6)**

(a) See Note 8

24. Income tax

24.1 Analysis of income tax expense

In millions of euros	**2010**		**2009**	
	Tax	**Rate**	**Tax**	**Rate**
Theoretical tax at standard French tax rate (a)	**83.1**	**34.4%**	**74.1**	**34.4%**
- Impact of income tax at reduced rates and foreign tax rates	(1.8)	-0.7%	(1.7)	-0.8%
- Taxes on dividends	3.3	1.3%	(0.5)	-0.2%
- Impact of permanent differences	(2.5)	-1.0%	(3.9)	-1.8%
- Deferred tax assets not recognized on tax losses carried forward	1.6	0.7%	0.5	0.2%
- Use of deferred tax assets not previously recognized	(1.4)	-0.6%	0.0	0.0%
- Tax credits (other than research tax credits)	(1.0)	-0.4%	(1.4)	-0.6%
Actual income tax expense	**81.4**	**33.7%**	**67.2**	**31.2%**

(a) Standard French tax rate applied to the pre-tax profit of consolidated companies.

The basic corporate income tax rate in France is 33.33%. Act no. 99-1140 of December 29, 1999 on social security funding created a surtax that raised the legal rate by 1.1%.

24.2 Breakdown of income tax expense

In millions of euros	2010	2009
Income tax on operating profit before non-recurring items	84.2	55.6
Income tax on other income and expenses from operations	(1.0)	(2.5)
Income tax on net financial income/(expense)	(1.8)	1.3
Total	**81.4**	**54.4**
Net income tax expense		
of which current income tax expense	76.3	54.3
of which net deferred income tax expense	5.1	0.1

25. Information by geographic region

The information by geographic region shown in the tables below has been prepared in accordance with the accounting principles used to prepare the consolidated financial statements.

Dec. 31, 2010 *In millions of euros*	Europe	North America	Asia-Pacific	Latin America	Intra-group transactions	Consolidated total
Net sales						
Consolidated net sales (based on end-customer's location)	**727.4**	**318.4**	**200.5**	**110.7**		**1,357.0**
Net export sales from the region	744.0	328.0	98.2	186.8		1,357.0
Inter-region sales	160.2	210.6	9.7	2.2	(382.7)	0.0
Net sales generated by the region	**904.2**	**538.6**	**108.0**	**188.9**	**(382.7)**	**1,357.0**
Non-current assets						
Allocated assets	365.6	235.7	52.3	26.0		679.6
Unallocated assets						51.6
Consolidated assets	**365.6**	**235.7**	**52.3**	**26.0**		**731.2**

Dec. 31, 2009 *In millions of euros*	Europe	North America	Asia-Pacific	Latin America	Intra-group transactions	Consolidated total
Net sales						
Consolidated net sales (based on end-customer's location)	**694.5**	**288.9**	**151.2**	**88.8**		**1,223.4**
Net export sales from the region	707.2	294.7	142.5	79.0		1,223.4
Inter-region sales	124.4	217.6	2.6	1.7	(346.2)	0.0
Net sales generated by the region	**831.6**	**512.3**	**145.1**	**80.6**	**(346.2)**	**1,223.4**
Non-current assets						
Allocated assets	337.7	204.5	35.3	22.2		599.8
Unallocated assets						36.5
Consolidated assets	**337.7**	**204.5**	**35.3**	**22.2**		**636.3**

None of the Group's customers represents over 10% of consolidated net sales.

The table below provides a breakdown of net sales by technology.

Net sales by technology *In millions of euros*	**2010**	2009	% change As reported	**% change** Like-for-Like
Clinical applications	**1,142**	1,034	+10.4%	**+4.3%**
Microbiology	**694**	613	+13.2%	**+7.6%**
Immunoassays	**361**	326	+10.9%	**+3.2%**
Molecular biology	**70**	76	-8.2%	**-13.1%**
Other lines	**17**	19	-10.9%	**-13.6%**
Industrial applications	**215**	189	+13.5%	**+8.1%**
Total	**1,357**	1,223	+10.9%	**+4.9%**

26. Auditors' fees

In thousands of euros	**2010**							**2009**						
	Deloitte & Associés		CCA		Other		**Total**	Deloitte & Associés		CCA		Other		**Total**
Audit	**803**	***99%***	**130**	***100%***	**445**	***96%***	**1,378**	**682**	***97%***	**126**	***100%***	**364**	***97%***	**1,172**
- bioMérieux SA	160	*20%*	130	*100%*		*0%*	290	161	*23%*	126	*100%*		*0%*	287
- fully consolidated subsidiaries	643	*79%*			445	*96%*	1,088	521	*74%*			364	*97%*	886
Related assignments					17	*4%*	**17**	8	*0%*			13	*3%*	**20**
AUDIT	**803**	***99%***	**130**	***100%***	**462**	***100%***	**1,395**	**690**	***98%***	**126**	***100%***	**377**	***100%***	**1,192**
Legal, tax, labor-related services	6	*0%*					6	13	*0%*					13
Other							0							0
OTHER SERVICES	**6**	***0%***	**0**	***0%***	**0**	***0%***	**6**	**13**	***0%***	**0**	***0%***	**0**	***0%***	**13**
TOTAL	**809**	***100%***	**130**	***100%***	**462**	***100%***	**1,401**	**703**	***100%***	**126**	***100%***	**377**	***100%***	**1,206**

27. Risk management

27.1 Exchange rate risk

27.1.1 Group policy

Since more than half of the Group's operations are conducted outside the eurozone, its financial position and results may be materially impacted by changes in exchange rates between the euro and other currencies. Sales are particularly affected by euro/U.S. dollar exchange rate variations (with about 28% of net sales in 2010 denominated in U.S. dollars) and, more occasionally, by variations in the rate of the euro against other currencies.

However, some operating expenses, especially those incurred in the United States, are paid for in U.S. dollars, mitigating the impact of fluctuations of the U.S. dollar on operating income.

Other currencies represent 31% of the Company's net sales. However, as costs denominated in other currencies are limited, the Company is exposed to the risk of a fall in these currencies. This exposure is spread over approximately 20 currencies, none of which accounts for more than 3% of the Group's net sales. This exposure thus becomes significant if several of the currencies concerned fluctuate against the euro in the same direction, without any set-off.

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

Distribution subsidiaries are currently billed in their local currencies by manufacturing subsidiaries (except where prohibited by law), so that currency risks can be managed at corporate level for manufacturing entities.

Whenever possible, the Group hedges currency risks arising on debt in currencies other than those of the country in which operations are located, so as to offset any foreign currency translation risks.

In addition to having an impact on the Company's earnings, exchange rate fluctuations can affect its equity. Due to its worldwide presence many of the Group's assets and liabilities are recognized in dollars or other currencies. To date, the Company does not hedge exchange rate risks on its net assets.

Hedges consist mainly of forward sales or purchases of foreign currencies (with maturities of less than 18 months as from December 31, 2010). Detailed information on hedging transactions is provided in Note 27.1.3.

27.1.2 Currency exposure

Net sales

The table below shows the currencies in which net sales are generated by Group entities:

In millions of euros	**2010**		**2009**	
	Amount	***%***	**Amount**	***%***
Euro	**562**	***41%***	**547**	***45%***
Other				
US dollar (a)	375	*28%*	320	*26%*
Japanese yen	44	*3%*	36	*3%*
Pound sterling	35	*3%*	35	*3%*
Brazilian real	43	*3%*	31	*3%*
Canadian dollar	38	*3%*	34	*3%*
Australian dollar	29	*2%*	23	*2%*
Polish zloty	28	*2%*	25	*2%*
Other currencies	203	*15%*	172	*14%*
Sub-total	**795**	***59%***	**677**	***55%***
TOTAL	**1,357**	**100%**	**1,223**	**100%**
Sensitivity (b)	**-8**		**-7**	

(a) Dollar and pegged currencies: includes the United States and China.
(b) Impact on net sales of a one-percent increase in the euro exchange rate against all currencies.

Consolidated equity

A one-percent increase in the euro exchange rate against all currencies would have had the following effect:

In millions of euros	**2010**	2009
Profit for the year	**(1.9)**	(1.4)
Equity (a)	**(4.2)**	(4.1)

(a) Translated at the year-end rate.

Exposure of assets and liabilities

The table below shows the exposure of the Group's principal companies (bioMérieux SA and bioMérieux Inc) to foreign exchange risks at December 31, 2010:

	USD	JPY	BRL	CAD	KRW
(in millions of currency units)					
Assets denominated in foreign currencies	37.6	1,134	20.5	7.7	8,630
Liabilities denominated in foreign currencies	(3.2)	(3)	0.0	0.0	0
Net exchange exposure before hedging	**34.4**	**1,131**	**20.5**	**7.7**	**8,630**
Fair value hedges	2.8	1,137	10.8	6.4	5,310
Net exchange exposure after hedging	**31.6**	**(6)**	**9.7**	**1.3**	**3,320**
(in millions of euros)					
Net exchange exposure after hedging	23.7	0	4.4	1.0	2.2
Sensitivity (a)	**(0.2)**	**0**	**0**	**0**	**0**

(a) Impact of a one-percent increase in the exchange rate on the net exchange rate exposure at December 31, 2010, taking into account fair value hedges.

27.1.3 Currency hedging instruments

bioMérieux uses hedging instruments to reduce currency risks that may have an impact on budgeted profit. Its general policy is to use global hedges covering similar risks. Hedge contracts are purchased to cover transactions included in the budget and not for speculative purposes.

Currency hedges in effect on December 31, 2010 were as follows:

Currency hedges at December 31, 2010 *In millions of euros*	Expiration date 2010 < 1 year	 1 - 5 years	Notional amount 2010 (a)	Market value 2010 (b)
Hedges of existing commercial transactions				
- Currency forward contracts	122.6		122.6	(1.7)
- Options	1.3		1.3	
Total	**123.9**		**123.9**	**(1.7)**
Hedges of future commercial transactions				
- Currency forward contracts	249.0	27.3	276.3	(5.3)
- Options	8.4		8.4	0.7
Total	**257.4**	**27.3**	**284.7**	**(4.6)**
Hedges of net investments in foreign operations				
- Currency forward contracts for 2010	17.6		17.6	(0.3)
- Currency forward contracts for 2011	11.2		11.2	(0.0)
Total	**28.8**		**28.8**	**(0.3)**

(a) All of the Group's currency hedging instruments in place at December 31, 2010 had maturities of less than 18 months.
(b) Difference between the hedging rate and the market rate at December 31, 2010, including premiums paid/received.

The negative €4.6 million market value of hedges of future commercial transactions recorded in the balance sheet at December 31, 2010 included €0.5 million in premiums paid, €3.7 million in fair value losses recognized in other comprehensive income and €1.4 million in fair value losses recognized in profit.

The €0.3 million negative market value at December 31, 2010 of hedges of net investments in foreign operations corresponds to fair value losses recognized under other comprehensive income.

All of the currency forward contracts and options outstanding at December 31, 2010 had maturities of less than 18 months.

The effective portion of gains and losses on cash flow hedges recycled to profit from other comprehensive income amounted to a negative €1.9 million in 2010 versus a positive €12.7 million in 2009.

27.2 Credit risk

The Group is not exposed to significant credit risk. The carrying amount of its receivables reflects the fair value of net cash flows to be collected. The impact of net write-downs of trade receivables and the net exposure Greek sovereign debt are set out in Note 8.

27.3 Liquidity risk

Financial liabilities due in less than one year and in more than one year are classified in the balance sheet as current and non-current liabilities, respectively.

The Group is not exposed to liquidity risk since its current financial assets far exceed its current financial liabilities and seasonal fluctuations do not have a material impact on the business.

Accordingly, the only maturity schedule given pertains to net financial liabilities (see Note 15.2).

27.4 Interest rate risk

Given the Company's net cash position of €24.4 million at December 31, 2010, its exposure to interest rate risk is not deemed material and has not been hedged. A 100 basis-point change in interest rates in 2010 would not have had a material impact on net financial expenses resulting from investments and borrowings.

27.5 Counterparty risk

The Group's financial transactions (credit facilities, financial market transactions, financial investments, etc.) are with leading banks and are spread among all of its banking partners in order to limit counterparty risk.

27.6 Financial instruments: financial assets and liabilities

The table below shows a breakdown by category of financial assets and liabilities (excluding accrued and receivable payroll and other taxes), as prescribed by IAS 39 "Financial Instruments: Recognition and Measurement" (see Note 1.17), and a comparison between their carrying amount and fair value:

				December 31, 2010		December 31, 2009	
Balance sheet heading	Note	Category of financial instrument	Fair value hierarchy level (**)	Carrying amount	Fair value	Carrying amount	Fair value
Assets:							
Non-current financial assets:	6			**26.6**	**26.6**	**10.5**	**10.5**
- Loans and receivables		C	N/A	8.7	8.7	5.4	5.4
- Available-for-sale financial assets		A	3	17.7	17.7	4.9	4.9
- Financial assets at fair value through profit or loss		B	1	0.2	0.2	0.2	0.2
Other non-current assets (long-term portion of finance lease receivables)	5.3	C	N/A	28.0	28.0	27.0	27.0
Trade receivables:	8			**403.0**	**403.0**	**346.6**	**346.6**
- Trade receivables		D	N/A	389.6	389.6	334.8	334.8
- Short-term portion of finance lease receivables	5.3	C	N/A	13.4	13.4	11.8	11.8
Other receivables:							
- Advances and downpayments	9	D	N/A	2.8	2.8	2.8	2.8
- Derivative instruments	9	(*)	2	**0.0**	**0.0**	**0.1**	**0.1**
- hedges of future commercial transactions	26.1.3			0.0	0.0	0.1	0.1
- hedges of net investments in foreign operations	26.1.3						
Cash and cash equivalents	10	B	1	71.4	71.4	47.0	47.0
Liabilities:							
Trade payables	16	D	N/A	128.9	128.9	116.6	116.6
Other payables:	16						
- Advances and downpayments received		D	N/A	2.4	2.4	1.9	1.9
- Other operating payables		D	N/A	18.0	18.0	14.3	14.3
- Due to suppliers of non-current assets		D	N/A	12.5	12.5	15.5	15.5
- Derivative instruments	17	(*)	2	**(4.9)**	**(4.9)**	**2.0**	**2.0**
- hedges of future commercial transactions	26.1.3			(4.6)	(4.6)	2.5	2.5
- hedges of net investments in foreign operations	26.1.3			(0.3)	(0.3)	(0.5)	(0.5)
Borrowings (short term and long term)	15.2	C	N/A	47.1	47.1	49.1	49.1

A: available-for-sale assets and liabilities.
B: assets and liabilities at fair value through profit or loss.
C: assets and liabilities measured at amortized cost.
D: assets and liabilities measured at cost.
(*) recognized in the balance sheet at fair value with changes in fair value recognized in profit or equity depending on the classification of the hedge (see Note 1.17).
(**) Level 1 in the fair value hierarchy: quoted prices.
Level 2 in the fair value hierarchy: directly observable market inputs other than Level 1 inputs.
Level 3 in the fair value hierarchy: inputs not based on observable market data.

No inter-category reclassifications were carried out in 2010 apart from the receivables owed by the Greek State that have been reclassified under government bonds (see Note 6).

Impairment losses recorded against financial assets in 2010 primarily corresponded to write-downs of trade receivables (see Note 8) and non-current financial assets (see Note 6).

Impairment losses and changes in fair value of financial assets were recognized solely in the income statement in 2010.

None of the Group's financial assets have been pledged as collateral.

Movements in financial instruments whose fair value was determined using Level 3 inputs were as follows in 2009 and 2010:

Available-for-sale financial assets	**Movements** *In millions of euros*
December 31, 2008	**10.8**
Gains and losses recognized in profit	(1.7)
Gains and losses recognized in equity	
Acquisitions	
Disposals	(4.1)
Changes in Group structure, translation adjustments and other	(0.1)
December 31, 2009	**4.9**
Gains and losses recognized in profit	
Gains and losses recognized in equity	
Acquisitions	12.7
Disposals	
Changes in Group structure, translation adjustments and other	0.1
December 31, 2010	**17.7**

In 2009 all of the fair value losses arising on available-for-sale financial assets were recognized in profit as the Group considered that the fall in the value of the securities concerned constituted a prolonged impairment in their fair value.

28. Off-balance sheet commitments

Outstanding commitments given or received at December 31, 2010 are described below:

28.1 Off-balance sheet commitments relating to Group companies

– When the Group acquired CEA-Industrie's interest in Apibio in December 2004, bioMérieux SA agreed to an incentive clause with CEA-Industrie covering the period from 2010 to 2014, under which it would pay CEA-Industrie 3.5% of any revenue generated by products based on the Apibio technology (primarily MICAM and OLISA). This incentive mechanism is capped at €1.1 million. As bioMérieux did not generate any revenue from products incorporating this technology in 2010 no incentive payment was due for the year.

– The Company is subject to a number of earn-out clauses relating to acquisitions and disposals that it has carried out. At end-2010, it was not deemed probable that these clauses would be triggered, or the amount involved could not be reliably ascertained.

– In 2010, bioMérieux acquired an 8.65% interest in Biocartis for €9 million and has committed to taking up €6 million worth of shares in the company if it is floated on the stock exchange.

28.2 Off-balance sheet commitments relating to the Company's financing

Commitments related to borrowings are described in Note 15.3.

Commitments related to derivative instruments are described in Note 27.1.

28.2.1 Commitments given

N/A

28.2.2 Commitments received

bioMérieux SA has a syndicated loan of €260 million, repayable in full at maturity in 2013 (see Note 15.1).

28.3 Off-balance sheet commitments relating to the Company's operating activities

28.3.1 Commitments given

- Bank guarantees given by the Group in connection with bids lodged totaled €78.4 million at December 31, 2010.

- bioMérieux SA participates in a research program coordinated by Institut Mérieux, together with bioMérieux, Transgène, Genosafe and the Genethon association. The aim of this program is to develop a new generation of diagnoses and therapies focusing on cancers, infectious diseases and genetic disorders. Known under the acronym "ADNA" (for "Advanced Diagnostics for New therapeutic Approaches"), the program receives financing from the French government's Industrial Innovation Agency (*Agence de l'Innovation Industrielle*), which merged with OSEO ANVAR in 2007. bioMérieux SA has agreed to carry out €136.5 million worth of research and development work as part of the program during the period from 2007 through 2017. In return, bioMérieux SA will receive subsidies and repayable grants of up to €19.4 million (including €4.2 million for 2006 to 2008) and €23.1 million, respectively. If a project is successful, bioMérieux SA will have to reimburse the repayable grants proportionally to the related net sales generated (2%) and then pay 1% to 2% of net sales, depending on the project concerned, until 2027 or 2029. The public financing agreement was approved by the European authorities on October 22, 2008. An addendum to the agreement is currently being finalized. If this addendum is approved by OSEO and the other partners involved in the program, the value of the Group's commitment in terms of research and development work will be amended to €89.6 million with the related research subsidies and repayable grants amounting to €16.1 million and €13.8 million respectively.

- bioMérieux Inc and bioMérieux SA are parties to various agreements that provide for payments based on progress in corresponding research projects or a minimum volume of sales (€32.6 million).

- Real estate rent commitments given by Group companies amounted to €21 million at December 31, 2010, of which €14.5 million worth payable beyond one year.

- bioMérieux SA's obligations to its employees in terms of the statutory training entitlement provided for under French law (*Droit Individuel à la Formation*) were estimated to represent a maximum of 253,952 hours.

- Other commitments given (endorsements and guarantees other than real estate rent obligations) amounted to €2.8 million.

28.3.2 Commitments received

- Other commitments received amounted to €2.4 million.

29. Transactions with related parties

29.1 Directors' and officers' compensation

The Company's directors and members of the Management Committee were paid an aggregate €8.9 million in compensation in 2010. This amount includes fixed compensation of €3.7 million, variable compensation of €1.7 million, directors' fees of €0.3 million, pension and insurance benefits of €0.4 million, use of a company car (€0.1 million) and €2.8 million corresponding to grants of shares not yet fully vested.

29.2 Other transactions with non-consolidated affiliates

Institut Mérieux, which held 58.9% of bioMérieux SA's shares at December 31, 2010, provided consultancy and support services to bioMérieux SA and bioMérieux Inc valued at €6.5 million for the year. Conversely, bioMérieux SA billed Institut Mérieux €0.7 million for expenses incurred on its behalf.

A cash pooling system has been put in place for which bioMérieux and Institut Mérieux set up cash borrowing and lending facilities during the year. bioMérieux received €28,000 in interest in 2010 in connection with amounts loaned to the cash pool.

During 2010, the Group supplied €3.8 million worth of reagents and instruments to entities of the Mérieux NutriScience Corp. group, in which Institut Mérieux holds a majority interest. In addition, bioMérieux Italy and bioMérieux SA rebilled €0.1 million for services provided.

ABL – which is wholly-owned by TSGH, itself 100% controlled by Institut Mérieux – is a bioMérieux Inc subcontractor and billed a total of €2.2 million in 2010 in relation to services rendered. bioMérieux Inc also provided services to ABL, which were valued at €1.4 million for the year.

bioMérieux South Africa – which was 26%-owned by Litha Healthcare Holdings (Pty) until July 2010 – paid €0.7 million for administrative services to Omnimed, a company that was 26%-owned by Litha Healthcare Holdings (Pty) ltd until April 2010.

Théra Conseil, which is 98.24%-owned by Institut Mérieux, billed bioMérieux SA €0.8 million for services in 2010.

bioMérieux SA billed €0.2 million worth of services in 2010 to IMAccess, which is wholly-owned by Institut Mérieux.

Also during the year, bioMérieux SA contributed €1.3 million to the Christophe & Rodolphe Mérieux Foundation and €0.7 million to the Mérieux Foundation for humanitarian projects.

bioMérieux SA has entered into a number of research and development agreements with Transgène (in which Institut Mérieux holds a 55.2% equity interest through TSGH) under which the Company received €0.3 million in fees for 2010.

bioMérieux Japan – which is 34%-owned by Sysmex under a joint venture agreement – paid Sysmex €8.7 million in commission on sales generated in 2010. In addition, bioMérieux Japan provided Sysmex with €5.8 million worth of instruments and reagents during the year.

30. Subsequent events

Partnership agreement

On February 25, 2011 bioMérieux entered into a partnership with Ipsen aimed at creating a global collaboration in theranostics, with a focus on hormone-dependent cancers. The two companies have signed a framework agreement to leverage their expertise and resources to develop a personalized approach to medicine based on Ipsen's broad portfolio of innovative compounds and bioMérieux's diagnostic tests.

Both companies will jointly identify programs that would benefit from the co-development of a therapeutic solution and a companion diagnostic test, notably in the prevention and treatment of prostate and breast cancers, neuro-endocrine tumors (NETs) and pituitary tumors.

31. Consolidation

bioMérieux is a fully consolidated entity of Compagnie Mérieux Alliance (17 Rue Bourgelat, 69002 Lyon, France).

32. List of consolidated companies at December 31, 2010

		2010 (a)	2009 (a)
bioMérieux SA.	69280 Marcy l'Étoile – France R.C.S. Lyon B 673 620 399	Parent company	
AB bioMérieux	Dalvägen 10 169 56 Solna, Stockholm – Sweden	100%	100%
ABG Stella	1409 Foulk Road, Suite 102, PO Box 7108 Wilmington, DE 19803-0108 – US	100%	100%
Bacterial Barcodes Inc	425 River Road – Athens – GA 30602 – US	100%	100%
bioMérieux South Africa	7 Malibongwe Dr, Cnr Aimee St. Fontainebleau, Randburg, PO BOX 2316 Randburg 2125 – South Africa	100%	74%
bioMérieux Algeria	36 rue Ahmed Ouaked – 16302 Dely Ibrahim Algiers – Algeria	100%	100%
bioMérieux Germany	Weberstrasse 8 – D 72622 Nürtingen – Germany	100%	100%
bioMérieux Argentina	Av. Congreso 1745 – (C1428BUE) Capital federal – Buenos Aires – Argentina	100%	100%
bioMérieux Australia	Unit 25, Parkview Business Centre – 1 Maitland Place Baulkham Hills NSW 2153 – Australia	100%	100%
bioMérieux Austria	Eduard–Kittenberger–Gasse 97, A–1230 Vienna – Austria	100%	100%
bioMérieux Belgium	Media Square – 18–19 Place des Carabiniers – 1030 Brussels – Belgium	100%	100%
bioMérieux Benelux BV	Boseind 15 – PO Box 23 – 5281 RM Boxtel – Netherlands	100%	100%
bioMérieux Brazil	Estrada Do Mapuá, 491 Jacarepaguá – CEP 22710 261 Rio de Janeiro – RJ – Brazil	100%	100%
bioMérieux BV	Boseind 15 – PO Box 84 – 5281 RM Boxtel – Netherlands	100%	100%
bioMérieux Canada	7815 Henri Bourassa – West – H4S 1P7 Saint Laurent (Quebec) – Canada	100%	100%
bioMérieux Chile	Seminario 131 – Providencia – Santiago – Chile	100%	100%
bioMérieux China	17/Floor, Yen Sheng Center 64 Hoi Yuen Road, Kwun Tong – Kowloon – Hong Kong – China	100%	100%
bioMérieux Colombia	Carrera 7 no. 127–48 – Oficina 806 – Bogota DC – Colombia	100%	100%
bioMérieux Korea	7th floor Yoo Sung Building #830–67, Yeoksam–dong, Kangnam ku – Seoul – Korea	100%	100%
bioMérieux CZ	Hvezdova 1716/2b – Prague 4 – 140 78 Czech Republic	100%	100%
bioMérieux Denmark	Smedeholm 13C – 2730 Herlev – Denmark	100%	100%
bioMérieux Spain	Manuel Tovar 45 – 47 – 28034 Madrid – Spain	100%	100%
bioMérieux Finland	Rajatorpantie 41C – 01640 Vantaa – Finland	100%	100%
bioMérieux Greece	Papanikoli 70 – 15232 Halandri – Athens – Greece	100%	100%
bioMérieux Hong Kong Investment	17/Floor, Yen Sheng Center 64 Hoi Yuen Road, Kwun Tong – Kowloon – Hong Kong – China	100%	100%

		2010 (a)	2009 (a)
bioMérieux Hungary	Foti ut.56 – HU – 1047 Budapest – Hungary	100%	100%
bioMérieux Inc	100 Rodolphe Street – Durham NC 27712 – US	100%	100%
bioMérieux India	A–32, MohanCo–operative Ind. Estate – New Delhi 110 044 – India	100%	100%
bioMérieux International SAS (formerly Stella SAS)	69280 Marcy l'Etoile – France	100%	100%
bioMérieux Italy	Via di Campigliano, 58 – 50126 Ponte a Ema – Florence – Italy	100%	100%
bioMérieux Mexico	Chihuahua 88, col. Progreso – Mexico 01080, DF – Mexico	100%	93%
bioMérieux Middle East	DHCC – Building no. A/P 26 – Healthcare City – Dubai, United Arab Emirates	100%	100%
bioMérieux Norway	Økernveien 145 – N–0580 Oslo – Norway	100%	100%
bioMérieux New Zealand	22/10 Airbourne Road – North Harbour – Auckland – New Zealand	100%	100%
bioMérieux Poland	ul. Zeromskiego 17 – Warsaw 01–882 – Poland	100%	100%
bioMérieux Portugal	Av. 25 de Abril de 1974, no. 23-3° – 2795-197 Linda a Velha – Portugal	100%	100%
bioMérieux United Kingdom	Grafton Way, Basingstoke – Hampshire RG 22 6HY – United Kingdom	100%	100%
bioMérieux Russia	Derbenevskaya ul. 20, str. 11 – Moscow 115 114 – Russia	100%	100%
bioMérieux Singapore	11 – Biopolis Way – Helios blk – 11#10-03 Singapore 138667	100%	100%
bioMérieux Sweden	Hantverksvagen 15 – 43633 Askim – Sweden	100%	100%
bioMérieux Switzerland	51 Avenue Blanc – Case Postale – 1211 Geneva 2 – Switzerland	100%	100%
bioMérieux Thailand	3195/9 Vibulthani Tower, 4th floor – Rama IV Road – Klongton – Klongtoey – Bangkok 10110 – Thailand	100%	100%
bioMérieux Turkey	Degirmen Sok. Nida Plaza Kat:6 – 34742 Kozyatagi – Istanbul – Turkey	100%	100%
BTF Pty Limited	Unit 1, 35-41 Waterloo Road – North Ryde NSW 2113 – Australia	100%	100%
bioTheranostics	11025 Roselle Street – Suite 200 – San Diego CA 92121 – US	100%	100%
PML Microbiologicals	27120 SW 95th Avenue – Wilsonville OR 97070 – US	100%	100%
Shangai bioMérieux Bio-engineering	Unit 02 to 05, 28/F, Hai Tong Securities Tower – 689 Guang Dong Road – Huangpu District – Shangai 200001 – China	60%	60%
Sysmex bioMérieux (formerly bioMérieux Japan)	Central Tower 8th – 1 2 2 Osaki Shinagawa–ku – Tokyo 141–0032 – Japan	66%	66%
bioMérieux Shanghai Biotech Co. Ltd (formerly Meikang)	No. 4633 Pusan Road, Kangqiao Industrial Park – Pudong District – Shanghai – 201315 – China	100%	0%
Dima Gesellschaft für Diagnostika GmbH	Robert-Bosch-Breite 23 37079 Goettingen – Germany	100%	0%
Shanghai Zenka Biotechnology Company Ltd	4/F Block 1 no. 74 – Qingchi Road – Changning District – Shanghai – China	100%	0%

(a) Percentage control is identical to percentage ownership.

Two companies were deconsolidated in 2009:

		2010	2009
Bergerie Combe Au Loup	Bazourgues – Boisset St Priest – 42560 St Jean Soleymieux – France	(b)	(b)
Relia Diagnosic Systems LLC	One Market – Suite 1475 – Steuart Tower – San Francisco – US	(c)	(c)

(b) The Company's shares in La Bergerie Combe Au Loup were sold in September 2009.
(c) The Company did not dispose of its shares in ReLIA in 2009 but it was deconsolidated as bioMérieux no longer exercised significant influence over it (see Notes 1.2 and 6).

20.1.2 PARENT COMPANY FINANCIAL STATEMENTS OF BIOMÉRIEUX SA FOR THE YEARS ENDED DECEMBER 31, 2008, 2009 AND 2010

The parent company financial statements for the years ended December 31, 2009 and December 31, 2008 are respectively presented in section 5.5.II of the Reference Document filed with the AMF on April 26, 2010 under number D10-0322 and section 5.5 of the Reference Document filed on June 10, 2009 under number D09-0495.

INCOME STATEMENT

In millions of euros	**2010**	**2009**	**2008**
Sales of goods and finished products	661.2	597.8	557.0
Other income	68.5	47.8	42.2
Net sales (Note 21)	**729.7**	**645.6**	**599.2**
Production included in inventories (work-in-progress and finished products)	(5.5)	15.7	5.0
Capitalized production	4.5	5.4	4.4
Total production	**728.7**	**666.7**	**608.6**
Cost of material supplies and other external charges	(263.7)	(268.7)	(225.3)
Change in raw material and instrument inventories	(1.0)	6.2	2.4
External charges	(154.9)	(143.8)	(137.8)
Added value	**309.1**	**260.4**	**247.9**
Taxes other than income tax	(12.1)	(12.0)	(9.0)
Payroll and benefits (Note 22)	(193.2)	(190.3)	(168.3)
Gross operating profit	**103.8**	**58.1**	**70.6**
Depreciation, amortization and provisions	(37.6)	(34.5)	(34.3)
Other operating income/(expenses)	(15.7)	2.3	(5.0)
Operating profit	**50.5**	**25.9**	**31.3**
Net financial expense (Note 25)	(2.0)	(1.0)	(3.0)
Net investment income	105.3	53.6	50.4
Profit before non-recurring items and tax	**153.8**	**78.5**	**78.7**
Net non-recurring income/(expense) (Note 27)	6.7	(4.4)	0.3
Employee profit sharing	(4.1)	0.0	(2.6)
Income tax (Note 28)	(6.2)	7.8	2.3
Profit for the year	**150.2**	**81.9**	**78.7**
Earnings per share (a)	**3.81**	**2.07**	**1.99**

(a) As the Company has not issued any dilutive instruments, diluted earnings per share is identical to basic earnings per share.

BALANCE SHEET

Assets *In millions of euros*	Net Dec. 31, 2010	Net Dec. 31, 2009	Net Dec. 31, 2008
Fixed assets			
. Intangible assets (Note 3)	25.8	30.4	31.8
. Property, plant and equipment (Note 4)	149.5	142.3	130.2
. Financial fixed assets (Note 5)	232.4	274.0	289.1
Total fixed assets	**407.7**	**446.7**	**451.1**
Current assets			
. Inventories and work-in-progress (Note 6)	93.9	103.2	83.2
. Trade receivables (Note 7)	214.6	203.5	186.0
. Other operating receivables (Note 8)	21.5	24.0	21.4
. Non-operating receivables (Note 8)	8.4	17.0	13.4
. Cash and cash equivalents (Note 10)	102.3	80.2	26.0
Total current assets	**440.7**	**427.9**	**330.0**
Unrealized foreign exchange losses (Note 12)	**1.3**	**1.4**	**4.9**
Total assets	***849.7***	***876.0***	***786.0***
Shareholders' equity and liabilities	**Dec. 31, 2010**	**Dec. 31, 2009**	**Dec. 31, 2008**
Shareholders' equity (Note 13.2)			
. Share capital (Note 13.1)	12.0	12.0	12.0
. Additional paid-in capital	63.5	63.5	63.5
. Retained earnings	323.2	277.7	230.9
. Statutory provisions and grants (Note 14)	30.5	29.5	28.6
. Profit for the year	150.2	81.8	78.7
Total shareholders' equity	**579.4**	**464.5**	**413.7**
Provisions (Note 15)	**22.4**	**29.7**	**32.5**
Liabilities			
. Borrowings (Note 16.2)	40.6	154.3	139.0
. Trade payables (Note 17)	108.1	131.7	113.9
. Other operating payables (Note 17)	88.4	82.8	72.0
. Non-operating payables (Note 17)	9.6	10.7	12.6
Total liabilities	**246.7**	**379.5**	**337.5**
Unrealized foreign exchange gains (Note 18)	**1.2**	**2.3**	**2.3**
Total shareholders' equity and liabilities	***849.7***	***876.0***	***786.0***

STATEMENT OF CHANGES IN NET DEBT

In millions of euros	**2010**		**2009**		**2008**	
Profit for the year	150.3		81.8		78.7	
Depreciation, amortization and provisions, net	55.0		34.1		32.1	
Gains and losses on capital transactions	0.7		(2.9)		0.7	
Merger loss					0.2	
Cash flow from operating activities	**206.0**		**113.0**		**111.7**	
Change in inventories	6.4		(21.9)		(7.4)	
Increase in trade receivables	(11.9)		(17.3)		(21.1)	
Increase in trade payables and other operating working capital	(16.8)		29.3		8.6	
Operating working capital requirement	**(22.3)**		**(9.9)**		**(19.9)**	
Change in income tax payable	9.4		(8.0)		1.2	
Other non-operating working capital	3.1		5.1		(2.9)	
Total change in working capital requirement	**(9.8)**		**(12.8)**		**(21.6)**	
Net cash generated from operating activities	**196.2**		**100.2**		**90.1**	
Capital expenditures	(39.5)		(48.7)		(32.0)	
Disposals of property, plant and equipment	1.6		17.0		4.5	
Decrease in payables on fixed assets	(1.0)		(1.5)		1.8	
Investments	(16.9)	(1)	(2.9)	(2)	(72.7)	(3)
Net increase in loans and advances to affiliates					(3.7)	
Change in other financial fixed assets	31.4	(4)	(40.7)	(5)	2.4	
Net cash used in investing activities	**(24.4)**		**(76.8)**		**(99.7)**	
Dividends paid	(36.3)	(6)	(31.9)		(29.8)	
Net cash used in shareholders' equity	**(36.3)**		**(31.9)**		**(29.8)**	
Change in net debt (excluding exchange rate impact)	**135.5**		**(8.5)**		**(39.4)**	
Breakdown of change in net debt						
Net debt at beginning of year	74.1		113.1		73.2	
Change in cash pool accounting			(47.3)			
Impact of changes in exchange rates on net debt	(0.1)		(0.2)		0.4	
Change in net debt:	**(135.7)**		**8.5**		**39.4**	
- Confirmed debt	*(111.4)*		*13.4*		*62.0*	
- Cash and bank overdrafts	*(24.2)*		*(4.9)*		*(22.6)*	
Net debt at end of year (Note 16.2)	**(61.7)**		**74.1**		**113.0**	

(1) Including acquisition of interests in Biocartis (€9 million) and Knome (€3.7 million).
(2) Including bMx Russia share capital increase and BTF earn-out.
(3) Including acquisition on AB bioMérieux shares (€(68.7) million), and subscription to capital increase at HK Investment (€(3.6) million).
(4) Including ABG Stella dividends receivable (€11 million).
(5) Including ABG Stella dividends receivable (€41 million).
(6) Dividend approved by the Shareholders' Meeting of June 10, 2010.

1. Preliminary observations

1.1. Movements in equity interests

In March 2010, the Company subscribed to the capital increase of its China-based subsidiary, bioMérieux HK Investment. The value of the shares acquired in this transaction amounted to €2.5 million (HKD 27.6 million).

On July 14, 2010, bioMérieux SA purchased a 26% equity stake in its South African subsidiary for €1.7 million (ZAR 16.5 million) from Litha, a minority shareholder. bioMérieux SA now owns the entire share capital of its South Africa-based subsidiary.

In 2010, bioMérieux China acquired Chinese rapid test manufacturer Meikang Biotech. This transaction was recognized in bioMérieux SA's financial statements as a cash advance of €9 million (USD 12 million) to bioMérieux China.

On April 21, 2010, bioMérieux acquired a 7.8% equity stake in Knome for €3.7 million (USD 5 million). bioMérieux and Knome have also entered into an agreement to collaborate in the development of next-generation, sequence-based *in vitro* diagnostics.

On November 3, 2010, bioMérieux acquired a €9 million equity stake in Biocartis, representing 8.7% of the share capital of that company. bioMérieux and Biocartis also entered into an agreement to co-develop assays on the molecular diagnostics system, which the two companies will co-distribute starting in 2012.

1.2. Partnership agreements

On January 7, 2010, bioMérieux and Royal Philips Electronics announced a partnership to develop and market next-generation handheld point-of-care diagnostic solutions. At December 31, 2010, the Company recognized €3.5 million in studies and research expenses relating to this project.

1.3. Transfers

In the second half of 2009, production activities for several of the Group's businesses were transferred from subsidiaries to the French sites: bioMérieux BV's NucliSENS®, bioMérieux Inc's Diversilab® and AB bioMérieux's Etest® (packaging and distribution only) sites. In this context, the Company continued to purchase NucliSENS® shares from bioMérieux BV until the end of September 2010.

1.4. Project Magellan

At December 31, 2010, 42.1 FTE employees were assigned to Project Magellan. For the year then ended the Company recorded €12.6 million in external charges relating to the project, including €4.6 million corresponding to the subsidiaries' share and €1 million corresponding to the portion of payroll to be rebilled to subsidiaries which were both recorded in a suspense account.

1.5. OPUS share ownership plan

In 2010, the Company renewed the employee share ownership plan open to all of its personnel worldwide. For bioMérieux SA, eligible employees were entitled to invest their 2009 profit-sharing income in the Opus Classic fund set up in 2004 following bioMérieux's IPO. The Company's contribution to this transaction amounted to €1.1 million. 58.3% of bioMérieux SA's personnel participated in this plan.

1.6. Debt waiver

On December 17, 2010, bioMérieux SA provided its subsidiary bioMérieux BV with €7.5 million in financial assistance to cover the entity's negative net financial position.

2. Notes to the financial statements and summary of significant accounting policies

The financial statements have been prepared in accordance with Regulation no. 99-03 of the French Accounting Rules Board (*Comité de la Réglementation Comptable*) of April 29, 1999.

2.1. Investment grants

Investment grants are recognized in equity. The Company has elected to spread an investment grant in respect of an amortizable fixed asset over several periods. Investment grants are reversed over the same period and in the same pattern as the value of the asset acquired or created as a result of the grant.

2.2. Intangible assets

Intangible assets consist of patents and licenses, most of which are amortized over a period of five years, as well as software which is amortized over three to six years, depending on its expected useful life.

These assets are measured at cost (purchase price and incidental costs, excluding acquisition expenses).

Intangible assets acquired in exchange for the payment of indexed royalties are measured at the time of acquisition on the basis of estimated future royalties to be paid over the term of the contract. These estimates are subsequently adjusted based on royalties effectively paid.

2.3. Property, plant and equipment

Property, plant and equipment is shown on the balance sheet at purchase or production cost.

In accordance with new rules concerning the recognition of assets in effect since January 1, 2005, components are separately recognized and depreciated whenever their cost represents a significant portion of the total cost of the asset of which they form a part and their useful life is not the same as that of the main asset.

The only Company assets to which this method is applied are buildings.

Items of property, plant and equipment are depreciated using the straight-line method over their useful lives as follows:

Machinery and equipment	3-10 years
Instruments*	3-5 years

**Instruments either placed with third parties or used in-house.*

In the case of buildings, depreciation is calculated separately for each component as follows:

Shell	30-40 years
Finishing work, fixtures and fittings	10-20 years

At the time the new rule was applied to assets, in 2005, a retrospective calculation showed that there had been an overall excess depreciation, estimated at €4.4 million at the start of the period, which led to the following entries:

Net reversal of depreciation	€(4.4) million
Accelerated depreciation allowances	€7.7 million
Balance brought forward	€(3.3) million

Impairment tests are carried out for property, plant and equipment whenever events or market developments indicate that an asset may have suffered an impairment. If the carrying amount exceeds the recoverable amount, an impairment loss is recognized to reduce the assets to their market value.

2.4. Financial fixed assets

Long-term investments are recognized at their purchase price.

An impairment loss is recognized against investments whenever their value in use is less than their acquisition cost. Value in use is estimated by taking into account net sales, borrowings and any technology and real estate assets owned by the entity concerned.

Other investments are written down whenever their market value falls below their cost. In particular, the market value of listed securities is their average trading price during the last month of the year.

Other financial assets include treasury shares purchased under a liquidity agreement with an investment firm, for the specific purpose of maintaining an orderly market in the Company's shares. Own shares held are measured at their average trading price during the last month of the year.

2.5. Inventories

Inventories are measured at the lower of cost and net market value.

Inventories of raw materials and consumables are measured at their purchase price plus related expenses using the FIFO method. Work-in-progress and finished products are measured at their standard production cost, adjusted for changes recorded during the period.

2.6. Receivables

Receivables are recognized at face value. An impairment loss is recognized when the receivables present a risk of non-recovery.

2.7. Cash and cash equivalents

Cash and cash equivalents includes available cash and short-term investments.

Short-term investments include 19,000 treasury shares purchased in 2008 in connection with share grant plans further to the Extraordinary Shareholders' Meetings of June 9, 2005 and June 12, 2008. As prescribed by the French National Accounting Board in its November 6, 2008 notice, treasury shares allocated to existing plans are not written down to reflect market prices.

2.8. Provisions

Contingency and loss provisions are recognized in accordance with French accounting rules applicable to liabilities (CRC notice 2000-06).

2.9. Post-employment benefits

The Company has not opted to recognize liabilities with respect to post-employment benefits. However, these obligations are measured in accordance with the actuarial and accounting principles prescribed by IAS 19.

2.10. Translation adjustments

Income and expenses in foreign currencies are recognized at their value in euros on the transaction date based on the average exchange rate for the year. Exchange rate gains or losses on commercial transactions resulting from differences in rates between the transaction date and payment date are recognized under the corresponding line in the income statement (sales and purchases).

Receivables and payables denominated in foreign currency are translated at the closing rate or at the hedging rate, where applicable. Any differences resulting from this valuation are recognized under unrealized foreign exchange gains and losses. Provisions are set aside for unrealized foreign exchange losses and are recognized in profit (sales and purchases) whenever the receivable or payable is related to a commercial transaction.

Unrealized foreign exchange gains and losses are offset insofar as they concern the same currency and third party and have similar maturities.

2.11. Net sales

Revenue from the sale of products (reagents and instruments) and related services (technical support, training, shipping, etc.) is reported as "Net sales" in the income statement.

Revenue arising from the sale of products is recognized when all of the following criteria have been satisfied:

- the significant risks and rewards of ownership have been transferred to the buyer;
- the Company no longer has effective control over the goods sold;
- the revenue and the costs incurred or to be incurred in relation to the transaction can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Company.

These criteria are satisfied when reagents are delivered and when sold instruments are installed.

In the case of services (training, technical support, etc.), revenue is recognized only after the services have been rendered. Revenue from instrument maintenance contracts is deferred and recognized on the basis of the elapsed portion of the service contract.

Net sales are measured at the fair value of consideration received or receivable, net of any discounts and rebates granted to buyers. Sales taxes and value-added taxes are not included in net sales.

2.12. Dividends received

Dividends received are recognized net of withholding taxes applicable in the country of origin.

2.13. Expense transfers

When an expense is not considered as definitive on recognition, the expense transfer accounts are used to subsequently reclassify this expense in accordance with the appropriate economic nature.

2.14. Research and development expenses

Research and development expenses are recognized in the year in which they are incurred.

2.15. Earnings per share

Basic earnings per share is calculated by dividing profit for the period by the weighted average number of shares outstanding during the period.

2.16. Financial instruments

The Company only uses financial instruments for hedging purposes, in order to limit risks stemming from changes in exchange rates and interest rates, whether related to assets and liabilities at the end of the period or to future transactions.

2.17. Statement of changes in net debt

The statement of changes in net debt includes all changes in borrowings and debt, regardless of maturity, net of cash and short-term bank borrowings.

It lists separately:

- cash flow relating to operating activities;
- cash flow relating to investing activities;
- cash flow relating to shareholders' equity.

Cash flow for the period corresponds to the aggregate of profit, depreciation and amortization, net additions to provisions (impairment and contingencies and losses), less capital gains or losses on disposals of fixed assets.

2.18. Consolidated financial statements

The Company prepares consolidated financial statements which include the annual financial statements of its subsidiaries based on the full consolidation method whenever bioMérieux has effective control over those subsidiaries, or based on the equity method when the Company exercises significant influence over the entities concerned.

The Company is a fully consolidated subsidiary of Compagnie Mérieux Alliance SAS (17 rue Bourgelat, 69002 Lyon, France).

2.19. Tax consolidation

Since January 1, 2005, bioMérieux SA has been the head of a tax consolidation group comprising bioMérieux SA and bioMérieux International SAS.

3. Intangible assets

In millions of euros	Gross value	Amortization and impairment	Net value Dec. 31, 2010	Net value Dec. 31, 2009	Net value Dec. 31, 2008
Patents, technologies	38.2	28.3	9.9	9.4	11.6
Software	27.3	23.3	4.0	2.8	2.7
Acquired goodwill	11.3		11.3	11.3	11.3
Advances and downpayments	0.6		0.6	6.9	6.2
Other					
Total	**77.4**	**51.6**	**25.8**	**30.4**	**31.8**

MOVEMENTS *In millions of euros*	Gross value	Amortization and impairment	Net value
December 31, 2008	**71.0**	**39.2**	**31.8**
Acquisitions/Increases	12.6	6.0	6.6
Disposals/Decreases	(8.1)	(0.1)	(8.0)
December 31, 2009	**75.5**	**45.1**	**30.4**
Acquisitions/Increases	3.2	6.8	(3.6)
Disposals/Decreases	(1.3)	(0.3)	(1.0)
December 31, 2010	**77.4**	**51.6**	**25.8**

4. Property, plant and equipment

In millions of euros	Gross value	Depreciation and impairment	Net value Dec. 31, 2010	Net value Dec. 31, 2009	Net value Dec. 31, 2008
Land	9.7	0.4	9.3	8.5	7.9
Buildings	162.2	78.6	83.6	80.4	67.5
Machinery and equipment	125.1	91.7	33.4	31.9	27.9
Capitalized instruments	42.0	34.9	7.1 (a)	7.6 (a)	9.4 (a)
Other fixed assets	22.5	16.7	5.8	5.8	5.7
Fixed assets in progress	2.3	0.7	1.6	2.9	7.0
Advances and downpayments	8.7		8.7	5.2	4.8
Total	**372.5**	**223.0**	**149.5**	**142.3**	**130.2**

(a) Most instruments are placed with customers outside the Group.

MOVEMENTS *In millions of euros*	Gross value	Depreciation and impairment	Net value
December 31, 2008	**338.0**	**207.8**	**130.2**
Acquisitions/Increases	36.2	23.0	13.2
Disposals/Decreases	(10.7)	(9.6)	(1.1)
December 31, 2009	**363.5**	**221.2**	**142.3**
Acquisitions/Increases	32.3	24.5	7.8
Disposals/Decreases	(23.2)	(22.6)	(0.6)
December 31, 2010	**372.6**	**223.1**	**149.5**

5. Financial fixed assets

In millions of euros	Gross value	Provisions	Net value Dec. 31, 2010	Net value Dec. 31, 2009	Net value Dec. 31, 2008
Investments	303.6	91.8	211.8	222.0	230.5
Other financial fixed assets	7.9	6.3	1.6	1.5	1.5
Related receivables	17.0		17.0	48.5	54.8
Other	2.0 (a)		2.0	2.0	2.3
Total	**330.5**	**98.1**	**232.4**	**274.0**	**289.1**

(a) Including 12,200 treasury shares with a value of €866,914 and 35 Sicav Amundi Tréso Insti fund shares with a value of €769,350 held at December 31, 2010 under an agreement with Crédit Agricole Cheuvreux (see Note 2.3).

MOVEMENTS *In millions of euros*	Gross value	Provisions	Net value
December 31, 2008	**354.6**	**65.5**	**289.1**
Acquisitions/Increases	43.9	9.8	34.1
Disposals/Decreases	(5.3)	(3.4)	(1.9)
Reclassifications	(47.3) (a)		(47.3)
December 31, 2009	**345.9**	**71.9**	**274.0**
Acquisitions/Increases	28.0	30.0	(2.0)
Disposals/Decreases	(43.4) (b)	(3.8)	(39.6)
December 31, 2010	**330.5**	**98.1 (c)**	**232.4**

(a) Reclassification of advances to subsidiaries from financial fixed assets to cash equivalents.
(b) Including ABG Stella dividends receivable in the amount of €(41) million.
(c) Including impairment of bioMérieux shares for €53.3 million and of AB bioMérieux shares for €30 million.

5.1. Subsidiaries and investments at December 31, 2010

See table overleaf.

	Share capital		Net equity except share capital	Percentage ownership	Carrying amount of shares held before impairment	Carrying amount of shares held after impairment	Outstanding loans and advances granted by the Company	Prior year net sales	Prior year profit or loss	Dividends received by the Company during the year	Notes
	(in millions of currency units)		*(in millions of currency units)*		*In millions of euros*	*In millions of euros*	*In millions of euros*	*(in millions of currency units)*	*(in millions of currency units)*	*In millions of euros*	
A – SUBSIDIARIES (More than 50%-owned by bioMérieux):											
. AB bioMérieux	SEK	0.2	139.4	100.0%	68.7	40.7		110.1	89.0	15.7	01/01/10 - 12/31/10
. ABG Stella	USD	0.0	506.6	100.0%	55.5	55.5		0.0	175.0	140.1	01/01/10 - 12/31/10
. bioMérieux South Africa	EUR	0.1	0.1	100.0%	0.1	0.1		0.2	0.0		01/01/09 - 12/31/09
. bioMérieux Argentina	ARS	0.5	23.1	100.0%	5.4	5.4		70.4	5.1		01/01/10 - 12/31/10
. bioMérieux Colombia	COP	0.5	(2.0)	100.0%	2.2	2.2		36.7	1.3		01/01/10 - 12/31/10
. bioMérieux Brazil	BRL	48.8	(10.6)	100.0%	24.0	24.0		108.9	0.2		01/01/10 - 12/31/10
. bioMérieux Germany	EUR	3.5	6.2	100.0%	3.8	3.8	2.3	68.7	1.5		01/01/10 - 12/31/10
. bioMérieux Austria	EUR	0.1	0.8	100.0%	0.1	0.1	0.9	17.6	0.7	0.5	01/01/10 - 12/31/10
. bioMérieux Belgium	EUR	0.3	2.6	100.0%	0.3	0.3	1.1	24.2	1.2	2.0	01/01/10 - 12/31/10
. bioMérieux Chile	CLP	1,686.6	1,768.8	100.0%	3.1	3.1		7,881.2	559.7		01/01/10 - 12/31/10
. bioMérieux Korea	KRW	1,000.0	3,742.0	100.0%	0.7	0.7		32,797.0	1,965.9	0.5	01/01/10 - 12/31/10
. bioMérieux Denmark	DKK	0.5	5.1	100.0%	0.5	0.5		49.8	2.3	0.3	01/01/10 - 12/31/10
. bioMérieux Finland	EUR	0.0	0.2	100.0%	0.1	0.1		4.3	0.1	0.3	01/01/10 - 12/31/10
. bioMérieux Greece	EUR	2.0	(1.5)	100.0%	4.1	4.1		15.2	(2.5)		01/01/10 - 12/31/10
. bioMérieux Benelux BV	EUR	0.0	3.2	100.0%	0.1	0.1		34.9	0.5	2.0	01/01/10 - 12/31/10
. bioMérieux China	HKD	1.5	127.3	100.0%	4.6	4.6	9.0	616.8	31.6		01/01/10 - 12/31/10
. bioMérieux Hungary	HUF	3.0	21.7	100.0%	0.0	0.0		15.7	2.2		01/01/10 - 12/31/10
. bioMérieux HK Investment Ltd	HKD	68.8	(10.5)	100.0%	6.1	6.1		0.0	(4.3)		01/01/10 - 12/31/10
. bioMérieux India	INR	60.8	58.9	100.0%	1.4	1.4		1,323.1	34.9		01/01/10 - 12/31/10
. bioMérieux Italy	EUR	9.0	30.0	100.0%	12.8	12.8	16.0	112.4	7.5	1.0	01/01/10 - 12/31/10
. bioMérieux Japan	JPY	0.5	(1.1)	66.0%	3.9	3.9	2.0	5.1	0.2		01/01/10 - 12/31/10
. bioMérieux Spain	EUR	0.2	20.6	100.0%	0.3	0.3	11.7	64.1	2.6		01/01/10 - 12/31/10
. bioMérieux Middle East	AED	0.1	(0.3)	100.0%	0.0	0.0	1.4	0.0	0.3		01/01/10 - 12/31/10
. bioMérieux Norway	NOK	2.8	2.4	100.0%	0.3	0.3		45.2	2.2	0.4	01/01/10 - 12/31/10
. bioMérieux Poland	PLN	0.4	37.3	100.0%	1.5	1.5		113.4	8.2	1.6	01/01/10 - 12/31/10
. bioMérieux Portugal	EUR	1.6	8.0	100.0%	2.0	2.0	6.3	20.2	0.5	1.1	01/01/10 - 12/31/10
. bioMérieux Czech Republic	CZK	0.2	7.3	100.0%	0.0	0.0	0.5	128.8	5.9		01/01/10 - 12/31/10
. bioMérieux Russia	RUB	0.3	(1.6)	100.0%	0.2	0.0		0.0	(0.1)		01/01/10 - 12/31/10
. bioMérieux Russia OOO	RUB	55.7	(75.0)	100.0%	1.3	1.3		379.8	(40.3)		01/01/10 - 12/31/10
. bioMérieux Sweden	SEK	0.5	3.7	100.0%	0.2	0.2		150.1	2.8	0.1	01/01/10 - 12/31/10
. bioMérieux Switzerland	CHF	0.4	2.9	100.0%	0.6	0.6		29.5	1.9	1.7	01/01/10 - 12/31/10
. bioMérieux Thailand	THB	35.0	63.5	100.0%	0.9	0.9		230.7	10.9		01/01/10 - 12/31/10
. bioMérieux Turkey	EUR	3.3	27.8	100.0%	2.7	2.7		51.9	5.2	1.5	01/01/10 - 12/31/10
. bioMérieux England	GBP	0.0	5.9	100.0%	1.2	1.2	2.0	34.7	0.2		01/01/10 - 12/31/10
. bioMérieux BV	EUR	22.7	(23.1)	100.0%	53.3	0.0	10.8	11.7	6.8		01/01/10 - 12/31/10
. bioMérieux Singapore	SGD	0.1	1.1	100.0%	0.1	0.1		4.5	(0.1)		01/01/10 - 12/31/10
. bioMérieux International SAS	EUR	0.0	0.7	100.0%	0.0	0.0		9.8	0.2		01/01/10 - 12/31/10
. BTF	AUD	4.1	3.6	100.0%	13.6	13.6		9.3	3.2	0.7	01/01/10 - 12/31/10
. South Africa	ZAR	50.0	45.7	100.0%	5.4	5.4		232.0	8.6	0.6	01/01/10 - 12/31/10
. bioMérieux Algeria	DZD	58.0	(8.3)	100.0%	0.6	0.6		7.7	(1.5)		01/01/10 - 12/31/10
TOTAL SUBSIDIARIES					**281.8**	**200.3**					
B - INVESTMENTS (5%-50%-owned by bioMérieux)											
. Théra Conseil	EUR	0.3	(1.4)	1.8%	0.0	0.0		1.5	0.0		01/01/09 - 12/31/09
. InoDiag	EUR	0.8	(1.9)	1.1%	0.9	0.0		0.2	(0.7)		01/01/09 - 12/31/09
. GeNeuro	CHF	0.4	9.2	9.8%	0.1	0.1		0.2	1.5		01/01/09 - 12/31/09
. ReLia Diagnostic Systems Inc	USD	12.0	(12.8)	13.5%	6.8	0.0		0.7	(2.8)		01/01/09 - 12/31/09
. Labtech Ltd	AUD	11.3	3.3	9.8%	1.3	0.6		3.9	1.5		07/01/09 - 06/30/10
. Knome	USD	0.0	0.9	7.8%	3.7	3.7		0.3	(0.7)		01/01/09 - 12/31/09
. Biocartis		0.2	3.4	8.7%	9.0	9.0		0.0	(3.9)		01/01/09 - 12/31/09
TOTAL INVESTMENTS					**23.8**	**13.4**					
C – OTHER SECURITIES											
. Europroteome AG	EUR			8.8%	2.0	0.0					In liquidation
. Dynavax	USD	0.1	6.3	0.1%	0.9	0.2		40.3	(30.6)		01/01/09 - 12/31/09
. Oscient Pharma	USD	3.7	(84.8)	0.2%	3.5	0.0		86.8	(64.8)		01/01/08 - 12/31/08
. Avesthagen	INR	45.6	733.0	3.6%	1.4	1.4		347.2	(39.9)		04/01/09 - 03/31/10
TOTAL OTHER SECURITIES					**5.9**	**1.6**					
GRAND TOTAL					**311.5**	**215.3**					

6. Inventories and work-in-progress

In millions of euros	Dec. 31, 2010	Dec. 31, 2009	Dec. 31, 2008
Raw materials	30.3	29.9	23.1
Work-in-progress	31.7	35.2	23.0
Finished products and goods held for resale	42.9	46.2	43.3
Total gross value	**104.9** (a)	**111.3**	**89.4**
Impairment losses	(11.0)	(8.1)	(6.2)
Total net value	**93.9**	**103.2**	**83.2**

(a) 16.7% of which relating to instrumentation.
Including controlled inventories of €1.9 million recognized in accordance with the new asset recognition rule.

7. Trade receivables

In millions of euros	Dec. 31, 2010	Dec. 31, 2009	Dec. 31, 2008
Gross trade receivables	216.0	204.2	186.9
Impairment losses	(1.4)	(0.7)	(0.9)
Net value	**214.6**	**203.5**	**186.0**

7.1. Receivables recognized in more than one asset item

Receivables represented by bills of exchange *In millions of euros*	Dec. 31, 2010	Dec. 31, 2009	Dec. 31, 2008
Trade receivables	**0.2**	**0.3**	**0.6**

8. Other receivables

In millions of euros	Dec. 31, 2010	Dec. 31, 2009	Dec. 31, 2008
Advances and downpayments	1.1	1.2	0.8
Pre-paid expenses	2.5	5.3	3.7
Other operating receivables	17.9	17.5	17.4
Total gross value	**21.5**	**24.0**	**21.9**
Impairment			(0.5)
Net value of operating receivables	**21.5**	**24.0**	**21.4**
Net value of non-operating receivables	**8.4**	**17.0**	**13.4**

8.1. Breakdown of deferred expenses

In millions of euros	Dec. 31, 2010	Dec. 31, 2009	Dec. 31, 2008
Relating to purchases		2.3	
Relating to external services and other	2.1	2.7	3.2
Relating to other operating expenses	0.4	0.3	0.5
Total	**2.5**	**5.3**	**3.7**

9. Maturities of trade and other receivables

Net value (in millions of euros)	Dec. 31, 2010	Dec. 31, 2009	Dec. 31, 2008
Trade receivables	**214.6**	**203.5**	**186.0**
- Due in less than 1 year	210.3	199.6	182.5
- Due in more than 1 year	4.3	3.9	3.5
Other operating receivables	**21.5**	**24.0**	**21.4**
- Due in less than 1 year	20.9	23.1	20.7
- Due in more than 1 year	0.6	0.9	0.7
Non-operating receivables	**8.4**	**17.0**	**13.4**
- Due in less than 1 year	8.4	16.8	13.0
- Due in more than 1 year	0.0	0.2	0.4

10. Cash and cash equivalents

Cash and cash equivalents includes available cash and short-term investments.

In millions of euros	Dec. 31, 2010	Dec. 31, 2009	Dec. 31, 2008
Short-term investments (a)	18.0	15.3	24.4
Cash pooling	82.6	62.7	
Cash	1.7	2.2	1.6
Total	**102.3**	**80.2**	**26.0**

(a) Short-term investments can be analyzed as follows:

	2010	2009	2008
Investment	19,000 treasury shares	44,000 treasury shares	172,500 treasury shares
Net amount	€1 million	€2.8 million	€11.1 million
Type	Equities	Equities	Equities
ISIN code	FR0010096479	FR0010096479	FR0010096479
Investment	Sicav Amundi Treso Eonia	Sicav CAAM Eonia	Sicav CAAM Cor
Amount	€17 million	€12.5 million	€2 million
Type	Euro money-market fund	Euro money-market fund	Euro money-market fund
ISIN code	FR0007435920	FR0007435920	FR0010251660
Investment			Certificates of deposit
Amount			€11.3 million
Type			Euro money-market fund
ISIN code			N/A

10.1. Share grant plan

	Share grant plan		
Company	bioMérieux SA	bioMérieux SA	bioMérieux SA
Date of Shareholders' Meeting authorizing the plan	June 9, 2005	June 12, 2008	June 10, 2010
Maximum number of shares that may be granted	1% of share capital (394,537 shares)	200,000	0.95% of share capital (374,810 shares)
Beneficiaries	Corporate officers/employees		
Vesting conditions	Two- or four-year vesting period		
Lock-up period	Two years from the expiration of the vesting period		
Number of shares granted in 2010	0	52,251	200,600
Total number of shares granted at Dec. 31, 2010	286,000	114,507	200,600
Number of shares delivered in 2010	15,000	10,000	0
Total number of shares delivered at Dec. 31, 2010	286,000	10,000	0
Number of shares forfeited in 2010	0	771	0
Number of shares to be delivered at Dec. 31, 2010	0	103,736	200,600
Number of shares outstanding at Dec. 31, 2010	0	0	174,210

The lock-up period may be waived for shares granted to non-French tax residents provided that the shares concerned are subject to a four-year vesting period.

At December 31, 2010, bioMérieux SA held 19,000 of its own shares for allocation under the above-described share grant plans. The Company will have to purchase a further 285,336 shares to cover its commitments, the cost of which would be €21.1 million based on the share price at December 31, 2010.

11. Valuation of fungible current assets

There is no material difference between the value of fungible current assets as shown in the balance sheet and their market value.

12. Unrealized foreign exchange losses

In millions of euros	**Dec. 31, 2010**	**Dec. 31, 2009**	**Dec. 31, 2008**
On operating payables	0.1	0.2	0.1
On financial debts		0.1	
On operating receivables	1.2	1.0	3.8
On non-operating receivables		0.1	1.0
Total	**1.3**	**1.4**	**4.9**

13. Shareholders' equity

13.1. Share capital

The Company's share capital amounted to €12,029,370 at December 31, 2010 and was divided into 39,453,740 shares with a total of 65,586,185 voting rights (i.e., 26,132,445 shares carried double voting rights). Following a decision taken by shareholders at the Shareholders' Meeting of March 19, 2001, the Company's bylaws no longer refer to a par value for its shares. No rights or securities with a dilutive impact on capital were outstanding at December 31, 2010.

There were no changes in the number of outstanding shares in 2010.

At December 31, 2010, the Company held:

– 12,200 treasury shares under a liquidity agreement with an outside service provider (see Note 5). During 2010, the Company bought back 44,482 of its own shares and sold 33,182.

– 19,000 treasury shares set aside for free share grants. During 2010, the Company did not purchase any shares and delivered 25,000.

13.2. Statement of changes in shareholders' equity

In millions of euros	Share capital	Additional paid-in capital	Retained earnings	Statutory provisions	Grants	Total
December 31, 2008	**12.0**	**63.5**	**309.6**	**28.5**	**0.1**	**413.7**
Profit for the year			81.8			81.8
Dividends paid			(31.9)			(31.9)
Other movements				0.9		0.9
December 31, 2009	**12.0**	**63.5**	**359.5**	**29.4**	**0.1**	**464.5**
Profit for the year			150.2			150.2
Dividends paid			(36.3)			(36.3)
Other movements				1.0		1.0
December 31, 2010	**12.0**	**63.5**	**473.4**	**30.5**	**0.1**	**579.5**

14. Statutory provisions

In millions of euros	Accelerated amortization	Provisions for price increases	Total
December 31, 2008	**27.3**	**1.3**	**28.6**
Additions	5.6	0.2	5.8
Reversals	(5.0)		(5.0)
December 31, 2009	**27.9**	**1.5**	**29.4**
Additions	6.6	0.3	6.9
Reversals	(5.5)	(0.3)	(5.8)
December 31, 2010	**29.0**	**1.5**	**30.5**

15. Provisions

In millions of euros	**Other employee benefits**	**Product warranties** (a)	**Other provisions**	**Total**
December 31, 2008	**6.7**	**1.0**	**24.8**	**32.5**
Additions	1.0	0.6	7.2	8.8
Reversals (used)	(0.4)	(1.0)	(10.2)	(11.6)
Net additions (reversals)	0.6	(0.4)	(3.0)	(2.8)
December 31, 2009	**7.3**	**0.6**	**21.8**	**29.7**
Additions	0.5	0.6	9.2	10.3
Reversals (used)	(0.4)	(0.6)	(13.0)	(14.0)
Reversals (surplus)			(3.6)	(3.6)
Net additions (reversals)	0.1	0.0	(7.4)	(7.3)
December 31, 2010	**7.4**	**0.6**	**14.4** (b)	**22.4**

(a) Estimate of the costs relating to warranties issued on the sale of instruments that may be incurred over the remaining warranty period.
(b) Including provisions for litigation in the amount of €2 million. For confidentiality reasons, the breakdown between cases is not disclosed.

15.1. Provisions for pensions and other post-employment benefits

These provisions include €7.2 million for long-term employment bonuses, calculated in accordance with IAS 19. The actuarial assumptions used to calculate this amount take into consideration the length of service, employee turnover and life expectancy, an annual salary increase of 3.5% and a discount rate of 4.4%.

15.2. Provisions for claims and litigation

The Company is involved in a certain number of claims and litigation arising in the ordinary course of business, the most significant of which is described below. bioMérieux believes that no claim or litigation will have a material adverse impact on its operations. When a risk is identified, a provision is recognized as soon as the risk can be reliably measured. The provision for claims and litigation covers all disputes in which the Group is involved and amounted to €2 million at December 31, 2010.

15.3. DBV litigation

The Group is involved in a dispute with DBV and International Microbio over a DBV patent relating to the diagnosis of mycoplasma.

A number of decisions favorable to bioMérieux were handed down by the relevant French courts in 2007 and on June 3, 2008 the Supreme Court (*Cour de Cassation*) ruled that an appeal lodged by DBV and International Microbio against a ruling of the Paris Court of Appeal dated June 14, 2007 and also favorable for bioMérieux was inadmissible. This decision ended the French component of the dispute in favor of bioMérieux.

In the second quarter of 2010, DBV withdrew its claim lodged with the Spanish Supreme Court. Consequently, at end-2010 the only country in which the dispute between DBV and International Microbio was still outstanding was Italy.

16. Net debt

16.1. Debt refinancing

bioMérieux SA has a seven-year syndicated loan of €260 million, repayable in full at maturity (January 2013). The facility agreement contains default clauses.

No amounts had been drawn under this facility at December 31, 2010.

16.2. Maturities of borrowings

In millions of euros	Dec. 31, 2010	Dec. 31, 2009	Dec. 31, 2008
Due beyond 5 years	0.3	0.1	
Due in 1 to 5 years	3.3	4.4	69.4
Total long-term borrowings	**3.6**	**4.5**	**69.4**
Due within 1 year	37.0 (a)	149.8	69.6
Total borrowings	**40.6**	**154.3**	**139.0**
Short-term investments (b)	(18.0)	(15.6)	(24.4)
Cash	(84.3) (c)	(64.6)	(1.6)
Net debt	**(61.7)**	**74.1**	**113.0**

(a) Including cash pooling in the amount of €34.1 million.
(b) The carrying amount of short-term investments corresponds to their market value, except for treasury shares which are measured at historic cost.
(c) Including cash pooling in the amount of €82.6 million.

17. Trade and other payables

In millions of euros	Dec. 31, 2010	Dec. 31, 2009	Dec. 31, 2008
Trade payables	**108.1**	**131.7**	**113.9**
Accrued payroll and other taxes	75.5	71.3	61.0
Deferred income	3.5	2.7	2.6
Other	9.4	8.8	8.4
Other operating payables	**88.4**	**82.8**	**72.0**
Due to suppliers of fixed assets	9.6	10.7	12.6
Non-operating payables	**9.6**	**10.7**	**12.6**

17.1. Payables recognized in more than one balance-sheet item

Liabilities represented by bills of exchange *In millions of euros*	Dec. 31, 2010	Dec. 31, 2009	Dec. 31, 2008
Trade payables	4.4	3.4	10.0
Due to suppliers of fixed assets		1.3	4.9
Other payables	0.1	0.1	0.1
Total	**4.5**	**4.8**	**15.0**

17.2. Deferred income

Deferred income primarily concerns equipment rental and maintenance contracts for which invoices were issued in advance.

17.3. Maturities of trade payables and other payables

In millions of euros	Dec. 31, 2010	Dec. 31, 2009	Dec. 31, 2008
Trade payables			
Due within 1 year	108.1	131.7	113.9
Total	**108.1**	**131.7**	**113.9**
Other operating payables			
Due within 1 year	88.4	82.7	70.9
Due beyond 1 year		0.1	1.1
Total	**88.4**	**82.8**	**72.0**
Non-operating payables			
Due within 1 year	9.5	10.7	12.6
Total	**9.5**	**10.7**	**12.6**

17.4. Breakdown of accrued expenses

In millions of euros	Dec. 31, 2010	Dec. 31, 2009	Dec. 31, 2008
Miscellaneous borrowings	0.0	0.0	0.2
Trade payables	42.7	44.3	32.8
Accrued payroll and other taxes	60.6	53.4	44.1
Other operating payables	4.4	3.9	3.6
Due to suppliers of fixed assets	1.0	2.1	0.7
Total	**108.7**	**103.7**	**81.4**

18. Unrealized foreign exchange gains

In millions of euros	Dec. 31, 2010	Dec. 31, 2009	Dec. 31, 2008
On operating payables	0.1		1.2
On operating receivables	1.0	2.3	0.9
On financial receivables			0.1
On borrowings	0.1		0.1
Total	**1.2**	**2.3**	**2.3**

19. Balance sheet items relating to affiliated companies

In millions of euros	Dec. 31, 2010	Dec. 31, 2009	Dec. 31, 2008
Total financial fixed assets	**322.7**	**337.2**	**344.8**
Operating receivables	148.2	147.8	130.6
Non-operating receivables			3.8
Total receivables	**148.2**	**147.8**	**134.4**
Total cash and cash equivalents (a)	**82.6**	**62.7**	
Operating payables	23.9	65.9	54.5
Non-operating payables	0.3	0.4	0.5
Borrowings (b)	34.1	144.8	65.1
Total payables	**58.3**	**211.1**	**120.1**

(a) Advances to subsidiaries under cash pooling agreements.
(b) Advances received from subsidiaries under cash pooling agreements.

20. Financial commitments

20.1. Commitments given

In millions of euros	Dec. 31, 2010	Dec. 31, 2009	Dec. 31, 2008
Endorsements and guarantees, of which affiliated companies for €64.2 million	65.5	54.6	34.4
Finance and capital leases	0.3	6.5	7.5
Total	**65.8**	**61.1**	**41.9**

20.2. Commitments received

In millions of euros	Dec. 31, 2010	Dec. 31, 2009	Dec. 31, 2008
Endorsements and guarantees, of which affiliated companies for €0 million		0.1	0.4
Credit facilities with a syndicate of banks and not drawn at end-December 2009.	260.0	260.0	260.0
Total	**260.0**	**260.1**	**260.4**

20.3. Hedging instruments

20.3.1. Exchange-rate risk

Hedging instruments are used to hedge trade and financial receivables and payables.

Unrealized foreign exchange gains and losses on hedging instruments, measured on the basis of trading prices at December 31, 2010, are recognized in the balance sheet whenever they are in a hedging relationship with receivables or payables.

Hedges in effect on December 31, 2010 were as follows:

- Forward sales of €57.9 million to hedge trade receivables.
- Forward sales of €23.7 million to hedge financial receivables.
- Forward purchases of €33.9 million to hedge borrowings.

In addition, the Company entered into currency hedges to cover its 2011 budget positions. These hedges have an aggregate net value of €219.9 million.

Based on their market value at December 31, 2010, all of these hedges taken together represented an unrealized loss of €4.1 million.

The Company also hedges the earnings of foreign subsidiaries. These hedges totaled €28.8 million and gave rise to the recognition of an unrealized loss of €0.3 million at December 31, 2010.

The table below shows the currencies in which net sales are generated:

	2010		2009		2008	
	In millions of euros	%	In millions of euros	%	In millions of euros	%
Euro	**451.1**	**62%**	**423.3**	**66%**	**386.0**	**64%**
Other						
US dollar	114.1	*16%*	93.6	*15%*	105.6	*18%*
Pound sterling	20.7	*3%*	20.4	*3%*	22.2	*4%*
Polish zloty	17.8	*2%*	14.4	*2%*	15.9	*3%*
Swiss franc	14.2	*2%*	11.9	*2%*	10.3	*2%*
Swedish krona	13.8	*2%*	10.3	*2%*	2.9	*0%*
Brazilian real	14.6	*2%*	9.9	*2%*	10.0	*2%*
Turkish lira	14.5	*2%*	8.5	*1%*	8.9	*1%*
Other currencies	68.9	*9%*	53.1	*8%*	37.3	*6%*
Total	**729.8**	***100%***	**645.6**	***100%***	**599.2**	***100%***

20.3.2. Interest rate risk

There were no interest-rate swaps outstanding at December 31, 2010.

20.4. Information concerning finance leases

Following the exercise of the leasing option on the land and building of the IDC site, the residual value was nil at December 31, 2010.

20.5. Supplementary pensions, severance and related benefits

An actuarial valuation of the Company's obligations was made on December 31, 2010, based on:

- the expected employee turnover and mortality rates;
- estimated annual salary increases of 3.5%;
- an assumed retirement age of 64 to 65 for employees with sufficient service to entitle them to full pension benefits;
- a discount rate of 4.4%.

The Company's benefit obligation was measured at €18.6 million. The obligation is covered in part by an insurance fund into which the Company pays annual premiums. No provision has been recognized in the annual financial statements for the unfunded balance of €7.1 million.

The benefit obligation can be analyzed as follows at December 31, 2010:

Contractual retirement payments	€18.7 million
Other obligations	€0.1 million

20.6. Material off-balance sheet commitments and transactions

20.6.1. Commitments

- When the Group acquired CEA-Industrie's interest in Apibio in December 2004, bioMérieux SA agreed to an incentive clause with CEA-Industrie covering the period from 2010 to 2014, under which it would pay CEA-Industrie 3.5% of any revenue generated by products based on the Apibio technology (primarily MICAM and OLISA). This incentive mechanism is capped at €1.1 million. As bioMérieux did not generate any revenue from products incorporating this technology in 2010 no incentive payment was due for the year.
- As part of the share grant plan set by the Board of Directors, the Company will have to purchase 285,336 shares to cover its commitments, the cost of which would be €21.1 million based on the share price at December 31, 2010.
- The Company is subject to a number of earn-out clauses relating to acquisitions and disposals that it has carried out. At end-2010, it was not deemed probable that these clauses would be triggered, or the amount involved could not be reliably ascertained.
- In 2010, bioMérieux acquired an 8.65% interest in Biocartis for €9 million and has committed to taking up €6 million worth of shares in the company if it is floated on the stock exchange.

20.6.2. Other off-balance sheet transactions

- At December 31, 2010, commitments granted in respect of various research agreements amounted to €31.1 million.

- bioMérieux SA participates in a research program coordinated by Institut Mérieux, together with bioMérieux, Transgène, Genosafe and the Genethon association. The aim of this program is to develop a new generation of diagnoses and therapies focusing on cancers, infectious diseases and genetic disorders. Known under the acronym "ADNA" (for "Advanced Diagnostics for New therapeutic Approaches"), the program receives financing from the French government's Industrial Innovation Agency (*Agence de l'Innovation Industrielle*), which merged with OSEO ANVAR in 2007. bioMérieux SA has agreed to carry out €136.5 million worth of research and development work as part of the program during the period from 2007 through 2017. In return, bioMérieux SA will receive subsidies and repayable grants of up to €19.4 million (including €4.2 million for 2006 to 2008) and €23.1 million, respectively. If a project is successful, bioMérieux SA will have to reimburse the repayable grants proportionally to the related net sales generated (2%) and then pay 1% to 2% of net sales, depending on the project concerned, until 2027 or 2029. The public financing agreement was approved by the European authorities on October 22, 2008.

  An addendum to the agreement is currently being finalized. If this addendum is approved by OSEO and the other partners involved in the program, the value of the Group's commitment in terms of research and development work will be amended to €89.6 million with the related research subsidies and repayable grants amounting to €16.1 million and €13.8 million respectively.

- bioMérieux SA's obligations to its employees in terms of the statutory training entitlement provided for under French law (*Droit Individuel à la Formation*) were estimated to represent a maximum of 253,952 hours.

- Real estate rent commitments amounted to €0.3 million at December 31, 2010, of which €0.1 million worth payable beyond one year.

20.7. Transactions with related parties

- Institut Mérieux, which held 58.9% of bioMérieux SA's shares at December 31, 2010, provided consultancy and support services to bioMérieux SA valued at €4.2 million for the year. Conversely, bioMérieux SA billed Institut Mérieux €0.7 million for expenses incurred on its behalf.

- A cash pooling system has been put in place for which bioMérieux SA and Institut Mérieux set up cash borrowing and lending facilities during the year. bioMérieux SA received €28 thousand in interest in 2010 in connection with amounts loaned to the cash pool.

- During 2010, the Company supplied €0.9 million worth of reagents and instruments to entities of the Mérieux NutriScience Corp. group, in which Institut Mérieux holds a majority interest.

- Théra Conseil, which is 98.24%-owned by Institut Mérieux, billed bioMérieux SA €0.8 million for services in 2010.

- bioMérieux SA billed €0.2 million worth of services in 2010 to IMAccess, which is wholly-owned by Institut Mérieux.

- Also during the year, bioMérieux SA contributed €1.3 million to the Christophe & Rodolphe Mérieux Foundation and €0.7 million to the Mérieux Foundation for humanitarian projects.

- bioMérieux SA has entered into a number of research and development agreements with Transgène (in which Institut Mérieux holds a 55.2% equity interest through TSGH) under which the Company received €0.3 million in fees for 2010.

21. Breakdown of net sales

In millions of euros	**France**	**Export**	**Total 2010**	**Total 2009**	**Total 2008**
Sales	12.4	76.9	89.3	75.7	67.4
Sold production (goods)	144.6	414.6	559.2	509.7	477.8
Sold production (services)	17.2	64.0	81.2	60.2	54.0
Total	**174.2**	**555.5**	**729.7**	**645.6**	**599.2**

22. Net sales by geographic region

In millions of euros	**2010**	**2009**
France	177.7	180.5
Europe	330.0	291.8
South America	38.5	33.6
North America	54.9	37.8
Asia-Pacific	71.5	50.1
Other	57.1	51.8
Total	**729.7**	**645.6**

23. Personnel costs

In millions of euros	**2010**	**2009**	**2008**
Wages and salaries	120.2	119.6	107.7
Incentive plan	8.5	10.4	8.2
Payroll taxes	64.5	60.3	52.4
Total	**193.2**	**190.3**	**168.3**
Employee profit sharing	4.1		2.6
Total	**197.3**	**190.3**	**170.9**
Average number of employees	**2,675**	**2,605**	**2,447**
Number of employees at Dec. 31	**2,655**	**2,687**	**2,510**

23.1. Breakdown of headcount

In FTEs	2010	2009	2008
Average number of employees			
Managers	1,144	1,078	978
Supervisors	45	45	46
Employees	71	75	75
Technician	982	944	898
Workers	433	463	450
Total	**2,675**	**2,605**	**2,447**
Number of employees at Dec. 31			
Managers	1,162	1,110	1,026
Supervisors	45	45	45
Employees	65	79	83
Technician	966	984	914
Workers	417	469	442
Total	**2,655**	**2,687**	**2,510**

24. Directors' and officers' compensation

Compensation paid to Company officers and directors for 2010 consisted of directors' fees of €300,000 paid to the members of the Board of Directors (€216,000 in 2009).

25. Research and development expenses

Research and development expenses for 2010 amounted to €94.6 million.

26. Net financial expense

26.1. Breakdown of net financial expense

In millions of euros	2010	2009	2008
Net financial expense	(0.3)	(0.1)	(1.0)
Impairment of investments	(27.1) (a)	(6.8) (b)	(3.8) (c)
Merger loss			(0.2)
Debt waiver	(7.5)		(1.5)
Dividends	139.9	60.7	55.4
Foreign-exchange gains and losses	(1.7)	(1.3)	(1.5)
Total	**103.3**	**52.5**	**47.4**

(a) Including net additions to impairment on shares of subsidiaries for €27.2 million, and net reversals of impairment on other investments for €0.1 million.

(b) Including net additions to impairment on shares of subsidiaries and on other investments for €0.5 million and €6.3 million, respectively.

(c) Including net additions to impairment on shares of subsidiaries and on other investments for €1.3 million and €2.5 million, respectively.

26.2. Foreign exchange gains and losses

Foreign exchange gains and losses result from variations between the transaction exchange rate and the settlement rate (or the year-end rate if the payment has not yet been made). These differences only partially reflect the impact of currency fluctuations.

Translation gains and losses on commercial transactions are recognized under the relevant headings in the income statement. The table below shows their income statement impact in 2009 and 2010:

In millions of euros	**2010**	**2009**	**2008**
Sales	(9.6)	4.7	(0.4)
Cost of material supplies and other external charges	(1.5)	0.9	(1.0)
Financial items	(1.7)	(1.3)	(1.5)
Total	**(12.8)**	**4.3**	**(2.9)**

27. Affiliated companies: financial income and expenses

In millions of euros	**2010**	**2009**	**2008**
Financial expenses (a)	(7.8)	(1.5)	(5.3)
Dividends received	139.9	60.7	55.4
Revenues from receivables on investments	0.8	1.4	2.5
Other financial income	0.3		0.7
Total	**133.2**	**60.6**	**53.3**

(a) Financial expenses include debt waivers for €7.5 million in 2010 and €1.5 million in 2008.

28. Non-recurring income and expense

In millions of euros	**Income**	**Expense**	**Net 2010**	**Net 2009**	**Net 2008**
Disposals of fixed assets	1.7	2.4	(0.7)	2.9	(0.7)
Statutory provisions	5.8	6.8	(1.0)	(0.9)	(2.0)
Other non-recurring income and expense	10.6	2.2	8.4 (a)	(6.4) (b)	3.0
Total	**18.1**	**11.4**	**6.7**	**(4.4)**	**0.3**

(a) Including reversals of provisions for restructuring at bioMérieux BV in the amount of €8.4 million.
(b) Including provision for the transfer of bioMérieux BV NucliSENS® business for €(6.2) million.

29. Income taxes

At December 31, 2010, the Company recognized various tax benefits totaling €12.7 million, including a research tax credit for an estimated €11 million. Net income tax expense totaled €4.2 million in 2010, versus a tax benefit of €7.8 million one year earlier.

29.1. Breakdown of corporate income tax

In millions of euros	2010		
	Before tax	Tax	After tax
Recurring income	153.8	(3.6)	150.2
Non-recurring income and expense	6.7	(0.7)	6.0
Employee profit sharing	(4.1)		(4.1)
Tax audit and other		(1.9)	(1.9)
Profit for the year	**156.4**	**(6.2)**	**150.2**

29.2. Profit for the year excluding valuation allowances

In millions of euros	**2010**	**2009**	**2008**
Profit for the year	150.3	81.8	78.7
Income tax	(6.1)	7.8	2.3
Profit before tax	156.4	74.0	76.4
Total valuation allowances	(1.0)	(0.9)	(1.9)
Profit before tax and excluding valuation allowances	**157.4**	**74.9**	**78.3**
Income tax	(6.1)	7.8	2.3
Income tax on valuation allowances at 34.43%	(0.3)	(0.3)	(0.7)
Net tax expense	**(6.4)**	**7.5**	**1.6**
Profit for the year excluding valuation allowances	**151.0**	**82.4**	**79.9**

29.3. Change in future tax liabilities

In millions of euros	**2010** Tax rate 34.43%	**2009** Tax rate 34.43%	**2008** Tax rate 34.43%
Accelerated depreciation, amortization and statutory provisions	10.5	10.1	9.8
Total deferred tax liabilities	**10.5**	**10.1**	**9.8**
Non-deductible provisions and expenses	(1.6)	(1.1)	(2.0)
Impact of new regulation for assets			(0.2)
Unrealized foreign exchange gains	(0.4)	(0.8)	(0.8)
Amortization of acquisition costs	(0.1)	(0.1)	(0.1)
Total deferred tax assets	**(2.1)**	**(2.0)**	**(3.1)**
Total deferred tax expense	**8.4**	**8.1**	**6.7**

20.2 PRO FORMA FINANCIAL INFORMATION

N/A

20.3 FINANCIAL STATEMENTS

See sections 20.1.1 and 20.1.2.

20.4 AUDITING OF HISTORICAL ANNUAL FINANCIAL INFORMATION

The Statutory Auditors' reports on the consolidated financial statements for the years ended December 31, 2009 and December 31, 2008 are respectively presented in section 5.4 of the Reference Document filed with the AMF on April 26, 2010 under number D10-0322 and section 5.4 of the Reference Document filed on June 10, 2009 under number D09-0495.

The Statutory Auditors' reports on the parent company financial statements for the years ended December 31, 2009 and December 31, 2008 are respectively presented in section 5.6 of the Reference Document filed with the AMF on April 26, 2010 under number D10-0322 and section 5.6 of the Reference Document filed on June 10, 2009 under number D09-0495.

20.4.1 STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

This is a free translation into English of the Statutory Auditors' report issued in French and is provided solely for the convenience of English speaking readers. The Statutory Auditors' report includes information specifically required by French law in such reports, whether modified or not. This information is presented below the opinion on the consolidated financial statements and includes an explanatory paragraph discussing the Auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the consolidated financial statements taken as a whole and not to provide separate assurance on individual account captions or on information taken outside of the consolidated financial statements.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Shareholders,

In compliance with the assignment entrusted to us by your Annual General Meeting, we hereby report to you, for the year ended December 31, 2010, on:

- the audit of the accompanying consolidated financial statements of bioMérieux;
- the justification of our assessments;
- the specific verification required by law.

These consolidated financial statements have been approved by the Board of Directors. Our role is to express an opinion on these consolidated financial statements, based on our audit.

Opinion on the consolidated financial statements

We conducted our audit in accordance with professional standards applicable in France. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group at December 31, 2010 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Without qualifying our opinion, we draw your attention to Note 1 to the consolidated financial statements regarding the change in the presentation method for research tax credits.

Justification of our assessments

In accordance with the requirements of article L.823-9 of the French Commercial Code (*Code de commerce*), relating to the justification of our assessments, we bring to your attention the following matters:

- As described in Notes 1.12 and 13.2 to the consolidated financial statements, the provisions intended to cover the Group's pension benefits obligations are calculated based on actuarial estimates made by experts appointed by Group companies. Our work consisted in examining the financial information used, assessing the assumptions adopted and verifying that Notes 1.12 and 13.2 to the consolidated financial statements provide appropriate disclosure.

- As described in Note 1.8 to the consolidated financial statements, the Company carries out annual impairment tests on goodwill. We examined the methods used to implement the impairment tests as well as the financial information and assumptions used by the Company and verified that Notes 1.8 and 4 to the consolidated financial statements provide appropriate disclosure.

- The Group records provisions for litigation and restructuring, as described in Notes 1.13 and 13.3 to the consolidated financial statements. Our work consisted in assessing the financial information and assumptions on which these estimates are based, reviewing the calculations made by the Company and examining the procedures implemented by management for approving these estimates. On this basis, we assessed the reasonableness of these estimates.

These assessments were made as part of our audit of the consolidated financial statements taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

Specific verification

As required by law and in accordance with professional standards applicable in France, we have also verified the information presented in the Group's management report.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

Lyon and Villeurbanne, April 8, 2011
The Statutory Auditors

COMMISSARIAT CONTROLE AUDIT – CCA	DELOITTE & ASSOCIÉS
Danielle Pissard	Olivier Rosier

20.4.2 STATUTORY AUDITORS' REPORT ON THE ANNUAL FINANCIAL STATEMENTS

This is a free translation into English of the Statutory Auditors' report issued in French and is provided solely for the convenience of English speaking readers. The Statutory Auditors' report includes information specifically required by French law in such reports, whether modified or not. This information is presented below the opinion on the financial statements and includes an explanatory paragraph discussing the Auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the financial statements taken as a whole and not to provide separate assurance on individual account captions or on information taken outside of the financial statements.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Shareholders,

In compliance with the assignment entrusted to us by your Annual General Meeting, we hereby report to you for the year ended December 31, 2010, on:

– the audit of the accompanying financial statements of bioMérieux SA;

– the justification of our assessments;

– the specific verifications and information required by law.

These financial statements have been approved by the Board of Directors. Our role is to express an opinion on these financial statements, based on our audit.

Opinion on the financial statements

We conducted our audit in accordance with professional standards applicable in France. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company at December 31, 2010 and of the results of its operations for the year then ended in accordance with French accounting principles.

Justification of our assessments

In accordance with the requirements of article L.823-9 of the French Commercial Code (*Code de commerce*), relating to the justification of our assessments, we bring to your attention the following matters:

– As described in Note 2.4 to the financial statements, the Company recognizes impairment losses against investments whose value in use is less than their carrying amount. Our work consisted in assessing the assumptions and financial information used by the Company to value these investments and reviewing the calculations made.

– The Company also records provisions for claims and litigation, as described in Notes 2.8, 15.2 and 15.3 to the financial statements. Our work consisted in assessing the financial information and assumptions on which these estimates are based, reviewing the calculations made by the Company and examining the procedures implemented by management for approving these estimates.

On this basis, we assessed the reasonableness of these estimates.

These assessments were made as part of our audit of the financial statements taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

Specific verifications and information

In accordance with professional standards applicable in France, we have also performed the specific verifications required by French law.

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the management report of the Board of Directors, and in the documents addressed to the shareholders with respect to the financial position and the financial statements.

Concerning the information given in accordance with the requirements of article L.225-102-1 of the French Commercial Code relating to remuneration and benefits received by corporate officers and any other commitments made in their favor, we have verified its consistency with the financial statements, or with the underlying financial information used to prepare these financial statements and, where applicable, with the information obtained by your Company from companies controlling it or controlled by it. Based on this work, we attest to the accuracy and fair presentation of this information.

In accordance with French law, we have verified that the required information concerning the purchase of investments and controlling interests, reciprocal shareholding and the identity of shareholders and holders of voting rights has been properly disclosed in the management report.

Lyon and Villeurbanne, April 8, 2011
The Statutory Auditors

COMMISSARIAT CONTROLE AUDIT – CCA	DELOITTE & ASSOCIÉS
Danielle Pissard	Olivier Rosier

20.5 AGE OF LATEST FINANCIAL INFORMATION

December 31, 2010

20.6 INTERIM FINANCIAL INFORMATION

20.6.1 QUARTERLY FINANCIAL INFORMATION

Quarterly financial information for the three months ended March 31, 2011

20.6.2 OTHER INTERIM FINANCIAL INFORMATION

N/A

20.7 DIVIDEND POLICY

20.7.1 DISTRIBUTION POLICY

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

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

At the Annual General Meeting to be held on June 15, 2011, the Board of Directors will recommend approval of a dividend of €0.98 per share, representing a total of €38.7 million which will be paid in June 2011.

20.7.2 PAST DIVIDENDS PER SHARE

Dividends per share for the past three years

The table below presents the dividends paid by the Company for each of the past three years.

The Company did not receive any dividends on treasury shares held on the ex-dividend date and the corresponding amounts are allocated to retained earnings.

Year	Total dividend (in euros) *	Dividend per share (in euros) *
2009	36,297,441	3.75
2008	31,957,529	3.29
2007	29,984,842	2.48

(*) The Company did not receive any dividends on treasury shares held on the ex-dividend date and the corresponding amounts were allocated to retained earnings. Individuals domiciled in France for tax purposes in accordance with paragraph 2 of article 158.3 of the French Tax Code (*Code général des impôts*) benefit from a tax deduction on the annual dividend.

20.8 LEGAL AND ARBITRATION PROCEEDINGS

The Company is involved in a certain number of claims and litigation arising in the ordinary course of business. bioMérieux believes that no claim or litigation will have an adverse impact on its operations. The Company is not involved in litigation considered to be material, with the exception of the proceedings described in Notes 13.3.1 and 13.4 to the consolidated financial statements (section 20.1.1) and in section 4.1.2.3 of this Registration Document.

20.9 SIGNIFICANT CHANGE IN FINANCIAL OR TRADING POSITION

To the best of the Company's knowledge, no significant change in its financial or trading position has occurred since the end of 2010, with the exception of the information described in section 12.1 of this Registration Document.

21 ADDITIONAL INFORMATION

21.1 SHARE CAPITAL

21.1.1 ISSUED CAPITAL

Number of shares issued: 39,453,740 (all Company shares are of the same class).

Issued capital: €12,029,370, fully paid up.

The Annual General Meeting of March 19, 2001 decided that there would no longer be any reference to par value in the Company's bylaws.

21.1.2 SHARES NOT REPRESENTING CAPITAL

On the filing date of this Registration Document, no securities that did not represent capital were outstanding.

21.1.3 SHARE BUYBACK PROGRAM

The Ordinary and Extraordinary Shareholders' Meetings of June 11, 2009 and June 10, 2010 authorized the Board of Directors, until the Company's Annual General Meeting called to approve the financial statements for year ended 2010, i.e., June 15, 2011, to buy back shares of the Company in accordance with articles L.225-209 *et seq.* of the French Commercial Code (*Code de commerce*).

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

In accordance with these authorizations, the Company can purchase its shares under the share buyback program, depending on prevailing market conditions, in order to (i) maintain a liquid market in the Company's shares through market-making transactions carried out by an independent investment firm under a liquidity agreement that complies with the AMAFI code of ethics approved by the French financial markets authority (*Autorité des marchés financiers* – AMF); (ii) deliver shares upon the exercise of rights attached to the issue of securities granting access to Company shares and stock option plans, or in connection with share grants to employees and corporate officers of the Company or companies within the same Group, or the allocation or transfer of shares to employees under profit-sharing plans, employee share-ownership plans or employee savings plans; (iii) hold shares for subsequent delivery as payment or exchange in connection with external growth transactions; and (iv) reduce the Company's capital by way of cancellation of shares.

Pursuant to the seventeenth resolution of the Annual General Meeting of June 10, 2010, the Board of Directors was also authorized, until the next Shareholders' Meeting called to approve the financial statements for the year ended 2010, to reduce capital by cancelling some or all of the shares purchased under the share buyback program.

At December 31, 2010, the Company held 31,200 shares, i.e., 0.08% of the share capital.

Summary of transactions in treasury shares from January 1, 2010 through December 31, 2010 under a liquidity agreement

Pursuant to the authorizations granted by the Annual General Meetings of June 11, 2009 and June 10, 2010, as well as the ensuing share buyback programs, and under the liquidity agreement complying with the AMAFI code of ethics approved by the AMF entered into with the Company, Crédit Agricole Cheuvreux, in its capacity as investment firm, performed the following transactions in the period from January 1, 2010 through December 31, 2010:

Shares purchased	44,482
Average purchase price	€78.26
Shares sold	33,182
Average selling price	€80.96
Fees and commissions	0
Treasury shares held at December 31, 2010	12,200
Value of shares held at the end of the year based on their average purchase price	€866,914
Carrying amount at December 31, 2010	€900,604
Nominal value of shares	/
Purpose of transactions	Maintaining an orderly market
Percentage of treasury shares held at year-end	0.03%

The shares purchased by Crédit Agricole Cheuvreux were acquired exclusively to maintain a liquid market in the Company's shares through market-making transactions carried out by an independent investment firm under a liquidity agreement that complies with the AMAFI code of ethics approved by the AMF.

Summary of transactions in treasury shares between January 1, 2010 and December 31, 2010 under an agency agreement

No transactions were carried out under an agency agreement in 2010.

Shares purchased	/
Average purchase price	/
Shares sold	
Average selling price	
Treasury shares held at December 31, 2010	19,000
Value of shares held at the end of the year based on their average purchase price	€1,017,285
Carrying amount at December 31, 2010	€1,402,580
Nominal value of shares	/
Purpose of transactions	Delivery of shares upon the exercise of rights pertaining to the share awards to employees and corporate officers
Percentage of treasury shares held at year-end	0.05%

Use of derivatives

The Company did not use derivatives as part of this share buyback program and furthermore, there were no open positions to buy or sell derivatives at the filing date of this Registration Document.

21.1.4 OTHER SECURITIES

The Company did not issue any securities other than the shares described in section 21.1.1. Free shares were also allocated (see section 17.2).

21.1.5 ACQUISITION RIGHTS

Changes in share capital and voting rights attached to shares

Any changes in the share capital or voting rights attached to shares are governed by French law, as the bylaws do not any contain specific provisions in this respect.

Authorized unissued capital

Authorizations adopted by the Annual General Meetings of June 11, 2009 and June 10, 2010:

Table summarizing valid authorizations

Relevant securities	Date and duration of the authorization	Maximum nominal amount of capital increase	Amount authorized and used
Grant of shares (existing or to be issued)	AGM of June 10, 2010 38 months, i.e., until August 10, 2013	0.95% of share capital (as of the implementation of the authorization)	200,600 shares[(a)] (0.5% of share capital)
Issue with pre-emptive subscription rights Capital increase with pre-emptive subscription rights through the issue of shares or securities	AGM of June 11, 2009 26 months, i.e., until August 11, 2011	35% of share capital at the date of the 2009 AGM, including a maximum of €500 million for debt securities	N/A
Issue without pre-emptive subscription rights Capital increase without pre-emptive subscription rights through the issue of shares or securities	AGM of June 11, 2009 26 months, i.e., until August 11, 2011	35% of share capital at the date of the 2009 AGM[(b)], including a maximum of €500 million for debt securities[(c)]	N/A
Capital increase through the capitalization of additional paid-in capital, reserves, profits or other items	AGM of June 11, 2009 26 months, i.e., until August 11, 2011	35% of share capital at the date of the 2009 AGM	N/A
Increase in the number of shares issued in the event of a capital increase	AGM of June 11, 2009 26 months, i.e., until August 11, 2011	15% of the initial issue decided within the framework of authorizations granted of up to 35%	N/A
Capital increase reserved for qualified investors	AGM of June 11, 2009 26 months, i.e., until August 11, 2011	20% of share capital (as of the implementation of the authorization) per year	N/A
Capital increase through successive security issues	AGM of June 11, 2009 26 months, i.e., until August 11, 2011	10% of share capital (as of the implementation of the authorization) per year	N/A
Capital increase without pre-emptive subscription rights within the framework of a public exchange offer or contribution in kind in respect of the securities of the Company	AGM of June 11, 2009 26 months, i.e., until August 11, 2011	10% of share capital (as of the implementation of the authorization) and 35% of share capital at the date of the 2009 AGM[(b)]	N/A
Capital increase reserved for employees enrolled in a company savings plan (PEE)	AGM of June 11, 2009 26 months, i.e., until August 11, 2011	5% of share capital (as of the implementation of the authorization)	N/A
Stock options	AGM of June 10, 2010 38 months, i.e., until August 10, 2013	10% of share capital (as of the implementation of the authorization)	N/A

(a) Board of Directors' meeting of June 10, 2010

(b) This percentage must be offset against the total authorized capital increase of 35%

(c) This amount must be offset against the aggregate increase of debt securities totaling €500 million

Other securities granting access to the share capital

There are currently no other securities granting access to the Company's share capital.

21.1.6 OPTION ON THE SHARE CAPITAL OF ANY GROUP MEMBER

N/A

21.1.7 HISTORY OF SHARE CAPITAL

There have been no changes to the share capital over the last three years.

21.1.8 PLEDGING OF SHARES

The Company had not been notified of any pledged shares at the filing date of this Registration Document.

21.1.9 THE BIOMÉRIEUX SHARE IN 2010

bioMérieux equity market

bioMérieux shares have been traded publicly since July 6, 2004 on the CAC Mid 60®, SBF 120®, CAC Mid & Small®, CAC All-tradable® and CAC All-Share® French market indices. They are listed on compartment "A" of the Eurolist market and are eligible for deferred settlement service (*Service de Règlement Différé* – SRD).

bioMérieux is also included in certain stock market indices specializing in responsible investment: Gaia Index 2010/2011, Ethibel Excellence, and FYSE4Good.

At end-December 2010, the closing share price for bioMérieux was €73.82 and the Company's market capitalization was €2.9 billion.

bioMérieux share price (Code: BIM - ISIN Code: FR0010096479)

Period	High (in €)	Low (in €)	Closing price (in €)
2007	80.00	52.80	79.08
2008	80.00	45.97	60.00
2009	84.30	52.60	81.68
January 2010	87.50	75.51	79.36
February 2010	82.69	76.61	80.36
March 2010	89.40	79.61	85.03
April 2010	86.50	80.78	81.88
May 2010	85.77	78.50	83.62
June 2010	87.00	80.50	84.46
July 2010	92.40	76.91	77.93
August 2010	80.98	78.00	80.45
September 2010	83.79	76.00	76.01
October 2010	77.00	66.95	69.14
November 2010	74.24	66.95	68.50
December 2010	76.80	67.59	73.82
January 2011	81.38	73.95	79.72
February 2011	82.48	76.50	77.15
March 2011	78.80	71.06	74.01

Source: Euronext

In 2010, bioMérieux shares were traded on the following platforms:

Trading platforms	Number of shares traded
NYSE Euronext	14,204,322
Chi-X	1,136,822
Turquoise	728,515
BATS	274,042
Nasdaq OMX	8,140
Total	16,351,841

Source: Transaction Auditing Group (TAG)

21.2 ARTICLES OF INCORPORATION AND BYLAWS

21.2.1 CORPORATE PURPOSE (ARTICLE 2 OF THE BYLAWS)

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

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

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

- participate, either directly or indirectly, in all business and manufacturing transactions related in any way whatsoever to the abovementioned purposes or likely to promote them, either through the creation of new companies, the contribution, subscription or purchase of securities or company rights, through merger, alliance, joint holdings, or by any other means;

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

- generally, perform all business, manufacturing, financial or other transactions directly or indirectly related to the above purposes or to any similar purposes, including the development of ways to expand, promote, advertize, trade or transport raw materials, semi-finished or finished products, as well as the ability to purchase, acquire, hold, transfer, lease, mortgage or dispose of goods, whether movable or immovable, property, plant and equipment or intangible, related to the above purposes or likely to develop them.

21.2.2 PROVISIONS RELATING TO THE ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES (ARTICLES 11 TO 17 OF THE BYLAWS AND INTERNAL RULES OF THE BOARD OF DIRECTORS)

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

The Board of Directors elects a Chairman from among its members. The Chairman must be a natural person, failing which his/her appointment will be deemed invalid. The Board of Directors sets the Chairman's compensation.

The Board of Directors may also appoint one or more Vice-Chairmen from among its members.

The Chairman of the Board of Directors organizes and coordinates the Board of Directors' work and reports thereon to the Shareholders' Meeting.

The members of the Board of Directors are elected for terms of four years, expiring at the end of the Ordinary Shareholders' Meeting called during the year in which the term of the director in question expires to approve the financial statements for the year then ended. All directors are eligible for reelection.

The internal rules of the Board of Directors require each member of the Board of Directors to hold a minimum of ten Company shares for the duration of his/her term of office.

The Shareholders' Meeting may decide to allocate a fixed annual sum to the Board of Directors as directors' fees, until a later Shareholders' Meeting decides otherwise.

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

The Company's Chief Executive Officer is the Chairman of the Board of Directors.

For more information see the Chairman's Report in Appendix 1 of the Registration Document.

21.2.3 RIGHTS AND PRIVILEGES ATTACHED TO SHARES

Appropriation of profits (articles 10, 22 and 23 of the bylaws)

Each share entitles its holder to a proportionate share of profits corresponding to the percentage of capital it represents.

Profit for the year, less any accumulated losses, is subject to a deduction of (i) at least five percent allocated to the legal reserve, a deduction which ceases to be mandatory once the reserve represents one-tenth of the share capital but becomes mandatory again if the legal reserve falls to below one-tenth of the share capital for any reason, and (ii) any amount to be set aside as reserves as required by law.

The balance, plus any retained earnings, represents distributable profit that the Shareholders' Meeting may, on recommendation of the Board of Directors, distribute in whole or in part as dividends, or allocate to reserve accounts, capital amortization or retained earnings.

The Shareholders' Meeting may allow shareholders the option to receive all or part of dividends or interim dividends distributed in either cash or shares, in accordance with the law. The Shareholders' Meeting may decide to use the reserves at its disposal to pay a dividend on shares. If this occurs, the relevant resolution must expressly state from which accounts funds are to be withdrawn.

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

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

Attendance at Shareholders' Meetings (article 19 of the bylaws)

All shareholders are entitled to take part in Ordinary and Extraordinary Shareholders' Meetings and in deliberations, either in person or by proxy, as provided by law.

Shareholders may be represented by their spouse or by another shareholder at all meetings. They may also vote by mail by way of a form, which can be obtained under the conditions outlined in the convening notice, in accordance with applicable laws and regulations. Proxy or voting forms of shareholders attending meetings in person will be declared null and void.

Shareholders may take part in meetings by videoconference or by other means of telecommunication in accordance with the terms of applicable laws and regulations referred to in the published notice of meeting or the convening notice.

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

Voting rights (article 20 of the bylaws)

Voting rights attached to shares are proportionate to the fraction of capital represented and each share entitles its holder to at least one vote.

All paid-up shares, given the proportion of share capital they represent and irrespective of their class, which have been held in registered form by the same shareholder for five years or more, confer voting rights equal to twice that of other shares.

Shares converted to bearer form or whose ownership changes, subject to the exceptions provided by law, automatically lose their double voting rights. Registered shares are not stripped of voting rights and the five-year period continues to run following transfers by inheritance, the liquidation of community property between spouses and *inter vivos* gifts made to a spouse or relatives entitled to inherit.

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

In the event of a capital increase through the capitalization of reserves, profits or paid-in capital, new shares awarded in respect of existing shares carrying double voting rights will also have double voting rights from the date of issue.

The system of double voting rights was introduced by decision of the Extraordinary Shareholders' Meeting of March 30, 1999.

Form of shares and identification of shareholders (article 8 of the bylaws)

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

The Company may apply statutory and regulatory provisions relating to the identification of holders of securities granting immediate or future voting rights at Shareholders' Meetings.

21.2.4 CHANGES IN SHAREHOLDERS' RIGHTS

Changes in shareholders' rights are subject to the provisions of applicable law, as the bylaws do not contain any specific provisions in this regard.

21.2.5 CONVENING OF SHAREHOLDERS' MEETINGS

Shareholders' Meetings are called and deliberate in accordance with the law.

Shareholders' Meetings take place either at the Company's registered office or at another location indicated in the convening notice. The Board of Directors can decide, upon issuing the convening notice, to publicly hold the entire meeting by videoconference and/or by other means of telecommunication, in accordance with the law. Where applicable, this decision is made known in the published notice of meeting or the convening notice.

The Company publishes a notice in the French bulletin of mandatory legal notices (BALO) containing the text of the resolutions which will be presented at the Shareholders' Meeting in accordance with the law.

Shareholders' Meetings are called by a notice published in the BALO and in a newspaper authorized to publish legal notices in the same *département* as the Company's registered office, within the timeframe provided for by law.

Holders of shares in registered form who have held said shares for at least one month at the date of publication of the convening notice are convened by ordinary letter; they may request to receive notice by registered letter if they provide the Company with the amount of postage required.

All shareholders are entitled to take part in Ordinary and Extraordinary Shareholders' Meetings and in deliberations, either in person or by proxy, as provided by law.

Shareholders may be represented by their spouse or by another shareholder at all meetings.

21.2.6 PROVISIONS DELAYING A CHANGE OF CONTROL

– Ownership structure: see section 18.1.

– Bylaw restrictions on the exercise of voting rights and share transfers: see section 21.2.7.

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

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

– Powers granted to the Board of Directors to buy back shares: the Annual General Meeting of June 10, 2010 granted the Board of Directors the necessary powers to launch a share buyback program, to set the terms and conditions thereof and to use this authorization solely for the purposes of:

  - maintaining a liquid market in the Company's shares through market-making transactions carried out by an investment firm;
  - delivering shares upon the exercise of rights attached to the issue of securities granting access to Company shares and stock option plans, or in connection with share awards to employees and corporate officers of the Company or companies within the same Group, or the allocation or transfer of shares to employees under profit-sharing plans, employee share ownership plans or employee savings plans;
  - holding shares for their subsequent delivery as payment or exchange in connection with external growth transactions; and
  - reducing the Company's share capital by way of cancellation of shares.

  In particular, the Board of Directors is authorized to buy back the Company's own shares, subject to the statutory cap of 10% of its share capital, it being specified that the maximum percentage shares bought by the Company with a view to holding and subsequently delivering same as payment or exchange in connection with a merger, spinoff or contribution transaction is capped at 5%, as provided by law.

– Authorizations and powers

  The table of authorizations and powers granted by the Annual General Meeting to the Board of Directors regarding the issuance of shares appears in section 21.1.5.

– Voting rights

  Article 20 of the bylaws of the Company provides that all paid-up shares, given the proportion of share capital they represent and irrespective of their class, which have been held in registered form by the same shareholder for five years or more, are entitled to twice the voting rights of other shares.

– Change-of-control clauses

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

Nature of agreement	Contracting party	Purpose
Loan agreement	BNP Paribas, Calyon, Natexis Banques Populaires, Société Générale	Syndicated loan of €260 million, expiring in 2013
License agreement	Gen-Probe	Ribosomal RNA
License agreement	Roche Diagnostics	NT-pro-BNP
License agreement	Chiron	HIV
License agreement	B.R.A.H.M.S. AG	PCT
License agreement	Paul Sabatier University/Pr. Serre	Filaggrine
Cross-licensing agreement	Knome Inc.	Sample prep technology
License agreement	Biocartis SA	New PCR Apollo platform

bioMérieux is not aware of any other factors likely to have an impact in the event of a public offering of its securities, as provided for in article L.225-100-3 of the French Commercial Code.

21.2.7 DISCLOSURE THRESHOLD

Crossing of thresholds (article 10 of the bylaws)

Shareholders have a legal obligation to notify the Company and the AMF when a legal threshold is crossed, specifying in particular their fractional ownership of the Company's shares and voting rights, within the legal deadline.

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

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

In the event of failure to comply with these requirements, the shares in excess of the relevant threshold will be stripped of voting rights for all Shareholders' Meetings held within the two-year period from the date when the omission is remedied, at the request of one or more shareholders holding at least 5% of the Company's capital or voting rights, as evidenced in the minutes of the Shareholders' Meeting.

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

22 MATERIAL CONTRACTS

The Company has not entered into any material contracts over the last two years other than those entered into in the ordinary course of business.

23 THIRD-PARTY INFORMATION

23.1 EXPERT STATEMENT OR REPORT

N/A

23.2 INFORMATION FROM A THIRD PARTY

N/A

24 DOCUMENTS ON DISPLAY

During the period of validity of this Registration Document, the Company's Articles of incorporation and bylaws, as well as the minutes of Shareholders' Meetings, the Company's historical financial information for each of the two years preceding the publication of this Registration Document, the Statutory Auditors' reports and all other Company documents may be consulted at the Company's registered office in Marcy l'Étoile, Rhône, France.

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

25 INFORMATION ON INVESTMENTS

The list of subsidiaries and investments is presented in Note 5.1 to the 2010 parent company financial statements.

APPENDIX 1

REPORT OF THE CHAIRMAN OF THE BOARD OF DIRECTORS ON (1) THE COMPOSITION OF THE BOARD OF DIRECTORS (2) THE CONDITIONS GOVERNING THE PREPARATION AND ORGANIZATION OF THE BOARD OF DIRECTORS' WORK AND (3) INTERNAL CONTROL AND RISK MANAGEMENT PROCEDURES

This report was submitted to the Audit Committee and approved by the Board of Directors on March 8, 2011.

1. COMPOSITION OF THE BOARD OF DIRECTORS AND APPLICATION OF THE PRINCIPLE OF GENDER EQUALITY

1.1 - Composition and organization

The Company is incorporated as a French joint stock company (*société anonyme*) with a Board of Directors.

The Board of Directors has chosen to entrust the General Management to the Chairman of the Board of Directors who also holds the position of Chief Executive Officer of the Company and to appoint a Chief Operating Officer who is also a director.

Until December 31, 2010, Alain Mérieux was Chairman and Chief Executive Officer and Alexandre Mérieux was Chief Operating Officer.

Since January 1, 2011, Jean-Luc Bélingard has held the position of Chairman and Chief Executive Officer and Alexandre Mérieux has held the position of Chief Operating Officer following his re-appointment. They will remain in office until the expiration of their terms of office as directors, i.e., at the close of the Annual General Meeting to be held in 2014 to approve the financial statements for the year ending December 31, 2013.

At December 31, 2010, the Board of Directors comprised nine directors, including four independent directors. All the terms of office expire in 2014, except that of Christian Bréchot which expires in 2012.

The Company's bylaws provide that the Board of Directors may be assisted by up to three non-voting members (*censeurs*). Harold Boël was appointed as such at the Annual General Meeting of June 10, 2010, for a three-year term expiring at the close of the Annual General Meeting to be held in 2013 to approve the financial statements for the year ending December 31, 2012.

Four representatives of the Works Council may attend Board of Directors' meetings.

On March 15, 2004, the Company's Board of Directors adopted internal rules defining its operating procedures, in addition to legal and regulatory requirements and the provisions of the Company's bylaws. These internal rules were updated in 2007, 2009 and 2010 to reflect new legal provisions and the recommendations of the AFEP-MEDEF Corporate Governance Code. All Board members have agreed to comply with the internal rules.

The internal rules provide that directors must first ensure that they are fully informed of the general and specific obligations attached to their duties and are familiar with securities regulations pertaining to breaches of exchange regulations before accepting their duties. They must, *inter alia*, familiarize themselves and comply with the laws and regulations, the bylaws, the Board of Directors' internal rules and any additional information that the Board of Directors may provide to them.

The internal rules provide that directors:

(i) represent all the shareholders, even though they are shareholders themselves holding at least ten shares, and must act in the Company's interests in all circumstances;

(ii) must inform the Board of any actual or potential conflict of interest and abstain from voting on the issues concerned;

(iii) undertake to devote the necessary time and attention to their duties;

(iv) must be diligent and participate in all meetings of the Board of Directors and, if applicable, of the committees on which they serve;

(v) are bound by a strict duty of confidentiality beyond the exercise of discretion required by law with respect to non-public information acquired in connection with their role as directors;

(vi) are bound by a duty of loyalty; and

(vii) must trade in the Company's shares only in compliance with the Code of Conduct adopted by the Company.

1.2 - Independent directors

The Board of Directors' internal rules provide that directors are deemed to be independent when they have no direct or indirect relationship of any kind with the Company, the Group or the management, which could impair their freedom of judgment.

In light of this definition, in 2010, the Board of Directors comprised four independent directors out of nine members:

- Groupe Industriel Marcel Dassault, represented by Benoît Habert;
- Michele Palladino;
- Michel Angé;
- Jean-Luc Bélingard.

Following Jean-Luc Bélingard's appointment as Chairman and Chief Executive Officer on January 1, 2011, the Board of Directors has only three independent directors.

1.3 - Application of the principle of gender equality in the board room

The Board of Directors, in agreement with the Human Resources, Appointment and Compensation Committee, would like to appoint women to the Board. The Human Resources, Appointment and Compensation Committee will recommend women for appointment in accordance with the conditions and within the timeframe required by law.

2. PREPARATION AND ORGANIZATION OF THE BOARD OF DIRECTORS' WORK

2.1 - Legal framework of corporate governance

The Company complies with applicable corporate governance requirements. It refers to the AFEP-MEDEF Corporate Governance Code which summarizes current corporate governance principles. This code may be viewed online on the MEDEF website (http://www.code-afep-medef.com). The provisions of the code that have not been applied and the reasons for such non-compliance are described below.

Directors' terms of office

The majority of the directors' terms of office expire at the same time. In light of the Company's background (seven of the current nine directors were appointed in 2004 and their terms of office renewed upon expiration), the terms of office of directors cannot be staggered.

Composition of the Board of Directors

There are no women on the Board. The Human Resources, Appointment and Compensation Committee will present to the Board of Directors a list of women candidates for the Board.

The Audit Committee and its duties

The risks and off-balance sheet commitments are listed in the notes to the financial statements. They are not subject to a special report by the Chief Financial Officer as they are not material.

Assessment of the Board of Directors

The Board of Directors assesses the performance of General Management independently and collectively.

2.2 - The Board of Directors' work

The Board of Directors is responsible for defining and implementing the Company's strategies. It has powers to act on all questions concerning the smooth running of the Company and settles all matters affecting the Company by its deliberations, within the limits of the corporate purpose and subject to the powers expressly granted to Shareholders' Meetings. The Board of Directors carries out all controls and procedures that it deems appropriate.

The Board of Directors' internal rules provide that the Board of Directors must decide on (i) the approval of the strategic plans of the Company and its subsidiaries, (ii) the approval of the annual budget and, on a quarterly basis, its implementation, and (iii) the authorization of all key transactions (acquisitions, exchanges, transactions, granting of security interests, financing by any means, etc.) of more than €30 million not provided for in the strategic plan or the budget.

The internal rules also provide that the Board of Directors must be notified of any significant event affecting the operation of the Company and more specifically its financial and cash position and commitments.

In 2010, the Board of Directors of the Company met six times. All directors were present or represented at each meeting as evidenced by the duly signed attendance register. In 2010, the Board of Directors:

- analyzed the quarterly reviews of the Company's operations and affairs and major projects;
- approved the parent company financial statements and the consolidated financial statements for the year ended December 31, 2009, prepared the Annual General Meeting, and approved the various reports required by law;
- approved the interim financial statements and the related report;
- approved the proposed budget for 2011;
- approved the strategic plan;
- approved the related-party agreements;
- assessed the way in which the Board of Directors operates and its composition;
- renewed the terms of office of directors;
- appointed a new non-voting director (*censeur*);
- appointed a new Chairman and Chief Executive Officer and confirmed the term of office of the Chief Operating Officer;
- reviewed the subsidiaries' position;
- authorized and recorded sureties, endorsements and guarantees;
- authorized acquisitions of interest and cooperation agreements;
- changed the composition of the Audit Committee and of the Strategy Committee;
- changed the role of the Compensation Committee and amended the Board of Directors' internal rules accordingly;
- set up employee share ownership plans;
- implemented a new share buyback program.

As stipulated in the internal rules, the Board of Directors devotes an agenda item, each year, to the Board's operations in order to (i) evaluate the quality and effectiveness of the Board's discussions, (ii) assess the Board of Directors' actual roles and duties, (iii) analyze the reasons for any shortcomings as perceived by the Chairman, directors or shareholders, and (iv) analyze the independence criteria applicable to directors.

At its meeting of June 10, 2010, the Board of Directors carried out a self-assessment using a questionnaire in which each director was able to state his opinion. The analysis of the responses received, which were discussed by the Board of Directors, showed that a large majority of directors believe that the Board's responsibilities and duties were fulfilled and that the quality, frequency and duration of its meetings as well as the recording of its decisions were adequate. The Board of Directors' composition was approved but the members supported the appointment of women to the Board. Materials provided to the Board are adequate even if the information sources could be more varied with greater interaction with the Company's managers, such as the members of the Management Committee. The directors consider that they are well informed on insider trading risks and feel they can exercise independent judgment.

Every year, the Board of Directors reviews its self-assessment and from now on, it will discuss the Company's policy in terms of compensation and equality in the workplace.

2.3 - Special committees of the Board of Directors

The Board of Directors' internal rules provide that the Board of Directors may set up one or more permanent or temporary committees to help it accomplish its work and contribute to the preparation of its decisions.

The committees are in charge of examining issues assigned to them by the Board of Directors or the Chairman of the Board, preparing the Board of Directors' work on these issues, and reporting their findings to the Board of Directors in the form of reports, proposals, communications or recommendations.

The committees act in a consultative capacity. The Board of Directors determines at its own discretion how to follow up on the findings reported by the committees. The directors remain free to vote as they choose and are not bound by the committees' studies, investigations or reports, nor by any recommendations they may issue.

2.3.1 - Audit Committee

Composition of the Audit Committee

The Audit Committee was set up on December 20, 2002. It comprises three members appointed by the Board of Directors from among its members who are not members of the Company's Management. It comprises a majority of independent directors and at least one member with expertise in finance and accounting.

At December 31, 2010, the Audit Committee comprised the following three members: Michel Angé (committee chairman), Benoît Habert and Georges Hibon. Michel Angé and Benoît Habert are independent directors within the meaning of the Board of Directors' internal rules. Two-thirds of the Audit Committee are independent members.

Role and operation of the Audit Committee

The committee meets (including by conference calls) as often as it deems necessary and at least twice a year, before the review by the Board of Directors of the annual and interim financial statements. The Audit Committee appoints a chairman from among its members, who may hold a directorship but no management position within the Company or the Group.

The Audit Committee's work

Pursuant to the Board of Directors' internal rules, the Audit Committee's duties are to assist the Board of Directors. It is primarily responsible for monitoring (i) the preparation of financial information, (ii) the effectiveness of internal control and risk management systems, (iii) the audit of the parent company financial statements and consolidated financial statements by the Statutory Auditors, and (iv) the independence of the Statutory Auditors. It also reviews the Company's draft financial press releases in particular relating to the interim financial statements and quarterly sales.

In 2010, the Audit Committee met eight times, with all its members attending, to review press releases relating to fourth-quarter 2009 sales, the annual financial statements for 2009, first- and second-quarter 2010 sales, the interim financial statements for 2010 and third-quarter 2010 sales. It reviewed the interim and annual financial statements and related reports. The committee also reviewed the Chairman's report on internal control procedures and the main disputes, risks and off-balance sheet commitments. It conducted a summary review of internal control and risk management procedures.

In accordance with its operating rules, the Audit Committee reported to the Board of Directors on the performance of its duties and presented the observations that it deemed appropriate.

2.3.2 - Human Resources, Appointment and Compensation Committee

Composition of the Human Resources, Appointment and Compensation Committee

Pursuant to the Board of Directors' internal rules, the Human Resources, Appointment and Compensation Committee comprises three members appointed by the Board of Directors from among its members. It consists of a majority of independent directors.

The Board of Directors set up the Compensation Committee on March 15, 2004 and changed the committee's roles and responsibilities on September 3, 2010 by including human resources functions. It became the Human Resources, Appointment and Compensation Committee.

On December 31, 2010, the Human Resources, Appointment and Compensation Committee was comprised of Georges Hibon (committee chairman), Michele Palladino and Jean-Luc Bélingard. Michele Palladino and Jean-Luc Bélingard were independent directors within the meaning of the Board of Directors' internal rules. Two-thirds of the committee were independent members.

Since January 1, 2011, Jean-Luc Bélingard has been the Chairman and Chief Executive Officer of the Company and has no longer been a member of the Human Resources, Appointment and Compensation Committee.

Following the Board of Directors' decisions of December 17, 2010 and March 8, 2011, the committee members are Michel Angé, Michele Pallodino and Alain Mérieux (committee chairman). Michele Palladino and Michel Angé are independent directors.

Role and operation of the Human Resources, Appointment and Compensation Committee

The Human Resources, Appointment and Compensation Committee meets at least once a year. Meetings are called by the Chairman of the Board of Directors.

With respect to appointments, the committee is responsible for making recommendations on the composition of the Board after considering all relevant information before making a decision, i.e., balanced Board membership to reflect the Company's shareholding structure, identifying possible candidates, renewal of terms of office. The committee must establish procedures for the selection of independent directors and review potential candidates before making any decisions.

The committee must establish a succession plan for executive corporate officers to fill any unforeseen vacancy.

With respect to the compensation of the Company's corporate officers, the committee is primarily responsible for: (i) making recommendations to the Board of Directors concerning the fixed and variable compensation, supplementary and specific pension and personal protection plans, benefits-in-kind and other financial benefits to which the Chairman and Chief Executive Officer and, if applicable, the Chief Operating Officer, may be entitled, (ii) recommending to the Board an overall amount of directors' fees, as well as rules governing the distribution of such fees and the individual amounts payable to each director based on their attendance record at Board meetings and committee meetings, and (iii) proposing to the Board of Directors, where applicable, the rules governing the variable portion of corporate officers' compensation and ensuring that these rules are applied. The Human Resources, Appointment and Compensation Committee is also informed on the compensation policy applicable to the main non-officer executives.

With respect to stock options and share grants, the committee submits to the Board of Directors its observations regarding the Company's stock option and free share plans proposed by the Chairman and Chief Executive Officer and, if applicable, the Chief Operating Officer, and makes recommendations on the different categories of beneficiaries. The options granted to corporate officers are examined on a case-by-case basis by the committee.

The Human Resources, Appointment and Compensation Committee met twice in 2010. The main topics discussed at meetings were the compensation policy, the appointment of the new Chairman and Chief Executive Officer and his compensation, the granting of free shares and the employee stock ownership plan.

In accordance with its operating rules, the committee reported to the Board of Directors on the performance of its duties and provided the Board with all useful information.

2.4 - General Management

2.4.1 - Role of General Management

The Chairman and Chief Executive Officer has the broadest powers to act in all circumstances on behalf of the Company. He exercises his powers within the limits of the corporate purpose and subject to the powers expressly granted by law to Shareholders' Meetings and to Board of Directors' meetings. He represents the Company in its dealings with third parties.

The Board of Directors has not imposed any specific limits on the powers of the Chief Executive Officer, with the exception of certain provisions of its internal rules that require the Chief Executive Officer to refer the following matters to the Board: (i) the approval of the strategic plans of the Company and its subsidiaries, (ii) the approval of the annual budget and, on a quarterly basis, its implementation, and (iii) the authorization of all key transactions (acquisitions, exchanges, transactions, granting of security interests, financing by any means, etc.) of more than €30 million not provided for in the strategic plan or the budget.

Two committees assist bioMérieux's General Management in the performance of its duties.

2.4.2 – General Management committees

Strategy Committee

This committee is currently comprised of four members (Alain Mérieux, Stéphane Bancel, Alexandre Mérieux and Jean Luc Bélingard). It proposes to the Board of Directors medium- and long-term strategic objectives for the Group, focusing in particular on (i) business development objectives, (ii) scientific and technological options, (iii) geographical expansion policies, (iv) strategic alliances and partnerships, and (v) communication and management policies relating to the Group's image.

Management Committee

This committee, chaired by Stéphane Bancel (CEO), is comprised of Thierry Bernard (Corporate Vice President, Global Commercial Operations), Michel Baguenault (Corporate Vice President, Human Resources), François Lacoste (Corporate Vice President, Immunoassay Unit), Richard Ding (Corporate Vice President, Business Development and Chief Executive Officer, bioTheranostics, Inc.), Jean-Marc Durano (Corporate Vice President, Industrial Microbiology Unit), Alexandre Mérieux (Corporate Vice President, Microbiology Unit), Marc Mackowiak (Chief Executive Officer, bioMérieux, Inc.), Henri Thomasson (Company Secretary), Steve Harbin (Corporate Vice President, Manufacturing and Supply Operations, Quality Management, Regulatory Affairs & Information Systems).

Alexandre Mérieux was appointed Corporate Vice President of the Microbiology Unit on March 31, 2011, to replace Peter Kaspar who retired.

On March 31, 2011, Michel Baguenault and François Lacoste were appointed Corporate Vice President, Human Resources and Corporate Vice President, Immunoassay Unit, respectively, to replace Eric Bouvier. They joined the Management Committee in such capacity.

The committee is responsible for implementing decisions made by the Board of Directors regarding the Company's general strategy. It meets once a month. At each meeting, the committee reviews the Company's operations, human resources issues, strategy implementation and research and development portfolio management. The committee is responsible for overseeing strategic projects, deciding on priorities and implementing the necessary resources within the Company's various departments.

The Management Committee is assisted by two committees: the Investment Committee and Project Approval Committee.

Investment Committee

This committee meets every month and is comprised of the CEO, the Corporate Vice President of Manufacturing and Supply Operations, the Chief Executive Officer of bioMérieux Inc and the Financial Controller. It makes decisions regarding all industrial investments (property, plant and equipment or intangible assets) in excess of an amount set annually and monitors the progress of these investments. Commitments made are reported to the Management Committee.

Project Approval Committee

This committee, chaired by the CEO, is comprised of the Corporate Vice Presidents of Commercial Operations, Strategy and Business Development, Production and Quality Management as well as the Corporate Vice Presidents of Technology Units. It chooses new projects, selects project teams and allocates resources. It oversees the progress of the projects up to the marketing of the relevant product. Projects are reviewed at least once a year and may be subject to special reviews in the event of significant changes.

2.5 - Compensation and information governed by article L.225-100-3 of the French Commercial Code

Details of the compensation policy and the amounts of compensation paid to directors, the Chairman and Chief Executive Officer and the Chief Operating Officer are set out in section 15.1 of the 2010 Registration Document.

Information provided for under article L.225-100-3 of the French Commercial Code (information on factors likely to have an impact in the event of a public offer) is set out in the management report in Appendix 4 of the 2010 Registration Document.

2.6 - Shareholder participation in Shareholders' Meetings

The procedure for calling and participating in Shareholders' Meetings is set out in articles 19 and 20 of the bylaws.

3. INTERNAL CONTROL AND RISK MANAGEMENT PROCEDURES

3.1 - General organization of internal control procedures

Objectives, scope and reference framework

Internal control is a process implemented by the Board of Directors, senior management and employees designed to provide reasonable assurance that the following objectives are achieved:

- consistency of operations with General Management's directives;
- reliability of financial information;
- compliance with applicable laws and regulations;
- management and control of operational and financial risks.

The Group's internal control system was established in line with:

- the Internal Control Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO);
- the AMF's Reference Framework on internal control and risk management systems;
- recommendations published by the AMF.

The Internal Control system applies to all the companies included in the Group's scope of consolidation.

3.2 - Persons and departments in charge of internal control

General Management

General Management and the Board of Directors, through the Audit Committee, oversee and supervise the internal control system. For this purpose, General Management relies on audits as described below (see section 3.4 – Implementation and monitoring of the internal control system).

Finance Department

Under the authority of the Company Secretary, who is a member of the Management Committee, the Finance Department directly oversees Group-level functions (management control, reporting and consolidation, cash management, finance and tax) and indirectly oversees the administrative and financial functions of each Group entity.

Quality Management Systems Department

The Quality Management Systems Department (QMS), which reports to the Corporate QMS, Regulatory Affairs, Health, Safety and Environment (HSE), Internal Control & Information Systems (IS/ERP) Department, is responsible for ensuring that:

- the processes used to design, produce, distribute, install and maintain bioMérieux products comply with customers' needs and regulatory requirements;
- the quality management system used by all bioMérieux Group entities is effective;
- customer complaints are followed up and monitoring systems are put in place.

This department implements steps and measures required to apply the rules necessary to achieve quality objectives, or to ensure that all of the Company's personnel apply such rules. It also authorizes the marketing of products, decides on information to be released to customers and, if necessary, initiates corrective actions to be taken, including product recalls.

A post-market surveillance procedure is also implemented to assess product compliance, performance and suitability. This assessment which is largely documented is discussed with and validated by several operational departments (Marketing, R&D, Manufacturing, Customer Service).

Health, Safety and Environment (HSE) Department

The HSE Department, which reports to the Corporate QMS, Regulatory Affairs, HSE, Internal Control & IS/ERP Department, prepares, supports and monitors the application of the health, safety and environmental policy.

A health, safety and environmental policy has been drawn up as part of bioMérieux's quality strategy. It provides for several measures relating in particular to (i) the prevention of occupational accidents and illnesses which are monitored through specific indicators, (ii) improving energy efficiency and the preservation of natural resources and the environment, (iii) restricting access to various sites, as well as sensitive premises and information. This policy is implemented by the management of each entity which, within its scope of responsibility, ensures the protection of persons and assets and minimizes the impact of bioMérieux’s activities on the environment.

Information Systems Department

The Information Systems Department is responsible for:

- supporting bioMérieux’s business strategy and systems by providing services and products that meet the needs of users of information systems in compliance with applicable laws and regulations;
- ensuring the availability, continuity and quality of the applications provided;
- managing and protecting information in terms of confidentiality and integrity, in accordance with security levels; and
- providing technical and functional support to customers within the Group.

In order to achieve these objectives, the department operates out of two facilities in France and the United States and relies on a network of IT correspondents in all Group subsidiaries.

The Company has devised a security policy which protects it against major IT risks.

An IT governance procedure is used to define the responsibilities in the day-to-day use and IT management of existing applications. The main systems are reviewed by the Management Committee.

Legal Affairs and Industrial Property Department

The Legal Affairs and Industrial Property Department oversees bioMérieux's relations with external third parties (suppliers, customers, partners, governments, etc.) and the management of corporate governance, while ensuring compliance with applicable rules and regulations and the protection of the Company's interests. It organizes the protection and valuation of scientific innovations created by bioMérieux, in liaison with the departments concerned. In order to achieve these objectives, the department operates from two main centers in France and in the United States and relies on a network of consultants in other parts of the world. It is organized by business function and by geographic area.

3.3 - Internal control process

3.3.1 - Internal control environment

bioMérieux's internal control environment is based on:

bioMérieux's values

The Group's values take the form of convictions and rules of conduct aimed at guiding the employees on a daily basis.

Code of Conduct

The Group's Code of Conduct sets out the rules of conduct and integrity applicable to all of its employees. All the employees have received a copy of the code which focuses on the following issues:

- compliance with the law;
- health, safety and the environment;
- conflicts of interest;
- professional ethics and integrity;
- safeguarding and appropriate use of assets; and
- social responsibility.

Rules of ethics applicable to the financial markets

Employees likely to hold inside information have signed the Company's rules regarding securities transactions and have agreed to comply with French regulations on insider trading and failure to meet insider trading obligations.

The Code of Conduct also sets out these rules. On-line training has also been given to certain employees.

Internal control of subsidiaries

The Chief Executive Officers and Chief Financial Officers of each entity are responsible for internal control within their organization and undertake to implement an effective system.

Integrated management software application

The Company has begun to rollout an Integrated Management Software application (formerly ERP) across all Group entities. The ensuing standardized procedures facilitate the implementation of a more effective internal control system.

Quality Manual

The Corporate Quality Manual describes the corporate quality management system. This system applies to all the Company's activities, from the design of products to their delivery and installation, including after-sales service.

In addition to this Quality Corporate Manual, each subsidiary, production site and R&D site has a local Quality Manual describing provisions that are specific to its activities.

These manuals are used as permanent reference documents for the implementation, management and improvement of the Quality Management System, as well as for relations between bioMérieux and its customers.

Regulatory standards

All bioMérieux products are designed, manufactured and delivered in accordance with the quality standards applicable to *in vitro* diagnostics.

The quality management system for the design, manufacture and delivery of products is designed in conformity with ISO 9001 and ISO 13485 certifications, implemented voluntarily or as required by regulations.

All manufacturing sites are ISO 9001 certified. The main manufacturing sites are also ISO 13485 certified.

3.3.2 - Risk management and monitoring

The main risks to which the Group is exposed, including the different types of risk, their impact and how they are monitored, are described in Chapter 4 of this Registration Document.

The Group has set up a Risk Forum under the authority of the Corporate QMS, Regulatory Affairs, HSE, Internal Control & IS/ERP Departments. This Risk Forum meets on a quarterly basis for the purposes of:

- validating the Group's risk mapping process;
- implementing overall risk management and risk assessment procedures;
- monitoring these risks and the corresponding action plans;
- defining a crisis management process;
- informing the Management Committee of any significant risk for the Company.

3.3.3 - Control activities

Control activities are put in place by the corporate and operational departments based on Group procedures.

The persons and departments in charge of internal control (see section 3.2) play a decisive role in control activities.

3.3.4 - Information and communication

The Group has various written procedures (project management, investment management, processing of financial information, etc.), in French and in English which are accessible via its intranet and/or specific servers.

3.4 - Implementation and monitoring of the internal control system

General Management and the Board of Directors, through the Audit Committee, manage and monitor the internal control system (their roles and operations are detailed in the first part of this report).

For this purpose, they rely on audits as described below.

Internal Audit Department

The Internal Audit Department is made up of a core team of three individuals who rely on internal resources (about fifteen employees) and report to the Corporate Vice President of the QMS, Regulatory Affairs, Health, Safety and Environment (HSE), Internal Control & IS/ERP Departments (member of the Management Committee). The Internal Audit Department conducts audits to ensure that the procedures defined by the Group are properly applied by the subsidiaries and group-level departments.

This department is governed by an Internal Audit Charter that sets out its role and duties, the scope of its authority and powers and the methodology used. The methodology complies with professional standards.

The Internal Audit Department draws up an annual audit plan, which is updated each quarter, based on a risk map.

The Internal Audit Department prepares a summary of the audits conducted, which is then presented to the Audit Committee every year and to the Management Committee every quarter.

QMS Department

The quality assurance departments, which are integrated into functions and business lines, conduct periodic audits to assess the implementation of good practices and ensure compliance with procedures and regulations in their field of expertise.

These audits are conducted at the Company's sites or at its subsidiaries' premises by internal quality auditors, based on a program drawn up each year.

Information Systems Department

The Information Systems Department has the necessary resources to conduct periodic audits to assess the implementation of good information security practices and ensure compliance with the relevant procedures.

External audits

The Company is subject to various types of external audits as described below.

The Statutory Auditors, i.e., Deloitte et Associés and its network and Commissariat Contrôle Audit (CCA), audit the consolidated financial statements and the parent company financial statements as well as the individual financial statements of most Group companies. For the other subsidiaries, the Statutory Auditors rely on the work carried out by these companies' external auditors.

In addition to the reports required by law, the audits by the independent auditors are summarized in a report that covers material audit findings and the manner in which they have been resolved, as well as recommendations regarding the Group's internal control procedures. These recommendations are reviewed with the management of the subsidiaries concerned and their implementation is monitored.

The analysis and assessment of the Company's internal control systems are carried out in consultation with the Statutory Auditors, who are informed of the results of the work carried out by the internal audit team.

The regulatory authorities carry out audits and inspections at the Company's sites, as described in section 6.1.4.5 of the 2010 Registration Document.

The Company's pharmaceutical customers also conduct a large number of quality audits to verify the compliance of bioMérieux's quality assurance system with BPF and GMP requirements which are imposed on manufacturers of drugs that use bioMérieux products for their quality control processes.

3.5 - Internal control process relating to the preparation and processing of accounting and financial information

3.5.1 - Definition and objectives

Accounting and financial internal control is a key component of the internal control process. It applies to all Group processes relating to the preparation and reporting of accounting and financial information and ensures that such information is reliable and complies with statutory and regulatory requirements.

Like internal control in general, it relies on a global system which includes the design and implementation of the Group's information system as well as monitoring and control policies and procedures.

Accounting and financial internal controls are designed to ensure:

- the compliance of accounting and financial reporting with applicable rules;
- the application of the instructions and objectives issued by General Management;
- the safeguarding of assets;
- the prevention and detection, insofar as possible, of fraud or errors in accounting and financial information;
- the reliability of information circulated and used internally for monitoring or control purposes, insofar as it contributes to the preparation of the published accounting and financial information; and
- the reliability of the published financial statements and of other information provided to the market.

3.5.2 - Organization and parties involved

Finance Department

Accounting/Finance

bioMérieux has issued a manual of accounting and consolidation principles for use by the Group's entities. It lists the principal items in the consolidated financial statements and specifies their contents, as well as the valuation methods to be used.

For bioMérieux SA and its principal subsidiaries, the accounting procedures required by the application of those principles and local regulations when recognizing ordinary and recurrent transactions are incorporated in the accounting software, in order to render data processing secure and automatic. A limited number of manual entries are made at those entities.

The administrative and financial department of each entity performs credit management functions. The administrative and financial departments are responsible for defining and periodically reviewing the amount of credit allowed for customers, and anticipating risks of insolvency, by using the services of credit-rating companies.

Management control

Each year, the annual budget is prepared on the basis of the five-year corporate strategic plan and is validated by the Board of Directors. The budget serves as a basis to track the performance of each process and Group entity.

bioMérieux and its subsidiaries all have management controllers whose duties include verifying compliance with the budget. In addition, each function has a dedicated management control unit in charge of drawing up its annual budget and liaising with the legal entities of the Group.

Consolidation

The consolidation process is centralized within the bioMérieux Group. The consolidation unit checks that the financial statements of the subsidiaries are prepared in accordance with the Group's accounting principles, as set forth in procedure manuals provided to all Group entities. It has a consolidation software package which includes all the financial statements of the subsidiaries and processes them in accordance with the Group's chart of accounts.

The consolidation process includes an in-depth analysis of the financial statements, e.g., net cash position is reconciled with the statements prepared by Cash Management. A quarterly analysis report is prepared and provided to the Group's General Management.

Cash Management

In light of the large number of countries in which bioMérieux operates, Cash Management also plays a key role in the accounting and financial internal control system. It is mainly responsible for:

– maintaining a balance between the finances of Group entities, by way of:

  - annual cash forecasts revised monthly on the basis of schedules included in reporting guidelines,
  - a cash pooling arrangement with bioMérieux as pool leader and involving twenty-six subsidiaries; this arrangement is backed up by fund transfer procedures established with one of the Group's principal banks, and
  - careful and prudent investment practices for temporary cash surpluses, which are invested exclusively in money-market instruments;

– managing exchange rate risks so as to minimize the impact of fluctuations on budgeted profit, through:

  - a policy of billing export sales to third parties exclusively in strong currencies,
  - hedging, whenever possible, a large portion of net cash flows at the start of the year, and
  - monthly adjustments to hedges depending on actual transactions.

Nevertheless, residual risk exposures exist, due in part to the volume of business and debt in emerging countries.

In addition to having an impact on the Company's profit, exchange-rate fluctuations can affect its equity. The Company does not hedge the risks to which its assets are exposed in this respect.

Control of subsidiaries

Operational control of subsidiaries is achieved through:

– regional management departments (in Europe, North America, Latin America and Asia) which, with the assistance of support functions, verify the relevance of the appropriate human, financial and business resources available locally;
– the presence of members of certain operational and/or financial functions on the boards or committees (board of directors or its equivalent) overseeing the activities of subsidiaries;
– a financial and administrative function in each subsidiary;
– a monthly review of their reporting. The subsidiaries' main performance indicators, pertaining primarily to their sales and financial structure, are compared to the same indicators of the previous year and the budget's indicators. The Management Committee reviews a summary of these indicators per region and for the Group. Following such reviews, the management of each subsidiary is notified of the Management Committee's observations and decisions. Regional directors ensure that any measures to be taken are duly implemented.

Investor Relations Department

The Company’s publications (annual and interim reports, press releases, etc.) are drafted on the basis of specific discussions. They are submitted to a working group, which includes General Management and the Company Secretary. Press releases relating to results and sales are reviewed by the Audit Committee.

The Chairman of the Board of Directors
Jean-Luc Bélingard

APPENDIX 2

STATUTORY AUDITORS' REPORT ON THE REPORT PREPARED BY THE CHAIRMAN OF THE BOARD OF DIRECTORS

This is a free translation into English of the Statutory Auditors' special report issued in French and is provided solely for the convenience of English speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Shareholders,

In our capacity as Statutory Auditors of bioMérieux and in accordance with article L.225-235 of the French Commercial Code (*Code de commerce),* we hereby report to you on the report prepared by the Chairman of your Company in accordance with article L.225-37 of the French Commercial Code for the year ended December 31, 2010.

It is the Chairman's responsibility to prepare, and submit to the Board of Directors for approval, a report describing the internal control and risk management procedures implemented by the Company and providing the other information required by article L.225-37 of the French Commercial Code in particular relating to corporate governance.

It is our responsibility:

- to report to you our observations on the information set out in the Chairman's report on internal control and risk management procedures relating to the preparation and processing of financial and accounting information, and

- to attest that the report sets out the information required by article L.225-37 of the French Commercial Code, it being specified that it is not our responsibility to assess the fairness of this information.

We conducted our work in accordance with professional standards applicable in France.

Information concerning the internal control and risk management procedures relating to the preparation and processing of financial and accounting information

Professional standards require that we perform procedures to assess the fairness of the information on internal control and risk management procedures relating to the preparation and processing of financial and accounting information set out in the Chairman's report. These procedures mainly consisted of:

- obtaining an understanding of the internal control and risk management procedures relating to the preparation and processing of financial and accounting information on which the information presented in the Chairman's report is based, and of the existing documentation;

- obtaining an understanding of the work performed to support the information given in the report and of the existing documentation;

- determining if any material weaknesses in the internal control procedures relating to the preparation and processing of financial and accounting information that we may have identified in the course of our work are properly described in the Chairman's report.

On the basis of our work, we have no matters to report on the information given on internal control and risk management procedures relating to the preparation and processing of financial and accounting information, set out in the Chairman of the Board's report, prepared in accordance with article L.225-37 of the French Commercial Code.

Appendix 2

Other information

We attest that the Chairman's report sets out the other information required by article L.225-37 of the French Commercial Code.

Lyon and Villeurbanne, April 8, 2011

The Statutory Auditors

COMMISSARIAT CONTROLE AUDIT – CCA	DELOITTE & ASSOCIES
Danielle Pissard	Olivier Rosier

APPENDIX 3

INFORMATION REQUIRED IN THE ANNUAL FINANCIAL REPORT

Statement by the persons responsible for the document	Section 1.2
Management report	Appendix 4
Consolidated financial statements	Section 20.1.1
Statutory Auditors' report on the consolidated financial statements	Section 20.4.1
Parent company financial statements	Section 20.1.2
Statutory Auditors' report on the financial statements	Section 20.4.2

APPENDIX 4

MANAGEMENT REPORT ON THE GROUP'S AND PARENT COMPANY'S OPERATIONS FOR THE YEAR ENDED DECEMBER 31, 2010

To the Shareholders,

We have called you to this Shareholders' Meeting in accordance with the Company's bylaws and the French Commercial Code (*Code de commerce*) in order to report to you on the Company's and the Group's operations for the year ended December 31, 2010.

We hereby present the results of the Company's operations and its future outlook and submit for your approval the parent company and consolidated financial statements for that year which are attached to this report.

MANAGEMENT REPORT ON THE 2010 CONSOLIDATED FINANCIAL STATEMENTS

1 - GROUP BUSINESS REVIEW

The highlights for the year ended December 31, 2010 were as follows:

1.1 – Activity (see section 9.1)

1.2 – Strategic partnerships and agreements (see section 9.2.4)

1.3 – New products (see section 9.2.4)

1.4 – Industrial operations (see section 9.2.4)

1.5 – Current proceedings

The Company is involved in a certain number of claims and litigation arising in the ordinary course of business. bioMérieux believes that no claim or litigation will have a material adverse impact on its operations. The Company is not involved in litigation considered to be material, with the exception of the proceedings described in Notes 13.3.1 and 13.4 to the consolidated financial statements. The Company believes that provisions set aside for litigation provide reasonable coverage.

1.6 – Organization of bioMérieux's sponsorship activities

On December 19, 2003, the Board of Directors resolved to allocate a specific portion of its budget to sponsorship activities. It was agreed that 80% to 90% of this portion would be allocated to projects supported by the Mérieux Foundation and the Christophe and Rodolphe Mérieux Foundation and that the remaining amount would be allocated to sponsorship or activities undertaken directly by bioMérieux. In 2010, the Company contributed €2,463,850 to sponsorship activities (including €1,985,425 to the Mérieux Foundation and the Christophe and Rodolphe Mérieux Foundation), which represented 3.38% of its net sales.

2 - PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS: ECONOMIC AND FINANCIAL SUMMARY

2.1 – Consolidated financial statements

The consolidated financial statements for the years ended December 31, 2010 and 2009 have been prepared in accordance with International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS).

Consolidated income statement (see section 9.2.1)

New income statement presentation (see section 9.2.2)

Consolidated statement of cash flows (see section 9.2.3)

2.2 – Dividend

At the Annual General Meeting to be held on June 15, 2011, the Board of Directors will recommend approval of a dividend of €0.98 per share, representing a total of €38.7 million which will be distributed in June 2011.

2.3 – Off-balance sheet commitments

Off-balance sheet commitments given and received in 2010 are set out in Note 28 to the consolidated financial statements.

2.4 – Market risks

Foreign exchange risk

Since more than half of the Group's operations are conducted outside the eurozone, its financial position and results may be materially impacted by changes in exchange rates between the euro and other currencies. Further information on foreign exchange risk is presented in Note 27.1 to the 2010 consolidated financial statements.

Credit risk

The Group is not exposed to significant credit risk. The carrying amount of its receivables reflects the fair value of net cash flows to be collected. The impact of net write-downs of trade receivables and the net exposure to Greek sovereign debt are set out in Note 8 to the 2010 consolidated financial statements.

Liquidity risk

The Group is not exposed to liquidity risk since its current financial assets far exceed its current financial liabilities and seasonal fluctuations do not have a material impact on the business.

Accordingly, the only maturity schedule given pertains to net financial liabilities, as presented in Note 15.2 to the consolidated financial statements.

2.5 – Consolidated financial statements

The consolidated financial statements are attached to this report.

3 - RECENT EVENTS/OUTLOOK

3.1 – Recent events

In February 2011 bioMérieux and Ipsen announced that they had entered into a partnership to create a global collaboration in theranostics, with a focus on hormone-dependent cancers. The two companies have signed a framework agreement enabling them to jointly identify programs that would benefit from the co-development of a therapeutic and a companion diagnostic test, notably in the prevention and treatment of prostate and breast cancers, neuro-endocrine tumors (NETs) and pituitary tumors.

A new governance structure has been put in place. On Alain Mérieux's proposal, the Board of Directors' meeting of December 17, 2010 appointed Jean-Luc Bélingard as Chairman and Chief Executive Officer of bioMérieux, with effect from January 1, 2011. The Board of Directors also confirmed Alexandre Mérieux's appointment as Chief Operating Officer.

3.2 – Outlook

In 2011, bioMérieux aims to achieve sales growth of 5% to 6%, on a constant Group structure and exchange rate basis. This objective excludes the impact of the discontinuation of the culture media for routine tests business in North America. It does, however, take into consideration the deteriorating economic environment in the Company's main markets, i.e., Western Europe and North America, the end of the quantitative HIV reagents contract in South Africa, and the strong instrument sales recorded in 2010.

In an effort to secure bioMérieux's medium-term development and profitability, the Company has scheduled certain investment activities for 2011, including the launch of a new Services business, groundwork for launches in 2012 and 2013, and an increased focus on research and development. Accordingly, operating profit before non-recurring items is projected to reach between €255 million and €270 million, including an estimated €12 million in research tax credits. This objective also takes into account the scheduled reduction in fees collected as well as expenses relating to the rollout and amortization of the Global ERP system.

4 - RESEARCH AND DEVELOPMENT ACTIVITIES

The Company's research and development investments, which amounted to €149 million or 11% of its net sales in 2010, are based on technologies that are developed internally or in partnership with other companies or academic research institutes, or under licenses acquired by the Company.

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

The main strategic lines of research and development in the clinical, industrial and theranostics fields are described in section 11.2 of this Registration Document.

Around 900 people work in research and development in ten different sites: United States (Durham, Saint Louis and San Diego), France (four sites located in the Rhône-Alpes region), Italy (Florence), Brazil (Rio de Janeiro) and China (Shanghai).

Research activity is split between biomarkers and innovative technologies.

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

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

The Group's policy is to locate, as far as possible, research and development activities by product line in accordance with the site where it is (or will be) manufactured.

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

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

Further information on research and development is provided in Chapter 11 of this Registration Document.

5 - SUBSIDIARIES AND INVESTMENTS

The activities of the subsidiaries and companies controlled by the Group form part of the description of the Company's activities provided in this Registration Document. The table of subsidiaries and investments is presented in Note 5.1 to the 2010 parent company financial statements.

5.1 – Miscellaneous information on acquisitions/disposals of investments

5.1.1 – Acquisitions of investments (see section 7.2.2)

5.1.2 – New subsidiaries (see section 7.2.2)

5.2 – Legal structure (see section 7.2.1)

MANAGEMENT REPORT ON THE 2010 PARENT COMPANY FINANCIAL STATEMENTS

1 - PRESENTATION OF THE PARENT COMPANY FINANCIAL STATEMENTS

The annual financial statements for the year ended December 31, 2010 were prepared in accordance with the rules of presentation and assessment methods provided for by regulations currently in force.

1.1 – Highlights of the year

Subsidiaries

In March 2010, the Company subscribed to the capital increase of its China-based subsidiary, bioMérieux HK Investment. The value of the shares acquired in this transaction amounted to €2.5 million (HKD 27.6 million).

On July 14, 2010, bioMérieux SA purchased a 26% equity stake in its South African subsidiary for €1.7 million (ZAR 16.5 million) from Litha.

Acquisitions of entities

In 2010, bioMérieux China acquired Chinese rapid test manufacturer Meikang Biotech. This transaction was recognized in bioMérieux SA's financial statements as a cash advance of €9 million (USD 12 million) to bioMérieux China.

On April 21, 2010, bioMérieux acquired a €3.7 million (USD 5 million) equity stake in Knome. bioMérieux and Knome have also entered into an agreement to collaborate in the development of next-generation, sequence-based *in vitro* diagnostics.

On November 3, 2010, bioMérieux acquired a €9 million equity stake in Biocartis. bioMérieux and Biocartis also entered into an agreement to co-develop assays on the molecular diagnostics system, which the two companies will co-distribute starting in 2012.

Cooperation agreements

On January 7, 2010, bioMérieux and Royal Philips Electronics announced a partnership to develop and market next-generation handheld point-of-care diagnostic solutions. At December 31, 2010, the Company recognized €3.5 million in studies and research expenses relating to this project.

Project Magellan

At December 31, 2010, 42.1 full-time equivalent employees were assigned to Project Magellan. For the year then ended the Company recorded €12.6 million in external charges relating to the project, including €4.6 million corresponding to the subsidiaries' share and €1 million corresponding to the portion of payroll to be rebilled to subsidiaries, which were both recorded in a suspense account.

Transfers of businesses

In 2009 and 2010, production activities for several of the Group's businesses were transferred from subsidiaries to bioMérieux BV's NucliSENS®, bioMérieux Inc's Diversilab and AB bioMérieux's Etest® sites in France. In this context, the Company continued to purchase NucliSENS® shares from bioMérieux BV until the end of September 2010.

OPUS share ownership plan

In 2010, the Company renewed the employee share ownership plan open to all of its personnel worldwide. For bioMérieux SA, eligible employees were entitled to invest their 2009 profit-sharing income in the Opus Classic fund set up in 2004 following bioMérieux's IPO. The Company's contribution to this transaction amounted to €1.1 million. 58.3% of bioMérieux SA's personnel participated in this plan.

Debt waiver

On December 17, 2010, bioMérieux SA provided its subsidiary bioMérieux BV with €7.5 million in financial assistance to cover the entity's negative net financial position.

1.2 – Activity

During the year ended December 31, 2010, net sales amounted to €729.8 million, compared to €645.6 million for 2009, representing a year-on-year increase of 13%.

- Domestic sales edged back 1.6%.
- Sales to subsidiaries climbed 13.2%.
- Sales to distributors leapt 30.7%.

1.3 – Gross operating profit

Gross operating profit surged €45.7 million (78.7%) compared to the previous year, reaching €103.8 million, i.e., 14.2% of net sales.

The vigorous growth in gross operating profit was fuelled by the €84.2 million (13%) increase in net sales.

Production included in inventories decreased by €21.2 million year-on-year. The significant €15.7 million increase in this item in 2009 reflected the resurgence in NucliSENS® and Etest® manufacturing activities. Conversely, in 2010, robust end-of-year sales prior to the migration to SAP resulted in a €5.5 million drop in inventories of work-in-progress and semi-finished products.

External charges increased by €11.1 million (7.7%), including €3 million in IT services relating in part to the Global ERP project, and €2.2 million in transport expenses. Charges for temporary employees grew by €5.2 million, essentially in manufacturing services and in connection with the rollout of the new ERP.

1.4 – Operating profit

Operating income, after depreciation, amortization and provisions, soared 94.6% from €25.9 million in 2009 to €50.5 million in 2010.

1.5 – Financial income

Financial income came in at €103.3 million versus €52.5 million in the previous year, benefiting from the €79.2 million increase in dividends received from subsidiaries, offset in part by a €19.9 million increase in impairment charges against equity investments.

1.6 – Profit before non-recurring items and taxes

Profit before non-recurring items and taxes totaled €153.8 million, compared to €78.5 million for the same year-ago period.

1.7 – Net non-recurring income

The Company reported net non-recurring income of €6.7 million in 2010 versus net non-recurring expense of €4.4 million in 2009.

In 2010, this item reflects the reversal of provisions for the clearance of bioMérieux BV's negative net financial position in the amount of €8.4 million.

Net non-recurring expenses in 2009 reflected the transfer of bioMérieux BV's NucliSENS® production activities (€6.2 million) as well as the net expense recognized further to the definitive allocation of shares under the share grant plan (€1.9 million). These expenses were offset in part by the €3.3 million in capital gains generated from the sale of ExonHit securities.

1.8 – Profit for the year

Profit for the year came in at €150.3 million, representing a year-on-year increase of €68.5 million. Profit for the year represents 20.6% of net sales, compared to 12.7% for the year ended December 31, 2009.

1.9 – Investments

bioMérieux invested €39.5 million in property, plant and equipment and intangible assets, including €4.3 million in instruments.

In particular, the Company continued to invest in infrastructure, allocating €13.6 million to industrial equipment. In parallel, total investments in buildings and installations grew by €12.7 million.

The carrying amount of retirements in property, plant and equipment and intangible assets amounted to €1.2 million.

The gross value of financial fixed assets (acquisitions less disposals) declined by €15.4 million, and dividends receivable from ABG Stella decreased by €30 million. In 2010, this item includes the reversal of provisions for dividends receivable with respect to 2009 for €41 million, additions to provisions in the amount of €11 million, and a net increase in investments and other financial fixed assets for €17 million.

1.10 – Debt

At December 31, 2010 the Company posted surplus cash of €61.7 million and a year-on-year decline in net debt of €136 million.

1.11 – Parent company financial statements

The parent company financial statements are appended to this report.

2 - APPROPRIATION OF PROFIT

It will be proposed that shareholders appropriate distributable profit for the year ended December 31, 2010 in the amount of €187,802,623.63, consisting of €150,257,614.80 in profit and €37,545,008.83 in retained earnings, as follows:

- €100,000,000 to be transferred to the general reserve, increasing the balance from €284,000,000 to €384,000,000;
- €58,200.89 to be transferred to the special sponsorship reserve, increasing the balance from €455,354.31 to €513,555.20;
- a dividend of €0.98 per share for each of the Company's 39,453,740 shares, totaling €38,664,665.20, to be paid as from June 22, 2011;
- the remaining €49,079,757.54 to be transferred to retained earnings.

Further to the above described appropriation of profit, the Company's shareholders' equity after the payment of dividends will amount to €540,807,819.32 for share capital of €12,029,370.

The Company will not receive any dividends on treasury shares held on the ex-dividend date and the corresponding amount will be allocated to retained earnings. Individuals domiciled in France for tax purposes in accordance with paragraph 2 of article 158.3 of the French Tax Code (*Code général des impôts*) benefit from a tax deduction on the annual dividend.

3 - SUMMARY OF DIVIDENDS PAID

The table below presents the dividends paid by the Company for each of the past three years.

The Company did not receive and will not receive dividends on any treasury shares held on the ex-dividend date and the corresponding amount will be allocated to retained earnings.

Year	Dividends paid (in euros)
2009	36,297,440.80
2008	31,957,529.40
2007	29,984,842.40

4 - NON-TAX-DEDUCTIBLE EXPENSES

The 2010 financial statements include non-tax-deductible expenses as provided for in articles 223 *quater* and 223 *quinquies* of the French Tax Code amounting to €167,613.24 and corresponding to the non-deductible portion of bioMérieux SA's car rental payments.

5 - PAYMENT PERIODS

Trade payable balances at December 31, 2010 break down as follows:

TRADE PAYABLES AT DEC. 31, 2010 *In thousands of euros* *By due date*	**Accrued expenses**	**Operating payables + notes payable**	**Fixed asset payables + notes payable**	**TOTAL**
Disputed payables – more than 1 year		1,530	43	1,573
More than 10 days overdue		6,654	3,676	10,330
Less than 10 days overdue		2,898	202	3,099
Due in 0-30 days		7,590	355	7,945
Due in 31-60 days		42,069	4,322	46,391
Due in 61-90 days		738		738
Due in more than 90 days		3,586	23	3,609
Accrued expenses	39,690			39,690
Total	**39,690**	**65,063**	**8,621**	**113,374**

The above trade payable balances include a €246,000 debit balance recorded in the balance sheet under “Other operating receivables”.

Trade payable at December 31, 2009 break down as follows:

TRADE PAYABLES AT DEC. 31, 2009 *In thousands of euros* *By due date*	Accrued expenses	Operating payables + notes payable	Fixed asset payables + notes payable	TOTAL
Disputed payables – more than 1 year		1,594		1,594
More than 10 days overdue		3,920	374	4,294
Less than 10 days overdue		4,370	620	4,990
Due in 0 to 30 days		39,407	5,235	44,641
Due in 31 to 60 days		31,528	1,818	33,346
Due in 61 to 90 days		6,079	173	6,251
Due in more than 90 days		229	428	657
Accrued expenses	46,369			46,369
Total	**46,369**	**87,126**	**8,648**	**142,143**

6 - BREAKDOWN OF SHARE CAPITAL AT DECEMBER 31, 2010 (see sections 18.1, 18.2 and 18.3)

Employee share ownership (see section 18.1)

Transactions carried out by senior executives: the Company has been informed that the following securities transactions were carried out by senior executives in 2010:

Stéphane Bancel sold shares in the amounts of €87,120 and €197,100 on November 18, 2010 and December 10, 2010, respectively.

Richard Ding sold shares in the amount of €351,250 on November 17, 2010.

Eric Bouvier subscribed for mutual fund (FCPE) units in the amount of €7,821 on May 21, 2010.

Jean Marc Durano subscribed for mutual fund (FCPE) units in the amount of €11,095 on May 21, 2010.

Henri Thomasson subscribed for mutual fund (FCPE) units in the amount of €5,257 on May 21, 2010.

7 - LIST OF DIRECTORSHIPS AND OTHER POSITIONS HELD BY CORPORATE OFFICERS (see section 14.1)

8 - COMPENSATION OF CORPORATE OFFICERS (see section 15.1)

Summary of directors' fees and executive corporate officers' compensation.

9 - POLLUTING OR HAZARDOUS ACTIVITIES

The Company does not operate any facilities classified by the Seveso II Directive as “upper tier” sites.

10 - CORPORATE SOCIAL AND ENVIRONMENTAL RESPONSIBILITY

10.1 – Corporate social responsibility (see section 17.1)

Group employees

Human resources policy

Further information on human resources policy is presented in section 17.1 of this Registration Document.

10.2 – Environmental policy (see sections 8.2.1 and 8.2.3)

Further information on environmental policy is presented in section 8.2 of this Registration Document.

11 - RESEARCH AND DEVELOPMENT ACTIVITIES

Further information on research and development activities is presented in section 4 of the Management Report on the consolidated financial statements.

12 - INFORMATION ON PUBLIC OFFERS (see section 21.2.6)

13 - STATUTORY AUDITORS' REVIEW OF RELATED-PARTY AGREEMENTS

The Statutory Auditors' reports, including the special report on related-party agreements as provided for by articles L.225-38 *et seq.* of the French Commercial Code, are presented in Chapter 19 of this RegistrationDocument.

The directors and Statutory Auditors have been provided with a list of related-party agreements covering day-to-day transactions entered into on an arm's length basis which are material for the parties concerned due to their purpose or financial implications.

14 - DIRECTORSHIPS

No directorships are due to expire at the 2011 Annual General Meeting.

Effective January 1, 2011, Jean-Luc Bélingard became Chairman and Chief Executive Officer and Alexandre Mérieux was re-appointed Chief Operating Officer. They will remain in office until the expiration of their terms of office, i.e., at the close of the Annual General Meeting to be held in 2014 to approve the financial statements for the year ending December 31, 2013.

15 - STATUTORY AUDITORS' TERMS

The terms of the principal Statutory Auditors, Commissariat Contrôle Audit CCA, and the deputy Statutory Auditors, Diagnostic Révision Conseil, are due to expire at the close of the 2011 Shareholders' Meeting.

In replacement, it is proposed that the Shareholders' Meeting appoint the following Statutory Auditors for terms of six years, i.e., until the close of the Shareholders' Meeting to be held in 2017 to approve the financial statements for the year ended December 31, 2016:

- as principal joint Statutory Auditor, Diagnostic Révision Conseil, which is registered in Lyon under number 480 775 782 and whose registered office is located at 112 rue Garibaldi, 69006 Lyon.

- as deputy joint Statutory Auditor, Commissariat Contrôle Audit CCA, which is registered in Lyon under number 333 883 353 and whose registered office is located at 112 rue Garibaldi, 69006 Lyon.

16 - RECENT EVENTS/OUTLOOK

16.1 – Recent events

In February 2011 bioMérieux and Ipsen announced that they had entered into a partnership to create a global collaboration in theranostics, with a focus on hormone-dependent cancers. The two companies have signed a framework enabling them to jointly identify programs that would benefit from the co-development of a therapeutic and a companion diagnostic test, notably in the prevention and treatment of prostate and breast cancers, neuro-endocrine tumors (NETs) and pituitary tumors.

A new governance structure has been put in place. On Alain Mérieux's proposal, the Board of Directors' meeting of December 17, 2010 appointed Jean-Luc Bélingard as Chairman and Chief Executive Officer of bioMérieux, with effect from January 1, 2011. The Board of Directors also confirmed Alexandre Mérieux's appointment as Chief Operating Officer.

On March 8, 2011, the Board of Directors appointed Michel Angé to replace George Hibon as member of the Human Resources, Appointment and Compensation Committee. Further to this appointment, the majority of the members of this committee are independent directors.

16.2 – Outlook

In 2011, bioMérieux aims to achieve consolidated sales growth of 5% to 6%, on a constant Group structure and exchange rate basis. This objective excludes the impact of the discontinuation of the culture media for routine tests business in North America. It does, however, take into consideration the deteriorating economic environment in the Company's main markets, i.e., Western Europe and North America, the end of the quantitative HIV reagents contract in South Africa, and the strong instrument sales recorded in 2010.

In an effort to secure bioMérieux's medium-term development and profitability, the Company has scheduled certain investment activities for 2011, including the launch of a new Services business, groundwork for launches in 2012 and 2013, and an increased focus on research and development. Accordingly, operating profit before non-recurring items is projected to reach between €255 million and €270 million, including an estimated €12 million in research tax credits. This objective also takes into account the scheduled reduction in fees collected as well as expenses relating to the rollout and amortization of the Global ERP system.

17 - RISK FACTORS

Further information on risk factors is presented in Chapter 4 of this Registration Document.

Other financial risks

Further information on how other financial risks are managed is presented in the accompanying consolidated financial statements.

18 - REPORT ON SHARE BUYBACK TRANSACTIONS CARRIED OUT DURING THE YEAR (see section 21.1.3)

19 - CONCLUSION

The information contained in this report, the parent company and consolidated financial statements for the year ended December 31, 2010, the Board's proposals and the discharge of the directors for the performance of their duties with respect to 2010 is submitted for approval by the Shareholders' Meeting.

The Board of Directors

APPENDIX A

FIVE-YEAR FINANCIAL SUMMARY

	2010	2009	2008	2007	2006
I. Share capital at year-end					
Share capital	12,029,370	12,029,370	12,029,370	12,029,370	12,029,370
Number of ordinary shares outstanding	39,453,740	39,453,740	39,453,740	39,453,740	39,453,740
Number of preferred shares (without voting rights) outstanding	0	0	0	0	0
Maximum number of potential shares to be issued	0	0	0	0	0
By conversion of bonds	0	0	0	0	0
By exercise of subscription rights	0	0	0	0	0
II. Transactions and profit for the year					
Net sales	729,767,174	645,591,221	599,166,536	552,966,507	530,467,073
Profit before tax, employee profit sharing, depreciation, amortization and provisions	215,560,896	108,165,249	110,987,806	98,517,151	116,163,375
Income tax	6,153,827	(7,752,262)	(2,347,822)	1,032,680	10,512,384
Employee profit sharing for the year	4,123,346	0	2,571,888	1,001,436	3,237,535
Profit after tax, employee profit sharing, depreciation, amortization and provisions	150,257,615	81,790,110	78,706,148	33,150,507	61,834,399
Dividends paid[1]	38,664,665	36,297,441	31,957,529	29,984,842	29,984,842
Extraordinary dividend paid from the general reserve	0	0	0	0	0
III. Earnings per share					
Earnings after tax and employee profit sharing, but before depreciation, amortization and provisions	5.20	2.94	2.81	2.45	2.60
Earnings after tax, employee profit sharing, depreciation, amortization and provisions	3.81	2.07	1.99	0.84	1.57
Dividend per share[2]	0.98	0.92	0.81	0.76	0.76
IV. Employee data					
Average number of employees during the year	2,675	2,605	2,449	2,367	2,299
Total annual payroll	129,576,098	130,932,692	116,589,162	111,202,680	105,294,789
Total employee benefits paid during the year (social security, charities)	63,655,867	59,318,262	51,736,740	49,539,321	49,443,252

(1) Subject to non-payment of a dividend on treasury shares held on the ex-dividend date.
(2) This table does not present the per-share dividend for special dividends.

APPENDIX B

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2010
(see section 20.1.1)

APPENDIX C

PARENT COMPANY FINANCIAL STATEMENTS FOR THE YEAR ENDED
DECEMBER 31, 2010 (see section 20.1.2)

APPENDIX D

TABLE OF AUTHORIZATIONS FOR SHARE CAPITAL INCREASES
(see section 21.1.5)

APPENDIX 5

GLOSSARY OF SCIENTIFIC TERMS

- **Acute coronary syndrome**: decreased blood flow in the coronary arteries resulting in reduced circulation rate and inadequate oxygenation of the myocardial muscle.
- **Amplification**: a technique, usually using enzymes, for multiplying nucleic acids in order to increase the sensitivity of detection methods.
- **Antibiotic susceptibility test**: an analysis to determine the sensitivity of a bacterium to antibiotics.
- **Antibiotic**: a substance of natural or synthetic origin capable of stopping the multiplication of bacteria.
- **Antibody**: a molecule produced by the immune system to detect and neutralize pathogens, in particular viruses.
- **Antigens**: a foreign substance in an organism which triggers the production of an antibody (immune reaction).
- **Bacterium**: a unicellular microorganism lacking chlorophyll and visible only under a microscope. Bacteria do not belong to either the plant or the animal kingdom.
- **Biochemistry**: an area of science which studies the correlation between the structure of natural molecules and the consequences for their activity.
- **Blood culture**: an essential blood test in infectious disease, carried out by taking a sample of venous blood which is then cultured to reveal the presence or absence of germs.
- **Candida albicans**: the most important and best-known yeast species of the *Candida* genus. It causes infections (candidiasis), mainly of the digestive and vaginal mucosa.
- **Chromogen**: a substance that is colored under certain conditions. Incorporated in a culture medium, it reveals the presence of an enzyme and thereby identifies the cultured bacterium.
- **Commensal bacteria**: the skin and mucous membranes are continuously colonized by commensal bacteria that do not cause disease unless the subject is weakened.
- **Consumable**: a single-use accessory, generally employed in an analysis instrument.
- **Contaminant**: a substance present where it should not be.
- **Corynebacterium**: a genus of bacteria including many species of Gram-positive bacilli which account for a large proportion of the flora of the skin and of the mucosa.
- **Culture medium**: a simple or complex nutrient composition in liquid or solid form, used to maintain or increase the development of a microbial species under appropriate biological conditions.
- **Cytology** (or cellular biology): an area of biology concerning the study of cells and their organelles, the vital processes taking place therein as well as the mechanisms allowing for their survival (reproduction, metabolism).
- **Cytomegalovirus**: a virus responsible for infections, usually undetected. It becomes pathogenic especially in patients with weak immune defenses. Member of the herpes virus family, which includes *inter alia* herpes simplex virus (HSV) or herpes virus hominis (HVH), cytomegalovirus (CMV), varicella-zoster virus (VZV) and Epstein-Barr virus (EBV).
- **Cytometry**: the counting of cells.

- **DNA**: the acronym of "Deoxyribonucleic Acid". These nucleotides consist of a sugar (deoxyribose), a phosphate group and one of the following nitrogen-containing bases: adenine (A), cytosine (C), guanine (G) or thymine (T), and serve as a medium for genetic information.
- **Enterobacteria**: a family of bacilli (bacteria) revealed by Gram-negative staining which are anaerobic (do not require oxygen to live and reproduce).
- **Enterococcus**: oval-shaped bacterium of the group D of the Streptococcus family, usually resident in the intestine of healthy humans.
- **Enzyme**: a protein macromolecule which speeds up a biochemical reaction.
- **Extended-spectrum beta-lactamase**: beta-lactamases are a family of enzymes responsible for bacterial resistance to certain antibiotics such as penicillin.
- **Extraction**: term applied to the steps which extract nucleic acids from the cells that contain them and process them so they can be used in molecular biology techniques such as amplification.
- **Flow cytometry**: technique of passing a stream of cells, particles or molecules at high speed through a laser beam. The light re-emitted (by diffusion or fluorescence) enables the population to be classified and sorted according to several criteria.
- **Functionalized polymer**: an organic or inorganic macromolecule formed by a chain of repeating units to which chemical groups are grafted in order to give the macromolecule a particular function.
- **Fungal**: that which relates to fungi.
- **Genotyping**: determination of all the genes contained in the cells of an organism.
- **Gram staining**: staining which reveals the properties of the bacterial wall so that they can be used to distinguish and classify bacteria. The main distinction is between Gram-positive and Gram-negative bacteria.
- **Histology**: the study of tissue in order to research tissue composition, structure and renewal and cellular exchanges within themselves.
- **HLA**: the acronym of “Human Leukocyte Antigens”: histocompatibility antigens whose role is essential in the tolerance of organ transplants and which are specific to a given individual.
- **Immunoassay**: detection of pathology markers using an antigen-antibody reaction.
- ***In vitro* diagnostics**: tests performed inside the human body using diagnostic tools such as antibodies.
- ***In vivo* diagnostics**: tests or research performed on a living organism.
- **IVD**: abbreviation for *in vitro* diagnostics.
- **Listeria**: a genus of bacteria which can cause listeriosis, an infectious disease which is potentially serious in new-born babies, pregnant women or individuals with low resistance.
- **Marker**: a reagent used to detect the substance to which it is bound. A biological marker (biomarker) is a substance that is assayed to help diagnose a pathology.
- **Mass spectrometry**: a technique used to identify and determine the chemical structure of multiple molecules simultaneously, analyzing the mass and charge of their ions.
- **Methicillin**: a semi-synthetic penicillin used primarily against non-resistant Staphylococcus aureus.
- **Microbiology**: the study of microorganisms, including *inter alia* viruses, bacteria and fungi.

- **Microorganism**: a living organism of microscopic size.
- **Molecular biology**: technology based on the detection of genetic sequences of DNA or RNA that are characteristic of a bacterium, a virus, a protein or a cell.
- **MRSA**: methicillin-resistant Staphylococcus aureus bacterium.
- **Multiplex**: the ability to transmit multiple data on a single physical medium.
- **Multi-resistant bacteria**: bacteria are said to be multi-resistant to antibiotics when they are sensitive only to a small number of the antibiotics customarily used in therapy, as a consequence of the accumulation of natural and acquired resistances.
- **Mycobacteria**: rod-shaped bacillus-type bacteria. Some species of mycobacterium are pathogenic: *M. leprae* responsible for leprosy; *M. tuberculosis,* responsible for tuberculosis.
- **Healthcare-Associated Infections**: a disease contracted in a hospital or other healthcare establishment by a patient who did not have this disease on admission.
- **Nucleic acid**: a naturally-occurring molecule found in each cell. It has the ability to hold and transmit coded hereditary instructions allowing for an organism's development. There are two types of nucleic acids: DNA and RNA.
- **Oncology** (or cancerology): the medical specialty of the study, diagnosis and treatment of cancers.
- **Parasite**: an organism that feeds off, lives or reproduces itself by establishing a lasting interaction with another organism (the host).
- **Pathogen**: biological agent responsible for infectious disease. Infectious agents can be viruses, bacteria or parasites.
- **POC (point-of-care) - POCT (point-of-care testing)**: services offered “at the bedside”, including in particular the analysis of the diagnosis.
- **Protein**: a basic constituent of all living cells. A biological macromolecule is composed of one or more amino acid chains linked by peptide bonds.
- **Pulmonary embolism**: obstruction of one of the branches of the pulmonary artery or of the pulmonary artery itself by a blood clot.
- **Quality indicator**: term used in food processing to define the microorganisms responsible for visual or taste alterations (e.g., mold or bacterial contamination). Quality indicator counts are used to assess product hygiene.
- **Rheumatoid arthritis**: the most frequent chronic inflammatory rheumatism. Its cause is not fully known, but it is one of the autoimmune diseases (the body produces antibodies against its own tissues).
- **RNA**: the acronym of "ribonucleic acid". A polymer similar to DNA which, like DNA, has a role as a vector of genetic information. The sugar in RNA is a ribose.
- **Sepsis**: an excessive reaction of an organism's immune system and coagulation system to an infection. This reaction is characterized by systemic inflammation and by blood coagulation problems, which can rapidly lead to organ failure (severe sepsis) and, in many cases, death.
- **Septicaemia**: serious systemic infection of the organism by pathogenic germs, indicated by the presence of microorganisms in the blood.
- **Staphylococcus**: a genus of Gram-positive bacteria, usually observed in clusters resembling bunches of grapes.
- **Substrate**: a molecule used as a starting product which binds to the active site of an enzyme and is converted into one or more products.

- **Theranostics**: a diagnostic test that allows clinicians to take a more suitable therapeutic decision for each patient, thereby favoring more personalized treatment.

- **Typing**: a method which can help in the assessment of the compatibility between two individuals, their organs, tissues or blood. A technique used to characterize bacteria.

- **Venous thrombosis**: the formation of a blood clot in a vein. It usually occurs in a vein of the lower limbs, in the leg or hip, rarely in the upper limbs.

- **Virus**: a rudimentary infectious microorganism, containing a single type of nucleic acid encaged in a protein capsid, which uses the materials of the cell that it parasitizes to synthesize its own constituents. It reproduces using just its own genetic material.

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