2012

Registration Document

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 May 17, 2013 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. 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

1 Persons responsible 9

1.1 Persons responsible for the Registration Document 9

1.2 Statement by the persons responsible 9

2 Statutory Auditors 10

2.1 Identity of the Statutory Auditors 10

2.2 Auditors' fees 10

3 Selected financial information 11

3.1 Selected historical financial information 11

3.2 Interim financial information 12

4 Risk factors 13

4.1 Presentation 14

4.1.1 Risks related to bioMérieux's business and operations 14

4.1.1.1 Risks related to the failure of R&D projects 14

4.1.1.2 Risks related to the emergence of rival technologies 15

4.1.1.3 Risks related to competition 16

4.1.1.4 Risks related to international business 16

4.1.1.5 Risks related to prices and reimbursements 17

4.1.1.6 Risks related to changes in the economic environment 18

4.1.1.7 Risks related to the business development strategy 18

4.1.1.8 Risks related to dependence on partners 19

4.1.1.9 Risks related to dependence on certain senior executives 19

4.1.1.10 Risks related to dependence on certain suppliers 20

4.1.1.11 Risks related to the location of industrial facilities 20

4.1.1.12 Risks related to the regulatory environment 21

4.1.1.13 Risks related to information system failure 21

4.1.2 Legal risks 22

4.1.2.1 Risks related to product liability 22

4.1.2.2 Risks related to intellectual property 22

4.1.2.3 Risks related to the management of personal data protection 23

4.1.2.4 Risks related to claims and litigation 23

4.1.2.5 Fraud risk 23

4.1.2.6 Legal risk management 23

4.1.3 Industrial and environmental risks 24

4.1.4 Market risks 24

4.1.4.1 Borrowing risks 24

4.1.4.2 Exchange rate risks 25

4.1.4.3 Raw materials risks 25

4.1.4.4 Pension risks 25

4.1.4.5 Share price volatility and liquidity risks 25

4.2 Insurance 26

4.2.1 Insurance policy 26

4.2.2 Principal insurance policies 26

5 Information about bioMérieux 28

5.1 History and development of the Company 29

5.1.1 Company name 29

5.1.2 Registration details 29

5.1.3 Date of incorporation (Article 5 of the bylaws) 29

5.1.4 Registered office and legal form 29
5.1.5 History and development of the Group's activities 29
5.2 Corporate Social Responsibility 32
5.2.1 Relationships with stakeholders 32
5.2.1.1 National health authorities *32*
5.2.1.2 Relationships with the local communities in which the Group's entities are located *32*
5.2.1.3 Philanthropy *32*
5.2.1.4 Sponsorship *34*
5.2.2 Human rights: the Global Compact 34
5.2.2.1 Role of the Global Compact *34*
5.2.2.2 bioMérieux's commitment *35*
5.3 Investments 35
5.3.1 Principal investments in 2012 35
5.3.2 Principal investments in progress 36
5.3.3 Principal future investments 36
6 Business overview 37
6.1 Main activities 38
6.1.1 Business summary 38
6.1.2 Description of the Company's business 41
6.1.2.1 Core areas of expertise *41*
6.1.2.2 Key strengths *42*
6.1.2.3 Strategy *43*
6.1.2.4 Business development *44*
6.1.3 Group products 45
6.1.3.1 Breakdown of the Group's product range *45*
6.1.3.2 Main products *45*
6.1.3.3 Other Group products *54*
6.1.3.4 New products and services *55*
6.2 Principal markets 55
6.2.1 Market overview 55
6.2.1.1 Size of the in vitro *diagnostics market and recent developments* *55*
6.2.1.2 Market trends and growth prospects *57*
6.2.2 Principal players 59
6.2.3 Group customers 60
6.2.4 Distribution network 60
6.2.4.1 An extensive distribution network *60*
6.2.4.2 Numerous independent distributors *61*
6.2.5 Competition 61
6.2.5.1 Clinical market *61*
6.2.5.2 Industrial market *61*
6.3 Quality systems and applicable regulations 62
6.3.1 Quality assurance systems, monitoring systems and audits 62
6.3.2 Regulatory requirements 62
6.3.3 Clinical *in vitro* diagnostics 62
6.3.4 Monitoring 64
6.3.5 Audits 64
6.3.6 Industrial microbiological control 64
6.3.7 Management and monitoring of customer complaints 65
6.4 Dependence on patents, licenses and other factors 66
6.5 Sources 66

7 Organizational structure 67

7.1 Brief description of the Group 68

7.2 Subsidiaries of the issuer 69

7.2.1 Legal organizational structure of the bioMérieux Group at December 31, 2012 69

7.2.2 Other information concerning subsidiaries and acquisitions of equity interests 71

7.2.2.1 Acquisitions of equity interests during 2012 71

7.2.2.2 New subsidiaries 71

8 Property, plant and equipment 72

8.1 Material items of property, plant and equipment 73

8.1.1 Real estate 73

8.1.2 Main sites' activities 73

8.1.2.1 Production 73

8.1.2.2 Logistics 76

8.1.2.3 Purchasing policy 76

8.1.2.4 Recent events 77

8.2 Health, safety and environmental information 77

8.2.1 Global Health, Safety and Environmental policy 77

8.2.2 Health and Safety policy 78

8.2.2.1 Assessment and prevention of occupational hazards 78

8.2.2.2 Occupational Health and Safety 79

8.2.2.3 Monitoring of Health and Safety policy 80

8.2.3 Environmental policy 80

8.2.4 The five key areas 81

8.2.4.1 Water 81

8.2.4.2 Energy 82

8.2.4.3 Paper 84

8.2.4.4 Waste 84

8.2.4.5 Air 86

8.2.5 Other measures 87

8.2.5.1 Measures taken to limit the impact on biodiversity, nature and protected animal and plant species 87

8.2.5.2 Eco-design approach 87

8.2.5.3 Land use 88

8.2.5.4 Environmental management system assessment and certification procedures 88

8.2.5.5 Supplier commitment 88

8.2.5.6 Measures implemented to ensure that the Company's operations comply with applicable laws and regulations 88

8.2.5.7 The Company's contribution to initiatives in the communities where it operates 89

8.2.6 Benchmarking 89

8.2.6.1 Calculation scope of quantified indicators 89

8.2.6.2 Collection and consolidation of data 89

8.2.6.3 Definition and method of calculating the indicators 90

9 Operating and financial review 91

9.1 Sales 92

9.2 Financial position 95

9.2.1 Consolidated income statement 95

9.2.2 Consolidated statement of cash flows 96

9.2.3 Operating highlights 97

10 Capital resources 100

11 Research and development, patents and licenses 101

11.1 Strategy and investment policy 102

11.2 Research and development projects 102
11.2.1 Clinical applications 102
11.2.2 Industrial applications 103
11.3 Structure of research and development activity 104
11.4 Key partnership agreements 106
11.5 Intellectual property 107
11.5.1 Proprietary patents 107
11.5.2 Licenses granted by third parties 107
11.5.3 Licenses granted by the Company 108
11.5.4 Trademarks 108
11.5.5 Domain names 108
12 Overview and current trends 109
12.1 Recent developments 110
12.2 Objectives 113
13 Profit forecasts 114
14 Administrative, management and supervisory bodies and senior management 115
14.1 Administrative, management and supervisory bodies 116
14.2 Conflicts of interest 121
15 Compensation and benefits 122
15.1 Compensation and benefits-in-kind 123
15.1.1 Directors' compensation 123
15.2 Pensions and other employee benefit obligations 127
16 Board practices 128
16.1 Board of Directors and terms of office 129
16.2 Service agreements 129
16.3 Audit Committee and Human Resources, Appointment and Compensation Committee 129
16.4 Compliance with corporate governance principles 130
17 Employees 131
17.1 Number of employees 132
17.1.1 Group employees 132
17.1.2 Human resources policy 133
17.1.3 Employee relations 135
17.2 Free share grants 136
17.2.1 Vesting period 136
17.2.2 Eligibility and performance conditions 136
17.2.3 Delivery of shares 136
17.2.4 Lock-up period 136
17.2.5 Beneficiaries' rights 137
17.3 Shares and stock options held by corporate officers 137
17.4 Employee profit sharing 137

18 Main shareholders 138

18.1 Main shareholders 139

18.2 Control of the issuer 140

18.3 Change of control 140

19 Related-party transactions 141

20 Financial information 145

20.1 Historical financial information 146

20.1.1 Consolidated financial statements for the years ended December 31, 2011 and 2012 146

20.1.2 Parent company financial statements for the years ended December 31, 2011 and 2012 209

20.2 Pro forma financial information 237

20.3 Financial statements 237

20.4 Auditing of historical annual financial information 237

20.4.1 Statutory Auditors' report on the consolidated financial statements 237

20.4.2 Statutory Auditors' report on the annual financial statements 239

20.5 Age of latest financial information 240

20.6 Interim financial information 240

20.6.1 Quarterly financial information 240

20.6.2 Other interim financial information 240

20.7 Dividend policy 240

20.7.1 Distribution policy 240

20.7.2 Past dividends per share 241

20.8 Legal and arbitration proceedings 241

20.9 Significant change in financial or trading position 241

21 Additional information 242

21.1 Share capital 243

21.1.1 Issued capital 243

21.1.2 Shares not representing capital 243

21.1.3 Share buyback program 243

21.1.4 Other securities 245

21.1.5 Acquisition rights 245

21.1.6 Option on the share capital of any Group member 247

21.1.7 History of share capital 247

21.1.8 Pledging of shares 247

21.1.9 The bioMérieux share in 2012 247

21.2 Articles of incorporation and bylaws 248

21.2.1 Corporate purpose (article 2 of the bylaws) 248

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) 248

21.2.3 Rights and privileges attached to shares 249

21.2.4 Changes in shareholders' rights 250

21.2.5 Convening of Shareholders' Meetings 250

21.2.6 Provisions delaying a change of control 251

21.2.7 Disclosure threshold 252

22 Material contracts 253

23 Third-party information 254

23.1 Expert statement or report 254

23.2 Information from a third party 254

24 Documents on display 255

25 Information on investments 256

APPENDIX 1 258

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 258

APPENDIX 2 273

Statutory Auditors' report prepared in accordance with article L.225-235 of the French Commercial Code (*Code de commerce*) on the report prepared by the Chairman of the Board of Directors 273

APPENDIX 3 275

Glossary of scientific terms 275

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

In accordance with article 28 of Regulation 809/2004 of the European Commission (EC), the following information is referenced in this Registration Document:

For the year ended December 31, 2011: the 2011 Registration Document filed with the AMF on April 26, 2012 under number D.12-0421.

The 2011 Registration Document includes:

- the consolidated financial statements and the corresponding Statutory Auditors' report on pages 135 to 196 and 224 to 225, respectively;
- the parent company financial statements and the corresponding Statutory Auditors' report on pages 197 to 223 and 226 to 227, respectively;
- financial information on pages 83 to 90;
- investments on page 33; and
- general information. Any general information from 2011 which is not included in this Registration Document is irrelevant to investors or covered by another section in the Registration Document.

For the year ended December 31, 2010: the 2010 Registration Document filed with the AMF on April 26, 2011 under number D.11-0361.

The 2010 Registration Document includes:

- the consolidated financial statements and the corresponding Statutory Auditors' report on pages 131 to 187 and 216 to 217, respectively;
- the parent company financial statements and the corresponding Statutory Auditors' report on pages 188 to 215 and 218 to 219, respectively;
- financial information on pages 77 to 84;
- investments on pages 30 to 31; and
- general information. Any general information from 2010 which is not included in this Registration Document is irrelevant to investors or covered by another section in the Registration Document.

1 PERSONS RESPONSIBLE

1.1 PERSONS RESPONSIBLE FOR THE REGISTRATION DOCUMENT

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

1.2 STATEMENT BY THE PERSONS RESPONSIBLE

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

We 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. There were no observations or qualifications in this statement.

The Statutory Auditors' reports on the consolidated and parent company financial statements for the year ended December 31, 2012 are presented in sections 20.4.1 and 20.4.2 of this Registration Document. No observations or qualifications were made.

Historical financial information for the years ended December 31, 2011 and December 31, 2010, as well as their respective Statutory Auditors' reports, are referenced herein as indicated on page 8. The report on the 2010 consolidated financial statements contains an observation."

Marcy l'Étoile, May 17, 2013

Chairman and Chief Executive Officer
Jean-Luc Belingard

Chief Operating Officer
Alexandre Mérieux

2 STATUTORY AUDITORS

2.1 IDENTITY OF THE STATUTORY AUDITORS

Statutory Auditors

Ernst & Young et Autres

1-2 place des Saisons, Paris-La Défense 1
92400 Courbevoie, France

Ernst & Young et Autres was appointed Statutory Auditor by the Annual General Meeting of May 30, 2012 for a term expiring at the end of the Annual General Meeting called to approve the financial statements for the year ending December 31, 2017.

Ernst & Young et Autres is a registered audit firm, member of *Compagnie régionale des Commissaires aux comptes de Versailles*.

Diagnostic Révision Conseil (DRC)

112 rue Garibaldi, 69006 Lyon, France

Diagnostic Révision Conseil (DRC) was appointed Statutory Auditor by the Annual General Meeting of June 15, 2011 for a term expiring at the end of the Annual General Meeting called to approve the financial statements for the year ending December 31, 2016.

Diagnostic Révision Conseil (DRC) is a registered audit firm, member of *Compagnie régionale des Commissaires aux comptes de Lyon*.

Deputy Statutory Auditors

Auditex

1-2 place des Saisons, Paris-La Défense 1
92400 Courbevoie, France

Auditex was appointed deputy Statutory Auditor by the Annual General Meeting of May 30, 2012 for a term expiring at the end of the Annual General Meeting called to approve the financial statements for the year ending December 31, 2017.

Auditex is a registered audit firm, member of *Compagnie régionale des Commissaires aux comptes de Versailles*.

Commissariat Contrôle Audit (CCA)

112 rue Garibaldi, 69006 Lyon, France

Commissariat Contrôle Audit (CCA) was appointed deputy Statutory Auditor by the Annual General Meeting of June 15, 2011 for a term expiring at the end of the Annual General Meeting called to approve the financial statements for the year ending December 31, 2016.

Commissariat Contrôle Audit (CCA) is a registered audit firm, member of *Compagnie régionale des Commissaires aux comptes de Lyon*.

2.2 AUDITORS' FEES

In thousands of euros	2012				2011			
	Ernst &Young	DRC	Other	**Total**	Deloitte & Associés	DRC	Other	**Total**
Audit	**1,069**	**133**	**70**	**1,273**	**815**	**132**	**432**	**1,379**
- bioMérieux SA	160	130		290	139	129		268
- fully consolidated subsidiaries	909	3	70	983	675	3	432	1,110
Related assignments	3	8		**11**			3	**3**
AUDIT	**1,072**	**141**	**70**	**1,283**	**815**	**132**	**435**	**1,382**
Legal, tax, labor-related services	18			18	9			9
Other	10			10				0
OTHER SERVICES	**28**	**0**	**0**	**28**	**9**	**0**	**0**	**9**
TOTAL	**1,100**	**141**	**70**	**1,312**	**824**	**132**	**435**	**1,391**

3 SELECTED FINANCIAL INFORMATION

3.1 SELECTED HISTORICAL FINANCIAL INFORMATION

Consolidated income statement

Consolidated income statement *In millions of euros*	**2012**	2011	% change As reported
Sales	**1,570**	1,427	+10.0%
Gross profit	**814**	761	+7.0%
Operating profit before non-recurring items	**260**	258	+1.1%
Operating profit	**235**	245	-4.2%
Profit for the year	**134**	161	-16.4%

Consolidated balance sheet

Assets *In millions of euros*	**Net** **Dec. 31, 2012**	**Net** **Dec. 31, 2011**
Non-current assets	**942**	**972**
Current assets	**891**	**790**
Total assets	**1,833**	**1,762**
Equity and liabilities	**Dec. 31, 2012**	**Dec. 31, 2011**
Equity	**1,200**	**1,103**
Non-current liabilities	**98**	**87**
Current liabilities	**535**	**572**
Total equity and liabilities	**1,833**	**1,762**

Consolidated statement of cash flows

Consolidated statement of cash flows *In millions of euros*	2012	2011
EBITDA[(a)] (before non-recurring items)	**355**	**343**
Net cash generated from operating activities	**258**	**217**
Net cash used in investing activities	**(130)**	**(325)**
Net cash from (used in) financing activities	**(56)**	**56**
Net change in cash and cash equivalents	**72**	**(52)**
Net cash and cash equivalents at beginning of year	**(19)**	**34**
Impact of currency changes on net cash and cash equivalents	(0)	(1)
Net change in cash and cash equivalents	**72**	**(52)**
Net cash and cash equivalents at year-end[(b)]	**53**	**(19)**

(a) Operating income before non-recurring items, depreciation and amortization
(b) Excluding confirmed debt (capital leases and profit-sharing reserve)

3.2 INTERIM FINANCIAL INFORMATION

None.

4 RISK FACTORS

4.1 PRESENTATION 14

4.1.1 Risks related to bioMérieux's business and operations 14

4.1.1.1 Risks related to the failure of R&D projects 14

4.1.1.2 Risks related to the emergence of rival technologies 15

4.1.1.3 Risks related to competition 16

4.1.1.4 Risks related to international business 16

4.1.1.5 Risks related to prices and reimbursements 17

4.1.1.6 Risks related to changes in the economic environment 18

4.1.1.7 Risks related to the business development strategy 18

4.1.1.8 Risks related to dependence on partners 19

4.1.1.9 Risks related to dependence on certain senior executives 19

4.1.1.10 Risks related to dependence on certain suppliers 20

4.1.1.11 Risks related to the location of industrial facilities 20

4.1.1.12 Risks related to the regulatory environment 21

4.1.1.13 Risks related to information system failure 21

4.1.2 Legal risks 22

4.1.2.1 Risks related to product liability 22

4.1.2.2 Risks related to intellectual property 22

4.1.2.3 Risks related to the management of personal data protection 23

4.1.2.4 Risks related to claims and litigation 23

4.1.2.5 Fraud risk 23

4.1.2.6 Legal risk management 23

4.1.3 Industrial and environmental risks 24

4.1.4 Market risks 24

4.1.4.1 Borrowing risks 24

4.1.4.2 Exchange rate risks 25

4.1.4.3 Raw materials risks 25

4.1.4.4 Pension risks 25

4.1.4.5 Share price volatility and liquidity risks 25

4.2 INSURANCE 26

4.2.1 Insurance policy 26

4.2.2 Principal insurance policies 26

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

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

4.1 PRESENTATION

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

4.1.1 RISKS RELATED TO BIOMÉRIEUX'S BUSINESS AND OPERATIONS

4.1.1.1 Risks related to the failure of R&D projects

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

The Company invests significant amounts in 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 projects may prove irrelevant and not lead to the launch of new products;
- 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, requiring the joint development of platforms, reagents and software, the Company may fail to develop the solution needed and have to abandon or postpone certain projects;
- the joint development with other technical partners of products considered key growth drivers for the Company could prove more difficult than expected, either for the reasons set out above, or owing to possible disagreement with partners (see section 4.1.1.8), and the corresponding product launches could be delayed or abandoned;
- the launch of new products may require more spending than anticipated by the Company on research and development, marketing, manufacturing, sales force and commercial support, instrument placement and maintenance, and customer training;
- it may be too costly or too difficult to manufacture new instruments or reagents on a large scale or to obtain the supplies necessary for their manufacture and marketing;
- certain products may not be able to be marketed or may be more costly than expected to market, in particular 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 menu of tests 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 developed 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;

- the microbiology laboratory automation offering developed by the Company (FMLA® project) may be irrelevant for certain customers or on certain markets. Furthermore, the development and marketing of fully integrated instrument lines may prove more complex or costly than expected;

- personalized medicine is a driver of long-term growth for *in vitro* diagnostics. For several years, the Company has been progressively expanding into this area through partnership agreements with pharmaceutical companies and its investment in bioTheranostics. Nevertheless, personalized medicine may develop less quickly than expected in the field of infectious diseases, the core business of the Company, and may require greater R&D and business resources than initially envisaged. In addition, the medical validity of biomarkers and tests may prove more difficult to demonstrate, necessary 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.

Risk management: The Company places particular emphasis on selecting and developing its R&D projects. It set up a Strategy Committee and an R&D 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. The Company also has an Innovation & Systems Department and has created the position of chief medical officer in order to develop its portfolio of technologies and establish its medical added value.

4.1.1.2 Risks related to the emergence of rival technologies

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

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

Some of these technical innovations will give rise to the sale of instruments that cost more than those resulting from traditional techniques. These new technologies may also lead to a decrease in, or discontinuation of, the use of reagents. Increased use of mass spectrometry, for example, might lead to a drop in recurring sales, since sales of consumables and associated services would only be able to partially replace sales of reagents.

In addition, the Company may not be able to accurately assess the technological, medical and commercial opportunities that these new technologies may offer, and could be outdistanced by the competition.

Risk management: The Company has developed a mass spectrometry solution integrated with its VITEK® platform (see section 6.1.3.2.1). Further upstream, the Company enhances business consistency by making acquisitions (for example, the acquisition of the microbial database for bacterial identification from the Berlin-based company AnagnosTec) and developing its services offering, in particular with bioMérieux Performance Solutions™. It has also set up a technology unit focusing on innovation and systems and in 2012 it recruited a chief medical officer.

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 tenth 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 POCT.

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

- be able to compete over the long term with products sold by competitors, many of which have greater financial resources than the Company to invest in research and development or marketing and/or 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;
- respond quickly enough to the emergence of new technologies and to scientific advances on which the Company is dependent (see previous section).

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

The Company is planning to launch an extended "bioMérieux Performance Solutions™" service offering, including 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. However, the Company cannot guarantee that the new business will be a commercial and financial success.

Risk management: The Company has set up a Strategy Committee as described in the internal control report in Appendix 1. It has four technology units integrating marketing and R&D to bolster the competitiveness of its commercial offering. It also has a global sales structure, a Competitive Intelligence Department and a management control 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. 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 and the billing of shared costs);
- failure of public- and private-sector customers to meet their debt obligations, and restrictions on the cross-border repatriation of profits or assets held abroad;
- exchange rate variations (see Note 27.1 to the consolidated financial statements included in section 20.1.1);
- differences in the protection of intellectual property rights in different countries;
- changing economic and political conditions in a given region or country, particularly the Middle East and Africa;

- economic development situations in emerging countries, which could see a slowdown in demand – especially in the event of a political or economic crisis. Protectionist measures or regulatory barriers may be introduced in these countries, particularly in order to promote the emergence of local competitors. In addition, sale prices may be subject to intensified pressure and unfavorable trends while inflation may accelerate in these countries;

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

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

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

- management of a network of external distributors;

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

- product distribution throughout the world and availability of transportation;

- natural disasters.

If they were to materialize, these risks could affect the development of the Company's business, as well as its profitability and working capital, in particular by increasing customer payment periods and increasing inventories. They could also lead to the recognition of significant expenses in the financial statements (impairment, tax reassessments, fines and penalties, etc.).

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

4.1.1.5 Risks related to prices and reimbursements

Uncertainty over reimbursements of *in vitro* diagnostic analyses and over possible 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 health insurance bodies reimburse the cost of analyses performed by the Company's customers.

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

In the U.S., the healthcare reform is expected in particular to meet the demand of part of the population which does not currently have sufficient social security coverage. However, this demand for medical care might not rise at the pace expected while the tax on diagnostic products introduced by the reform will affect the Group's 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. In addition, the Company endeavors to raise its sales prices at the start of each year.

4.1.1.6 Risks related to changes in the economic environment

Economic environment

The Company's business may be affected by a deterioration in the global economic environment and/or more moderate growth than expected in the *in vitro* diagnostics market. For example, the implementation of austerity measures in Southern Europe (Greece, Italy, Spain and Portugal) restricts healthcare spending, thus slowing down sales and increasing pressure on prices.

Furthermore, the deteriorating financial climate faced by certain countries and customers may lead to late payment or non-payment.

Customer consolidation

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

Increasing pressure on prices

This consolidation trend also allows customers to exert greater influence on product prices. In the U.S. in particular, hospitals' central purchasing offices pursue an aggressive purchase price reduction policy. Pressure on prices is increased by the entry of new market players seeking to rapidly acquire market share as well as by public health policies, which generally tend to restrict reimbursements for healthcare products and services (see section 4.1.1.5.).
A reduction in sale prices could have an impact on the Company's sales and profit margins.

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

4.1.1.7 Risks related to the business development strategy

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

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

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

If the Company is unable to obtain and/or renew such technologies under acceptable conditions, this could delay its growth and/or have a significant impact on its sales performance or financial position. The main licenses on which the Company's business depends, and their expiration dates, are listed in section 6.4.

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

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

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

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

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

The biotech companies, which are listed in Note 5.1 to the parent company financial statements, tend to have higher risk profiles than the Company's. If these companies experience difficulties, bioMérieux might have to write down the value of the stocks it holds.

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

4.1.1.8 Risks related to dependence on partners

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

The Company works with partners to:

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

These partnerships may, in the event of a disagreement between the parties, prove more complex than anticipated 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. Projects are managed by joint steering committees comprising the teams of both 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 management and scientific personnel. The loss of such personnel, particularly to competitors, or failure to hire new personnel could adversely affect its competitiveness and compromise its ability to meet its objectives. In addition, there could be a need to recruit more management and scientific personnel as business expands in areas that call for additional expertise and resources (such as research and development, marketing and regulatory clearance). The Company may be unable to attract and retain the necessary management and scientific personnel.

Risk management: The Company places strong emphasis on recruitment and career development. It has set up a number of internal mobility and training programs (see section 17.1.2). The Company endeavors to offer fairly competitive compensation packages and occasionally grants free shares to members of the

Management Committee and key managers. Each year, the Human Resources, Appointment and Compensation Committee and the Executive 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, or if the suppliers fail to meet their obligations.

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

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

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

4.1.1.11 Risks related to the location of industrial facilities

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

4.1.1.11.1. "Single-site" process

The Company operates 19 production facilities, each primarily dedicated to a single product line and technology, based on the principle of "one site-one product line". As a result, with the exception of ready-to-use media, key product lines are each manufactured at a single dedicated site. For example, the BacT/ALERT® blood culture bottles are exclusively manufactured at the Durham site (North Carolina, U.S.). Production at this site was recently affected by the setting up of a new production line in the context of a severe flu epidemic. As a result, production levels are lower than customer orders.

Any industrial, economic, political, labor, regulatory, environmental incident or accident affecting production capacity or causing a temporary or permanent interruption in production at the single-product production facilities could give rise to a public health risk and have a material adverse impact on the Company's sales, profitability and image.

If it were impossible to quickly resume operations at the production facility concerned, the Company could be forced to relocate production of the product line concerned. Due to the complexity of the products manufactured by the Company, relocating production could be long and expensive for the Company, thus 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 incident causing a temporary or permanent interruption of operations at one of these three logistics centers could have a negative impact on the distribution of products and on the Group's financial position.

4.1.1.11.2. Optimization of production sites

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

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

4.1.1.12 Risks related to the regulatory environment

Regulatory constraints could adversely affect the Company's ability to market its products or could 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 requires significant financial resources. Manufacturing sites are subject to regulatory approval processes and periodic inspections, in particular by the U.S. Food and Drug Administration (FDA).

As a result, new applicable regulations could:

- delay or preclude the marketing of new products by the Company;
- force the Company to halt production or sales of existing products;
- oblige the Company to change manufacturing and quality control processes; or
- impose costly constraints on the Company as well as on its suppliers.

An amendment to a regulatory process (such as the 510(k) registration in the U.S. or the CE marking in Europe) or the implementation of a new mandatory process by such a body could lead to additional delays or costs that affect the sale of the Company's products. Similarly, the Company could be required to redevelop certain products in response to changing standards in the food industry.

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

Products are inspected by regulatory authorities during the entire manufacturing and marketing process.

For example, the U.S. FDA carries out audits of production sites on an ad hoc basis. Following an inspection of the Durham site (North Carolina, U.S.) during the first quarter of 2012, the FDA sent a Warning Letter to the Company setting out seven points related to the site's quality system.

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

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

4.1.1.13 Risks related to information system failure

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

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

In particular, the Company has undertaken a worldwide project with a view to implementing a global resource management IT system (Global ERP), the rollout of which falls under the responsibility of a dedicated and multiskilled internal team. This rollout 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. In addition, use of the new IT system may reveal flaws or inadequacies that may give rise to additional costs (additional development, user training, etc.) or data loss.

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

4.1.2 LEGAL RISKS

4.1.2.1 Risks related to product liability

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

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

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

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

4.1.2.2 Risks related to intellectual property

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

The Company currently owns close to 480 patent families and around 240 brand families. It has also obtained licenses for a number of patents or trademarks for the products it uses or develops.

The Company's success depends among other things on its ability to obtain, maintain and protect patents and other intellectual property rights effectively. Intellectual property law in the health sector is constantly changing and gives rise to uncertainties. Accordingly, the Company may not be able to:

- develop patentable inventions;
- be granted the patents for which it has applied or will apply;
- obtain or renew the licenses it needs for its business;
- ensure that the validity of the patents or trademarks it holds, or for which it has been granted a license either now or in the future, will not be challenged by third parties;
- be sufficiently protected by its patents to exclude competitors; or

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

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

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

Competitors may infringe the Company's patents or other intellectual property rights or successfully circumvent them through design innovations. Actions may be taken by the Company against infringement, which are 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 the management of personal data protection

Within the scope of its activities, the Company has access to personal data concerning patients. The confidentiality of personal data is protected through particularly strict regulations in the U.S. and Europe. The Company may fail to comply with these regulations or protect the confidentiality of these data.

Risk management: In 2012, the Company created the position of data privacy manager reporting to the Global Compliance Officer in order to ensure the use of these data in compliance with the regulations in force and to protect their confidentiality.

4.1.2.4 Risks related to claims and litigation

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

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

To the best of the Company's knowledge, there are no other governmental, legal or arbitration proceedings, whether pending or threatened, that are liable to have or that have had over the past 12 months any material impact on the Company’s financial position or profitability.

4.1.2.5 Fraud risk

The development of new technologies and communication channels raises new risks of fraud by third parties and the Company might suffer financial loss.

4.1.2.6 Legal risk management

The Legal Affairs and Industrial 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 the freedom to operate in relation to third-party patents for all products under development. The Company has set up a monitoring system to be able to prevent registration of third-party brands and trademarks that are likely to create confusion with its own key brands. Before launching a new brand, bioMérieux verifies as far as possible that the brand will not infringe the rights of third parties.

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

4.1.3 INDUSTRIAL AND ENVIRONMENTAL RISKS

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

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

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

The REACH regulation aims to eliminate the use of chemical substances of "high concern" from the market. This may oblige the Company to redevelop or even discontinue certain products if it cannot find alternative solutions.

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 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 production facilities 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: A Health, Safety and Environment Department operating at Group level develops a harmonized and pro-active approach aimed at preventing harm to individuals, property and the environment (see the internal control report in Appendix 1 and section 8.2). The department ensures that employees are aware of and comply with applicable regulations.

4.1.4 MARKET RISKS

4.1.4.1 Borrowing risks

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

The Company has access to a five-year, €350-million revolving credit facility maturing in March 2017. This funding is subject to compliance with one financial ratio: net debt may not exceed three times EBITDA (leverage ratio).

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

Credit risks

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

A provision has been booked for all identified credit risks (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 materials 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 information on financial risk management, see Note 27 to the consolidated financial statements included in section 20.1.1.

4.2 INSURANCE

4.2.1 INSURANCE POLICY

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

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

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

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

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

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

4.2.2 PRINCIPAL INSURANCE POLICIES

Civil liability

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

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

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

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

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

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

Property and casualty

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

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

Transport

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

Deductibles and premiums

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

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

- various specific deductibles ranging from €15,000 to €250,000 per claim in the case of civil liability insurance;
- various specific deductibles ranging from €10,000 to €75,000 in the case of property and casualty insurance.

In 2012, no loss incurred exceeded the deductible amounts set in property and casualty or civil liability policies.

5 INFORMATION ABOUT BIOMÉRIEUX

5.1 HISTORY AND DEVELOPMENT OF THE COMPANY 31

5.1.1 Company name 31
5.1.2 Registration details 31
5.1.3 Date of incorporation 31
5.1.4 Registered office and legal form 31
5.1.5 History and development of the Group's activities 31

5.2 CORPORATE SOCIAL RESPONSIBILITY 34

5.2.1 Relationships with stakeholders 34
5.2.1.1 National health authorities 34
5.2.1.2 Relationships with the local communities in which the Group’s entities are located 34
5.2.1.3 Philanthropy 34
5.2.1.4 Sponsorship 36
5.2.2 Human rights: the Global Compact 36
5.2.2.1 Role of the Global Compact 36
5.2.2.2 bioMérieux's commitment 37

5.3 INVESTMENTS 37

5.3.1 Principal investments in 2012 37
5.3.2 Principal investments in progress 38
5.3.3 Principal future investments 38

5.1 HISTORY AND DEVELOPMENT OF THE COMPANY

5.1.1 COMPANY NAME

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

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

5.1.2 REGISTRATION DETAILS

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

The Company's APE industry code is 2059 Z.

5.1.3 DATE OF INCORPORATION (ARTICLE 5 OF THE BYLAWS)

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

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

5.1.4 REGISTERED OFFICE AND LEGAL FORM

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

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 medical laboratories, from biochemistry, coagulation, and virology to microbiology. The Company initially targeted French-speaking markets mainly for the diagnosis of infectious diseases.

bioMérieux then rapidly expanded on an international scale through the creation of its own network of subsidiaries, in particular in Belgium (1975), Germany (1976), Spain (1980), Italy (1985), Japan (1988), and the United Kingdom (1991). The Company also decided early on to expand into emerging markets: in Brazil (1973), China (1992), Russia (1996) and India (1998). At the same time, the Company pursued a policy of external growth through targeted acquisitions, enabling it to progressively extend its product lines in order to respond to its customers' changing needs and the emergence of new pathologies.

In 1987, within the framework of this policy, the Company acquired the API group, the global benchmark 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, and 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;
- critical mass, and a stronger presence in the global market as Organon Teknika's diagnostic division's sales in 2001 were equivalent to approximately 40% of the Group's 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 and focusing exclusively on *in vitro* diagnostics

On July 6, 2004, the Company's shares were admitted for trading on NYSE 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, VIDAS® EBV in 2009 and VIDAS® Galectin-3 in Europe at the end of 2012.

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.

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

- In 2006, the Company acquired the molecular biology company Bacterial Barcodes Inc., which developed the patented DiversiLab® system, for its automated bacterial genotyping activity.
- In 2007, the Group acquired the Spanish company Biomedics, which specializes in the production of culture media, as well as the Australian company BTF, whose patented BioBall® calibrated strain technology is used in quantitative microbiological quality control in industrial applications.

- In 2008, the Group carried out three acquisitions of reagent companies:
  - AB BIODISK, a company specialized in microbiology, whose flagship product, Etest®, allows for the measurement of the minimum inhibiting concentration of an antibiotic treatment and constitutes a benchmark method for microbiology laboratories worldwide;
  - AviaraDx (California, United States), a molecular diagnostic company specialized in oncology and theranostics. AviaraDx, renamed bioTheranostics, develops molecular-based tests that are used to characterize metastatic cancers and help physicians choose the most effective treatment strategy. It runs these tests in its CLIA (Clinical Laboratory Improvement Amendments) service lab. In early 2013, bioMérieux decided to seek outside partners in order to accelerate the development of bioTheranostics;
  - PML Microbiologicals (North America) was acquired for its activity in the field of culture media and microbiological control products intended for industrial applications on the North American market.
- In 2010, the Group carried out two acquisitions in China:
  - Meikang Biotech – renamed bioMérieux Shanghai Biotech – produces rapid tests in Shanghai. Thanks to this acquisition, bioMérieux has gained production and R&D capabilities in China. This site in Shanghai is bioMérieux's new China headquarters. bioMérieux also acquired Dima GmbH, a distributor of Meikang Biotech products primarily in Germany (this company, which focuses on the marketing of rapid tests for drugs of abuse, a non-strategic area for bioMérieux, was sold to Biosynex in January 2012);
  - Shanghai Zenka Biotechnology, a company that possesses the authorizations necessary to market the main microbiological culture media in China.
- In 2011, the Group carried out two acquisitions:
  - AES, a leading French group specialized in industrial microbiological control. The acquisition has made bioMérieux the world leader in food applications and the Company now offers its customers a comprehensive product line. In addition, this acquisition has enabled bioMérieux to develop and invest in AES cytometry solutions and other high-potential platforms in order to strengthen its solid competitive position;
  - Argene, a company specializing in the molecular diagnosis of infectious diseases for immunocompromised patients, has extended bioMérieux's infectious disease product portfolio. This acquisition will also accelerate time-to-market of a broad test menu on the new molecular platform currently being developed with Biocartis. In 2012, Argene was merged into bioMérieux SA.
- In 2012, bioMérieux acquired a 60% interest in India's RAS Lifesciences Pvt. Ltd (RAS). Based in Hyderabad, RAS is a privately held start-up specialized in molecular diagnostics and does not yet have significant sales. RAS's expertise and range of reagents, which are intended primarily for the diagnosis of infectious diseases, will enable bioMérieux to commercialize a menu of molecular diagnostic tests primarily in India and, over the medium term, in emerging markets.

Furthermore, in line with its 2012-2015 roadmap, the Company signed a number of strategic agreements during the year.

- In October, bioMérieux and Thermo Fisher Scientific Inc. announced they had renewed their partnership agreement for Procalcitonin (PCT) biomarker testing using Thermo Fisher's PCT product on bioMérieux's VIDAS®, mini VIDAS® and VIDAS® 3 immunoassay platforms. The PCT biomarker test is the gold standard for the early detection of sepsis in critically ill patients.
- In October, bioMérieux signed a Letter of Intent with the Genome Institute at Washington University in Saint Louis (Missouri, U.S.) in the field of microbial genetic sequencing. The partnership, which will be implemented through a joint strategic research collaboration, aims at building a unique and unparalleled database, linking pathogen sequences to their phenotypic characteristics (identification, virulence, resistance) in order to forge new actionable knowledge in microbiology for labs, clinicians and researchers.

- In November, bioMérieux and the American company, Quanterix, announced that they had entered into a strategic agreement that gives bioMérieux worldwide exclusive rights to Quanterix's Simoa™ ultrasensitive immunoassay technology in clinical laboratories and for industrial applications. Under the agreement, Quanterix will deliver a new instrument and consumables based on its Simoa™ technology, and bioMérieux will develop ultrasensitive and multiplex assays on the new platform. At the same time, bioMérieux took a 14% equity stake in Quanterix.

5.2 CORPORATE SOCIAL RESPONSIBILITY

bioMérieux has a historical commitment to public health, which includes improving access to diagnostics worldwide, irrespective of the different healthcare systems in place, and ensuring the safety and quality of food products.

5.2.1 RELATIONSHIPS WITH STAKEHOLDERS

5.2.1.1 National health authorities

The Company pays close attention to compliance with the requirements of health bodies governing the national markets in which it sells its products. It takes into account their comments and opinions issued during audits as part of a continuous improvement process.

5.2.1.2 Relationships with the local communities in which the Group's entities are located

The Group is not only involved in public health, but also in the life of the local communities around its sites and subsidiaries, taking part in social and cultural initiatives. For instance, the Company supports the Sport dans la Ville association in France, whose purpose is to promote the social and professional integration of young people from underprivileged neighborhoods through sport.

5.2.1.3 Philanthropy

Pursuant to Act no. 2003-09 of August 1, 2003, the Company's Board of Directors decided to contribute a portion of sales to sponsorship activities. The majority of the contribution is allocated to projects supported by the Mérieux Foundation and the Christophe and Rodolphe Mérieux Foundation, and the remaining amount to sponsorship projects undertaken directly by bioMérieux. In 2012, the Company contributed €1,959 thousand to sponsorship activities, i.e., 2.5‰ of its sales, including €1,446 thousand to the two aforementioned foundations.

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

Contributions, donations and sponsorships In thousands of euros	**2012**	**2011**	**2010**	**2009**
Contributions	1,959	1,859	2,464	2,784
of which to the Mérieux Foundation	*121*	*69*	*660*	*1,000*
of which to the Christophe and Rodolphe Mérieux Foundation	*1,325*	*1,325*	*1,325*	*1,325*
Sponsorships, other donations, national heritage and amortization of living artists' works	404	186	198	190
	2,363	2,045	2,662	2,974

5.2.1.3.1. Philanthropy in public health

As part of its sponsorship programs, it has for many years prioritized support for the actions of the Mérieux Foundation, recognized as a public utility, and the Christophe and Rodolphe Mérieux Foundation, under the aegis of Institut de France. These foundations aim to fight against infectious diseases in underdeveloped countries by strengthening their clinical biology capabilities.

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 €121,000 to the Foundation in 2012.

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 contribute to scientific and educational projects. As part of its sponsorship contract with the Christophe and Rodolphe Mérieux Foundation, the Company contributed €1,325,000 to the Foundation in 2012.

5.2.1.3.2. Social philanthropy

A global player in public health, bioMérieux makes patients – and, more broadly, people – central to its activities. Conscious of its social responsibility, the Group supports a variety of initiatives.

Support for many international organizations

bioMérieux works alongside international organizations (Clinton Foundation, United Nations, World Bank, Global Business Coalition, European Commission) by supporting various initiatives (funding of research projects, international programs, etc.).

Support for local initiatives

In addition to the Group's corporate sponsorship policy, teams at the subsidiaries are involved in humanitarian activities in their countries, with a number of initiatives carried out in partnership with local NGOs.

Fundación ALMA – Argentina

bioMérieux Argentina has contributed to the ALMA Hospital Train for Children (*Tren-Hospital para Chicos*), a program designed to improve the health of children in remote locations with limited access to healthcare. Organized by Fundación ALMA, the train travels to resource-challenged villages in the Northern Argentinean provinces. bioMérieux donated diagnostics for Chagas testing and laboratory equipment. The subsidiary's employees also collected supplies to ensure the children's good hygiene. Some 1,500 children in five villages benefited from screening for diseases as well as educational programs on food safety and hygiene.

5.2.1.3.3. Cultural philanthropy

bioMérieux also supports cultural initiatives in the communities where its sites are located.

Museum of Grenoble

bioMérieux has had close ties with the city of Grenoble for many years. Grenoble was accordingly chosen as home for the Christophe Mérieux Center dedicated to research and the production of molecular biology systems.

In addition to this scientific collaboration, bioMérieux wanted to support the city's cultural environment, notably as part of the Sponsors' Club of the Museum of Grenoble. Alain Mérieux, Chairman of Institut Mérieux, is a founding member of the Museum's Sponsors' Club. In 2012, as a member of this club, bioMérieux contributed to the French State's acquisition of Picasso's *papier collé* "Verre".

Other cultural philanthropy

bioMérieux supports the Lyon Museum of Fine Arts. In 2008, Nicolas Poussin's painting "The Flight into Egypt" joined the Museum's collections with the sponsorship of large corporations and private foundations, including bioMérieux. In 2012, bioMérieux also contributed to the French State's acquisition of Jean-Honoré Fragonard's "Le Rocher" and "l'Abreuvoir", two paintings of considerable historical importance.

For many years, bioMérieux has also supported diverse cultural events in the Rhône-Alpes region, including:

- the Chaise Dieu music festival in Haute-Loire, a 30-year partnership;
- the Baroque Music Festival of Lyon.

5.2.1.4 Sponsorship

bioMérieux is also involved in sponsorship and/or philanthropy in the countries where it operates, primarily in relation to the following selection criteria:

- Projects related to health:
  - related to the Company's fields of business or expertise, namely *in vitro* diagnostics, the fight against infectious diseases, cancers, cardiovascular diseases and industrial microbiological tests,
  - related to the Company's purpose – to improve public health – and to access to care, particularly in developing countries,
  - related to the Company's people commitment, particularly workplace health and integration;
- Projects enabling bioMérieux to play a role as a corporate citizen in the communities where its sites and subsidiaries are located.

5.2.2 HUMAN RIGHTS: THE GLOBAL COMPACT

Since 2003, bioMérieux has been a member of the Global Compact, an international initiative under the auspices of the United Nations that aims to address the problems generated by globalization.

5.2.2.1 Role of the Global Compact

The Global Compact involves both the business community and civil society. Its members are committed to implementing concrete actions to address the problems stemming from globalization and affecting developing countries. Member companies undertake to comply with a charter of 10 principles, taking concrete measures each year on one of these commitments.

5.2.2.2 bioMérieux's commitment

bioMérieux has renewed its commitment by taking action to support the principles of the Global Compact, particularly in terms of fair trade and human rights.

Human rights category

Principle 1: Initiatives to rebuild clinical biology capacities, support Haitian women and children, and provide medical care to children in Argentina.

2011 was marked by bioMérieux's commitments, alongside the Mérieux Foundation and Institut Mérieux, to a large-scale and long-term program in Haiti, and, alongside the Fundación ALMA, to the Hospital Train for Children. These projects aim to contribute to the reconstruction and reinforcement of healthcare facilities in Haiti following the devastating earthquake of January 2010 and to help children living in remote areas with little access to healthcare systems in Argentina.

Fight against corruption category

Principle 10: Initiatives against corruption.

bioMérieux has strengthened its efforts to support its Ethics and Compliance Program, which aims to ensure policies and practices that clearly convey, both internally and publicly, bioMérieux's commitment to an organizational culture of ethics and integrity (see section 3.3.1 in Appendix 1).

5.3 INVESTMENTS

5.3.1 PRINCIPAL INVESTMENTS IN 2012

Capital expenditure totaled €131 million for the year, of which €98 million was industrial capital expenditure, compared with, respectively, €108 million and €74 million in 2011 (excluding the impact of the change in payables to suppliers of fixed assets accounts payable). Industrial capital expenditure primarily concerned production line commissionings, as well as the acquisition, construction and extension of industrial and R&D buildings. In addition, the global ERP system project continued over the year. In all, capital expenditure amounted to 8.4% of sales for the year.

- La Balme site in France: expansion of the production facilities for the manufacture of LyfoCults® (€2 million) was completed on schedule.
- Saint Louis site in the United States: a facility for the production of instruments and logistics (B3) was acquired (€4.1 million).
- Pudong site in Shanghai, China: a Petri dish manufacturing site and warehouse were created (€2.2 million).
- Jacarepagua site in Rio de Janeiro, Brazil: the Petri dish manufacturing facilities were expanded (€2.3 million).

The main investment projects completed in 2011 and 2010 are presented in section 5.3.1 of the Registration Document filed on April 26, 2012, and in section 5.3.1 of the Registration Document filed on April 26, 2011.

5.3.2 PRINCIPAL INVESTMENTS IN PROGRESS

- In all Group companies: the ongoing implementation of the Global ERP system. This project, which began in 2008, is being implemented by Company teams with the assistance of external service providers. Total costs will amount to approximately €92 million, of which €57 million will be capitalized: completion expected in early 2015.

- In France:

  - La Balme site in France: construction of R&D facilities (€10 million): completion expected by third-quarter 2013.

  - Marcy l'Étoile site in France: expansion of the production facilities for the manufacture of VIDAS® reagents (€6 million): completion expected by end-2013 for the production facilities and third-quarter 2014 for the equipment.

- Saint Louis site in the United States: renovation of the raw material manufacturing laboratory (€4.8 million) and updating the MES (Manufacturing Execution System) software (€3.1 million): completion expected by end-2014.

5.3.3 PRINCIPAL FUTURE INVESTMENTS

- Capronne site in France: construction of a new Petri dish production line for clinical and industrial applications (estimated cost of €14 million) in 2013: completion expected in 2015.

- Durham site in the United States: construction of new facilities and a BacT/ALERT® production line (estimated cost of €40 million) in 2013: completion expected in 2015.

6 BUSINESS OVERVIEW

6.1 MAIN ACTIVITIES 36

6.1.1 Business summary 36

6.1.2 Description of the Company's business 39

6.1.2.1 Core areas of expertise 39

6.1.2.2 Key strengths 39

6.1.2.3 Strategy 40

6.1.2.4 Business development 41

6.1.3 Group products 41

6.1.3.1 Breakdown of the Group’s product range 42

6.1.3.2 Main products 42

6.1.3.3 Other Group products 52

6.1.3.4 New products and services 52

6.2 PRINCIPAL MARKETS 53

6.2.1 Market overview 53

6.2.1.1 Size of the *in vitro* diagnostics market and recent developments 53

6.2.1.2 Market trends and growth prospects 54

6.2.2 Principal players 56

6.2.3 Group customers 57

6.2.4 Distribution network 58

6.2.4.1 An extensive distribution network 58

6.2.4.2 Numerous independent distributors 58

6.2.5 Competition 63

6.2.5.1 Clinical market 59

6.2.5.2 Industrial market 59

6.3 QUALITY SYSTEMS AND APPLICABLE REGULATIONS 59

6.3.1 Quality assurance systems, monitoring systems and audits 59

6.3.2 Regulatory requirements 60

6.3.3 Clinical *in vitro* diagnostics 60

6.3.4 Monitoring 61

6.3.5 Audits 62

6.3.6 Industrial microbiological control 62

6.3.7 Management and monitoring of customer complaints 62

6.4 DEPENDENCE ON PATENTS, LICENSES AND OTHER FACTORS 63

6.5 SOURCES 64

6.1 MAIN ACTIVITIES

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 2012, bioMérieux reported sales of €1,570 million and had 7,285 full-time equivalent employees.

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

- the clinical field: the diagnosis of infectious diseases such as HIV, tuberculosis and respiratory diseases, as well as cardiovascular diseases and targeted cancers, based on the analysis of biological samples such as blood, saliva and urine. Clinical applications account for 80% of the Company's sales. bioMérieux is a specialist, ranking tenth worldwide in *in vitro* diagnostics, but number one in clinical microbiology;

- the industrial field: microbiological analyses of manufacturing and of its environment, chiefly in the food and biopharmaceutical industries. Industrial applications account for 20% 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

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

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

Most of the Company's sales come from reagent sales which accounted for 81% of its sales in 2012. Instruments are either sold (approximately 13% of sales in 2012) or provided to customers for use on their premises as part of a reagent supply agreement. At the end of December 2012, the installed base amounted to over 69,000 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 groups operating in the food, pharmaceutical and cosmetics industries, and independent quality-control laboratories.

bioMérieux is a diversified company:

- geographically: the Group operates in over 150 countries, through 41 international subsidiaries (see section 6.2.4) and a wide network of distributors; and

- technologically: bioMérieux’s product offering is based on three technologies: (i) microbiology, bioMérieux's core business in which the Company holds the leading position worldwide; (ii) immunoassays; and (iii) molecular biology (see section 6.1.2.1). It also has an extensive product portfolio, with 3,700 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 analyzing samples taken from a patient. Analysis is performed outside the patient's body. *In vitro* diagnostic tests are used to detect or identify bacteria or viruses (exogenous agents) and to detect or quantify biological constants or markers, which are substances produced by the human body in the presence of, for example, an infectious disease, cardiovascular disease or cancer.

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

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

Technologies

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

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

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

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

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

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

	2012 *(in billions of euros)*
Clinical biochemistry	11.7
of which blood glucose monitoring: €7.1 billion	
Immunoassays	10.4
Molecular biology	3.6
Hematology and flow cytometry	3.2
Microbiology	1.9
Histology and cytology	1.8
Hemostasis	1.3
Other technologies[(a)]	3.3
TOTAL	**37.2**

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

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

In vitro diagnostic techniques were traditionally performed manually but have progressively been automated, making it possible for laboratories to standardize the process, which gives more reliable results in a shorter time period, ensures the traceability of analyses and increases the number of examinations that can be carried out simultaneously. The degree of automation is not consistent from one laboratory to another, however. The Company considers that microbiology laboratories are now less automated than other laboratories, and that the automation needs expressed by this kind of laboratory represent a source of growth on this market.

Molecular biology has added a new dimension to *in vitro* diagnostic techniques. It most often complements diagnostics by identifying pathologies that traditional techniques are not sufficiently sensitive or rapid to detect. Molecular biology has also paved the way for 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 number 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.

New techniques are emerging, moreover, especially in ultrasensitive multiplex immunoassays, which improve healthcare by providing earlier detection of disease, allowing clinicians to take the appropriate therapeutic decisions must faster.

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

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, and 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, the medical value of diagnostics is increasingly recognized, and IVD tests now play a decisive role, with over 60% 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.

6.1.2 DESCRIPTION OF THE COMPANY'S BUSINESS

6.1.2.1 Core areas of expertise

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

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

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

In the clinical market (80% of bioMérieux's sales), the Group's historical and priority business is focused on the diagnosis of infectious diseases, including bacterial (such as staphylococcus), parasitic (such as toxoplasmosis) and viral infections (such as HIV). In 2012, the infectious diseases field generated around 85% of clinical applications sales.

For several years, the Group has been using its technological expertise to extend its range of products to the detection and therapeutic monitoring of certain cardiovascular diseases and certain cancers. In 2012, these applications accounted for 7% of 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. bioMérieux and GSK are working together under the terms of a partnership agreement signed in May 2010. bioMérieux has developed a molecular theranostics test to detect mutations of the BRAF V600 gene (V600E and V600K), that are found in some cancers, including melanoma. This test will be used for patients with metastatic melanoma to help oncologists identify the best treatment. A request for premarket approval (PMA) was filed with the FDA in the U.S. in 2012.

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 20% of sales in 2012. Industrial applications mainly concern the food, pharmaceutical and cosmetics industries.

(2) Source: www.edma-ivd.eu.

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 50 years of experience in biology, which is also relevant for new areas, including industrial applications, cardiac diseases and some cancers;
- over 70% of its sales generated in two sectors where it holds the leading position: clinical microbiology and industrial applications;
- a leading position in clinical microbiology, and a range of Full Microbiology Laboratory Automation (FMLA®) focused on introducing new automation and developing innovative IT solutions for microbiology laboratories and unique expertise in bacterial resistance mechanisms;
- a pioneering and leading position in industrial applications, where the Company has the widest product range, recently strengthened by the acquisition of AES, and strong market positions promising substantial growth potential;
- comprehensive product ranges known for their reliability and durability, integrating all conventional technologies (microbiology and immunoassays) as well as the development of a range of high medical value tests;
- expertise in molecular biology, particularly in automated nucleic acid extraction and the Argene range of virological tests for transplant patients;
- a balanced geographic breakdown of its business into four regions – Southern Europe and France, North America, emerging countries and the rest of the world, supported by a global distribution network and a longstanding presence in emerging countries, enabling the Group to seize market growth opportunities;
- an installed base of over 69,000 instruments, primarily composed of closed systems, which only use reagents developed specifically for these instruments and sold by bioMérieux;
- an innovation drive behind the medical value of diagnostics and laboratory organization, backed by heavy investment in research and development amounting to around 11% of Group sales, which is more than that of its competitors. This dynamic leads to the regular launch of innovative products, with three differentiating systems in 2013, and allows bioMérieux to select the most promising new technologies;
- a genuine capacity to make targeted acquisitions and establish strategic partnerships;
- in theranostics, complete independence from the global pharmaceutical groups;
- financial solidity and a structural ability to generate significant cash flow and successfully implement its strategy;
- a family majority shareholder, whose scientific, industrial and commercial vision has translated into continuous sales growth and improved profitability, while successfully positioning the Company in the technologies of the future.

6.1.2.3 Strategy

Given the difficult economic climate, the Company feels that clinical and industrial *in vitro* diagnostics will benefit from dynamic growth drivers, as it becomes essential for medical decisions and for ensuring the safety of consumers. It also offers savings to healthcare systems and a major development opportunity in emerging countries.

In clinical microbiology especially, bioMérieux considers that there are both significant barriers to new entrants and attractive growth opportunities: according to its estimates, average annual growth on the market could reach around 5% between 2011 and 2017, driven largely by laboratories' need for automation to optimize workflow, standardize processes and shorten leadtimes.

Backed by the mastery of its complementary technologies, its balanced global footprint, extensive installed base and robust financial health, bioMérieux intends to focus on its priority specialties – clinical microbiology, industrial applications and immunoassays with high medical value, aiming to:

- consolidate its leadership in clinical and industrial microbiology, allowing it to continue innovating in these fields. In order to meet market expectations, bioMérieux will round out its current ranges with new automation solutions. It also intends to supplement its modular, flexible FMLA® range (Full Microbiology Laboratory Automation), by developing new instruments, adding new functions to its Myla® middleware and expanding its service offer;

- optimize its position in immunoassays, where it is a focused player. It intends to leverage its VIDAS® franchise, using its expertise in high medical value parameters, and the recent agreement with American company Quanterix (see section 5.1.5) covering ultrasensitive multiplex immunoassays. The new-generation VIDAS® 3, will be particularly adapted to emerging countries;

- grow its molecular biology business: primarily targeting nucleic acid extraction, in which the Company is a major player, and the diagnosis of infectious diseases, leveraging the fully automated platform under development with Biocartis, the Argene range and the acquisition of RAS. It will continue to work towards increased personalization of healthcare.

bioMérieux will also pursue its ambitious international development and will continue to promote innovation all over the world. With its global outlook, the Company wants to continue to grow in emerging countries which, despite heightened price-sensitivity and the temporary weakening of reagent demand, are seeing rapid growth, driven both by ambitious government action and by strong demand among end consumers. bioMérieux will also continue to adapt its sales policy to economic conditions in developed countries, especially North America, the world's biggest market.

On the strength of its competitiveness and high-quality network, bioMérieux is aiming to conduct around 35% of its business in emerging countries by 2015. It estimates that the three systems released in 2013 (and their reagents) could generate around 5% of sales within two years of their launch. To secure the success of its business expansion and the launch of innovative, technologically complex platforms, the Group will maintain research and development investment and sales action plans in 2013 and 2014.

It has defined a 2012-2015 roadmap with the following priorities:

- driving growth in its key markets: bioMérieux wants to consolidate its leadership positions in clinical and industrial microbiology and strengthen its franchises in high medical value tests and in molecular biology extraction;

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

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

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

The roadmap was implemented in 2012:

- work continued on the integration of AES and Argene. The sales teams were coordinated, the distribution channels were merged and the product offerings were aligned;

- bioMérieux China became the Group's third-ranking sales company and two new commercial subsidiaries were created in Malaysia and Vietnam;

- the Company presented VIDAS® 3, the new generation VIDAS®, at the *Journées Internationales de Biologie* congress in November in Paris;

- various strategic agreements were signed (see section 5.1.5):

  - the acquisition of 60% of the Indian company RAS;

  - renewal of the partnership with Thermo Fisher Scientific Inc. for the dosage of Thermo Fisher's biomarker Procalcitonine (PCT) on bioMérieux's VIDAS®, mini VIDAS® and VIDAS® 3 immunoassay platforms;

  - strategic agreement on ultrasensitive immunoassays with the American company Quanterix;

  - signing of a Letter of Intent with the Genome Institute at Washington University (Saint Louis, Missouri, U.S.) in the field of microbial genetic sequencing.

6.1.2.4 Business development

bioMérieux has a Business Development department, with international teams based in Marcy l'Étoile (France) and Cambridge (Massachusetts, U.S.) who work closely with the technological units, the Legal department, Industrial Property and Finance.

According to bioMérieux's 2012-2015 roadmap, this department is responsible for targeted acquisitions and strategic partnerships that contribute to three main objectives – expanding the Group's product portfolio, widening its technological offering and promoting its international expansion – while protecting its financial solidity.

Its activities have resulted in 11 acquisitions and several strategic agreements for systems development, access to innovative biomarkers and distribution of products that round out existing ranges (see section 5.1.5).

6.1.3 GROUP PRODUCTS

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

The Company has implemented a global marketing strategy specialized by technology unit. Its various systems are marketed under identical trademarks worldwide and the product offering is adapted to regional and local requirements.

The Company's ten leading products accounted for 23% of sales in 2012, of which over 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.

Most of the Group's sales come from reagents which accounted for 81% of its sales in 2012. Instruments are either sold (13% of sales in 2012), 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, especially the United States, instruments can also be leased to customers. Any required systems management software is provided with the instruments and updated regularly.

The vast majority of instruments developed and installed by the Company are closed systems, which can only be used with reagents developed specifically for these instruments and sold by bioMérieux. At December 31, 2012, the installed base amounted to over 69,000 instruments. Over 70% of reagent sales in 2012 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 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 6% of the Company's sales in 2012. The Company will continue to grow this business by focusing on the training of technicians, laboratory accreditation support and workflow optimization.

6.1.3.2 Main products

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

6.1.3.2.1. Microbiology

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

Culture media

The Group offers an extensive range of culture media, with more than 100 bioMérieux references available in various forms such as Petri dishes, tubes and bottles. With 50 years' experience in the 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, which requires specialized know-how. By introducing chromogenic substrates, these media allow simultaneous isolation and identification of the target microorganisms, which reduces 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 of combating healthcare-associated infections. The Company obtained FDA approval for chromID® MRSA and chromID® VRE and can now market these products in the United States. In 2011, the Company launched chromID® C. difficile, the first chromogenic culture medium for the isolation and identification of Clostridium difficile in just 24 hours. C. difficile is a bacterium responsible for epidemics of healthcare-associated infections, some of which are very serious and associated with high mortality rates.

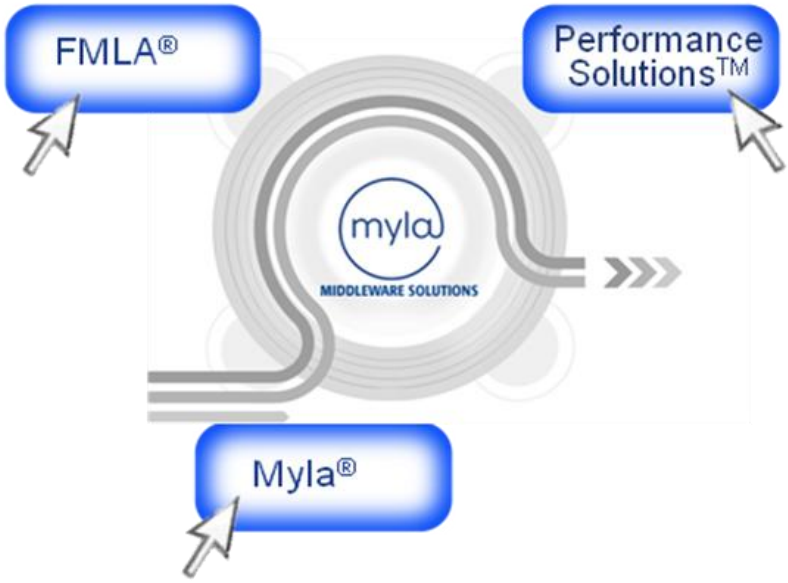
In 2012, the Company launched chromID® CARBA agar, a new chromogenic medium for the screening of carbapenemase-producing enterobacteria (CPE), which are particularly resistant and cause healthcare-associated infections and hospital epidemics. Detecting CPE carriers is especially important in the prevention and epidemiological tracking of these infections. chromID® CARBA agar is part of a complete range of chromogenic media for the detection and screening of the most frequently encountered resistance mechanisms. Alongside its range of chromogenic media, the Company has also launched the chromID® ESBL agar/chrom ID® VRE agar biplate medium.

In industrial applications, the Company develops and markets various specific media – such as the chromID®line – for the culture, detection, identification and quantification of microorganisms in food, pharmaceutical products and cosmetics and in the manufacturing environment (air, surface, water, etc.). In both of these areas, bioMérieux develops innovative analytical solutions to rapidly identify any bacterial infection during the manufacturing process. bioMérieux sells ALOA®, a culture medium designed for the detection of Listeria spp and Listeria monocytogenes and the quantification of Listeria monocytogenes in food and environmental samples. ALOA® is the medium recommended for use in the standard method (EN ISO 11290-1 and ISO 11290-2). The ALOA® One Day, ALOA® Count and ALOA® Confirmation methods, for the detection, quantification and confirmation of Listeria spp and Listeria monocytogenes, are AFNOR ISO 16140 approved. In the food industry, moreover, 2012 saw the market launch of chromID® EHEC, a culture medium for the detection of enterohemorrhagic Escherichia coli.

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

Automated *in vitro* diagnostics solutions

Microbiology



Full Microbiology Lab Automation (FMLA®)

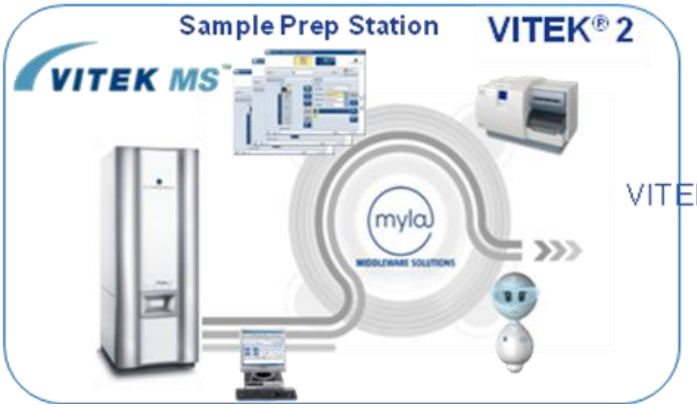
PREVI™ Isola

BacT/ALERT®

Blood culture bottles

VITEK® 2

VITEK® 2 Cards



VITEK®MS system

Immunoassays

VIDAS® and mini VIDAS®

VIDAS® strip and SPR

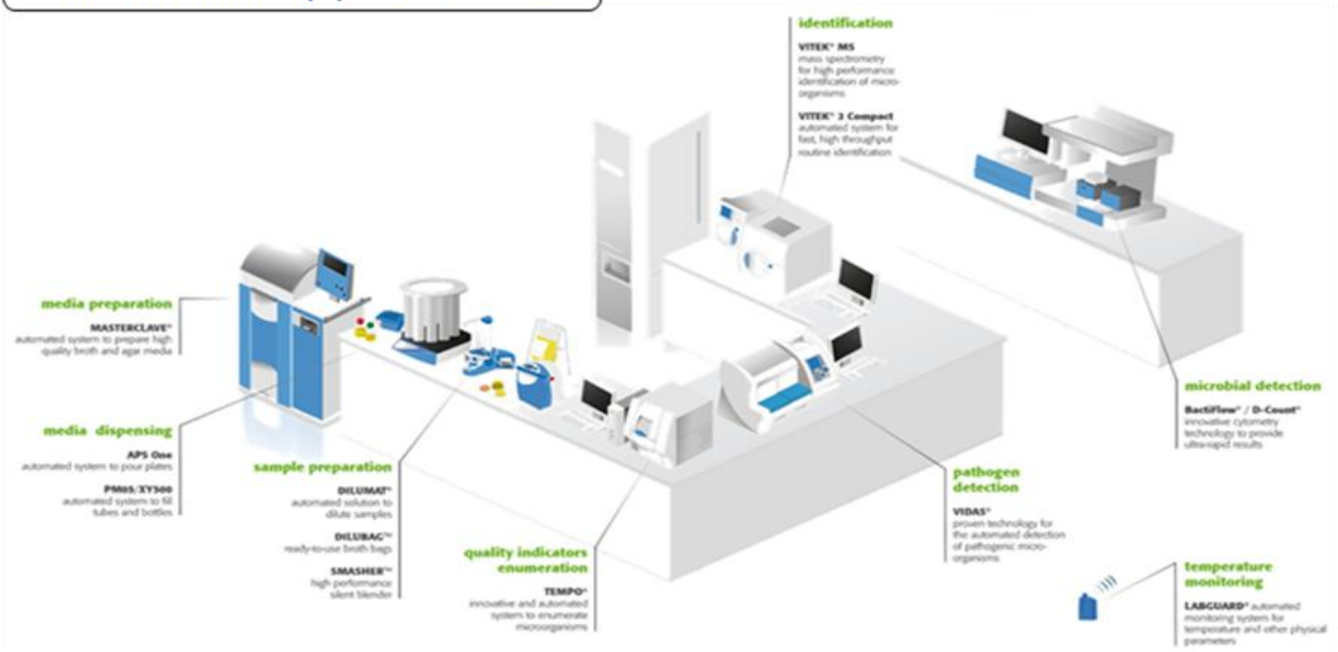
Molecular biology

NucliSENS® easyMAG®

Extraction reagents

Disposables (aspirator and sample vessel)

Industrial applications



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, biopharmaceutical and cosmetics sectors, to identify any pathogenic agents present in products or in the production environment.

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

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

In 2012, a new test – Etest® ceftaroline – went on the market. It determines resistance to the Teflaro® antibiotic.

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

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

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

The Company subsequently launched:

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

The VITEK® 2, AES™ and Etest® product lines meet the needs of clinicians by assisting them in antibiotic prescription. Meanwhile, the epidemiological surveillance software VigiGuard™ allows for the study and monitoring of the evolution of resistance in every clinical department, and proposes antibiotic therapy protocols that are adapted to microbial ecology.
The VITEK® range is also used by industrial customers in the food, pharmaceutical and cosmetics sectors, in order to identify any pathogenic agents present in products or in the production environment.

VITEK® MS: the MALDI-TOF mass spectrometry solution

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

In 2011, the Company introduced a CE-marked version of its VITEK® MS mass spectrometry solution for bacterial identification in microbiology laboratories. The MYLA® middleware enables seamless integration between this solution and the VITEK® platform. It is the fruit of the partnership between Shimadzu and its instrument supplier subsidiary, Kratos Analytical Ltd., and the acquisition of the AnagnosTec database. In December 2012, the Company submitted a *de novo* petition/510(k) to the FDA in order to obtain clearance for its VITEK® MS system.

In 2012, the Company also brought to market VITEK® MS Plus, which enables VITEK® MS customers to extend their use of mass spectrometry beyond routine identification, for conducting research or building a proprietary database.

2012 also saw the launch of a specialist version for industrial customers. It complies with Title 21 CFR Part 11 of the American Code of Federal Regulations on traceability, and includes a specific database developed by bioMérieux. It is mainly designed for large pharmaceutical laboratories.

Blood culture: the BacT/ALERT® product line

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

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

In the fourth quarter of 2013, the Company will launch a new generation of its blood culture instrument, whose improved thermal stability allows it to offer faster results, and immediate notification of positive results.

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

Full Microbiology Laboratory Automation (FMLA®)

Automation levels remain low in microbiology laboratories. The Lab Quality Confab Survey revealed in 2012 that 80% of laboratories surveyed had a heavy daily workload and over 90% considered their efficiency to be unsatisfactory. The Company believes that microbiology laboratory automation will drive growth in the clinical microbiology market.

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

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

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

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

In 2013, it will launch an incubator with embedded imaging technologies, which will digitalize the reading of ready-to-use media using an imaging system that should lead to faster detection of bacterial colonies of interest.

MYLA® a new IT solution for microbiology laboratories

The innovative microbiological MYLA® middleware, launched in 2010, provides a consolidated interface, optimized workflow and information management. This software is based on a browser with a single interface for the laboratory's information system, and consolidates data generated by microbial identification and antibiotic susceptibility tests (ID/AST) and blood cultures. Using a single interface to manage information helps to optimize the care and monitoring of patients in healthcare units. Network connectivity allows users to access MYLA® remotely.

The third version of MYLA® was released in 2012. It offers important new features for clinical laboratories, especially for blood culture testing. MYLA® may also be used in industrial applications.

Enumeration of microorganisms (quality indicators): TEMPO®

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

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

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

Instruments for preparing samples and culture media, and instruments for fast, automated microbial detection for industrial quality control laboratories

AES brought bioMérieux a range of instruments for preparing samples and culture media, especially for the food industry, helping to optimize laboratory standardization and productivity. This range is now fully integrated in bioMérieux's offering, and includes the following product lines:

- Dilumat®S for dilution,

- Smasher™ for grinding food samples,
- Master-Clave® for the fully automated preparation of agar.

The bioMérieux AES offering now includes the LabGuard® system for the surveillance of temperatures and environmental parameters in the laboratory.

Flow and laser scanning cytometry instruments

This technology is used for real-time microbial detection in raw materials, intermediate products and finished products, enabling the faster release of production batches for the food, pharmaceutical and cosmetics industries. This range includes D Count®, Scan RDI® and BactiFlow® ALS instruments.

6.1.3.2.2. Immunoassays

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

The VIDAS® product line

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

Launched in 1991, VIDAS® has been very successful. It is recognized for its quality and reliability. In its June 2009 study of automated immunoassay analyzers, the College of American Pathologists concluded that VIDAS® has the world's largest installed base in immunoassay laboratories. At December 31, 2012, approximately 31,000 VIDAS® and mini VIDAS® systems had been installed, including 27,000 in clinical laboratories.

In November 2012, a new generation VIDAS® instrument was presented at the *Journées Internationales de Biologie* conference in Paris – VIDAS® 3. The latest addition to the range, it offers important new functions, increased automation and heightened traceability. VIDAS® 3 can carry out up to 36 tests per hour and uses the same reagents as the other VIDAS® instruments.

At December 31, 2012, the VIDAS® menu included 99 clinical parameters covering a wide range of human pathologies. For example, the HIV Duo Ultra and Quick tests, launched in 2004, are ready-to-use automated HIV infection detection tests which detect both antigens and antibodies, reducing the diagnosis timeframe (period between infection and detection of the virus or antibodies). Similarly, the VIDAS® C. difficile Toxin A&B[(3)], which was launched in 2007, enables faster medical decisions and patient isolation measures. The Company continues to add new reagents to VIDAS®, with VIDAS® Lyme IgM and VIDAS® Lyme IgG in 2010, for the diagnosis of Lyme disease, VIDAS® Anti-TPO and Anti-Tg in 2011, for the VIDAS® Thyroid panel, and VIDAS® Anti-HCV in 2012, for the diagnosis of hepatitis C, in the VIDAS® Hepatitis menu.

The Company positions VIDAS® on emerging markets and 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, a new version of which obtained FDA approval in 2012, 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 a test to measure procalcitonin (PCT), a biological marker recognized as the leading test for the early detection of sepsis among seriously ill patients. In Europe, this test helps doctors to determine quickly whether they are dealing with a viral or bacterial infection and provides information on the severity of the patient's condition, for appropriate decision-making. It was approved by the American FDA in 2007 and is used on patient admission to intensive care. Alongside other laboratory diagnostics and clinical tests, it allows doctors to assess the risk of development of severe sepsis and septic shock.

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

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

In 2012, the Company extended its VIDAS® menu for cardiovascular disease with the CE-marking of the VIDAS® Galectin-3 test for the monitoring of chronic heart failure.

In industrial applications, the VIDAS® menu offers 16 tests for the detection of pathogenic agents. It includes reagents based on recombinant phage protein developed by the biotech company Hyglos GmbH, a technology with unrivaled specificity and sensitivity for pathogen detection on the VIDAS® platform. 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. In 2011, a new test was launched based on this technology, VIDAS® SPT, used to detect Salmonella bacteria in food. In 2012, the Company launched VIDAS® UP Listeria for the detection of Listeria, bacteria responsible for many foodborne infections. Most VIDAS® tests have been validated by official bodies such as the AFNOR Certification, in accordance with ISO or AOAC International standards.

Microplate immunoassay tests

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

(3) Clostridium difficile is a type of bacteria responsible for fatal healthcare-associated infections 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 them particularly suitable for users without access to laboratory infrastructure such as in emerging countries, mass screening programs funded by governments or non-governmental organizations. This range also offers a solution for rapid diagnosis at patients' point of care (emergency services, physicians' office laboratories, etc.).

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

6.1.3.2.3. Molecular biology

This technology is based on the detection of genetic sequences of DNA or RNA that are characteristic of a bacterium, virus, protein or cell. It comprises three steps: (i) the extraction of the genetic sequences (preparation of the sample), (ii) the amplification (or multiplication) of the number of sequences, and (iii) their detection.

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. bioMérieux is a major player in automated extraction, and its NucliSENS® easyMAG® system can carry out 24 high-purity extractions in 40 minutes, and offers a great degree of extraction flexibility.

The amplification and detection ranges

bioMérieux's ranges include the NucliSENS EasyQ® and Argene product lines.

NucliSENS EasyQ® is an automated system that amplifies and detects molecular targets in real time using NASBA™ technology, which targets RNA (and also DNA) allows amplification to take place at a constant temperature. The menu offers a great many different tests, including AIDS, papillomavirus (HPV), MRSA (methicillin-resistant Staphylococcus aureus) and respiratory viruses.

The tests offered by the Argene range are used to screen and monitor immunocompromised patients on transplant waiting lists. They use PCR (Polymerase Chain Reaction) technology to detect cytomegalovirus, Epstein Barr virus, adenovirus, enterovirus, infectious respiratory pathogens and the herpes virus.

In industrial applications, following the acquisition of AES Laboratoire in 2011, bioMérieux marketed the Schmallenberg Virus PCR ADIAVET kit, which completes its offering in the detection of veterinary pathogens. The kit was developed by the bioMérieux Group's company ADIAVET in close collaboration with the French Agency for Food Safety, ANSES, based in Maison Alfort near Paris, France, and the Directorate General for Food (*Direction Générale de l'Alimentation* – DGAL) has authorized its use in French public veterinary laboratories.

Other lines

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

6.1.3.3 Other Group products

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

6.1.3.4 New products and services

In line with its strategy (section 6.1.2.3), the Company plans to market:

- three new platforms in 2013 – an incubator including imaging technologies, a new automated blood culture system and VIDAS® 3, the new generation of VIDAS®;
- the fully automated system under development with Biocartis in 2014;
- new reagents, in particular those with high medical value;
- new services (see section 6.1.3.1): bioMérieux Performance Solutions™, which will initially focus on assisting laboratories in the accreditation process, optimizing laboratory workflows and training technicians.

6.2 PRINCIPAL MARKETS

6.2.1 MARKET OVERVIEW

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

- the significant proportion of *in vitro* diagnostics sales accounted for by reagent sales, because of the "closed" nature of most systems, which function only with reagents developed by the manufacturers of these systems (captive market);
- the obligation to offer customers a wide selection of reagents per instrument, which leads to a distribution of the *in vitro* diagnostics companies' activities across a large number of products, in contrast to pharmaceutical groups that are often dependent 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 diagnostic techniques have also been used to control the microbiological quality and composition of food and biopharmaceutical products.

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

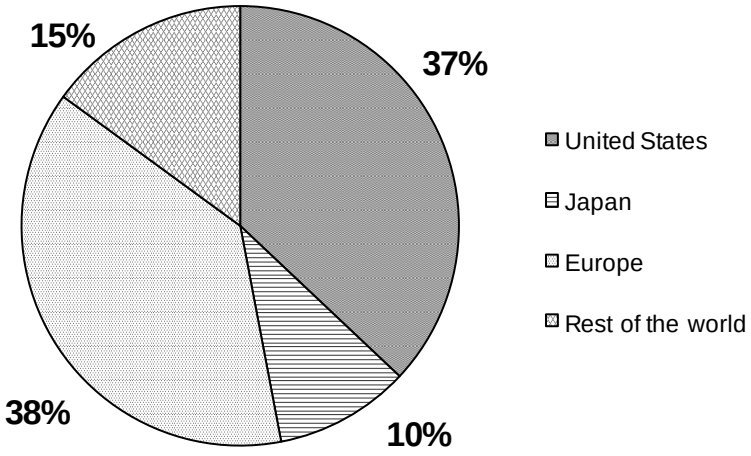
6.2.1.1 Size of the *in vitro* diagnostics market and recent developments

The global market for *in vitro* diagnostics was estimated in 2012 at approximately €37 billion (USD 48 billion) for clinical applications and approximately €1.6 billion (USD 2 billion) for industrial applications. Approximately 80% of the worldwide *in vitro* diagnostics market for clinical and industrial applications is concentrated in mature countries (mainly 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 expenditure, 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 sixfold.

A 2012 estimate of the geographical breakdown of the clinical *in vitro* diagnostics market:



Source: Internal estimates

The table below gives an estimate for 2012 of the clinical *in vitro* diagnostics market broken down by pathologies, on which the Company has decided to focus its development:

	2012 (in billions of euros)
Infectious diseases	9.8
Cancers	5.7
Cardiovascular diseases	3.5
Other	18.2
TOTAL	**37.2**

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

Industrial applications

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

6.2.1.2 Market trends and growth prospects

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

Lifestyles

- Aging populations which 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.

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, leading to the need to detect carriers of multi-resistant bacteria before they become self-contaminating or infect other patients.

New markets

- 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, which should lead to medical coverage for an additional 40 million people, who do not currently have adequate healthcare coverage. The number of doctors' visits and the prescription of diagnostic tests should therefore rise. Faced with this increased activity, laboratories may have to increase automation in order to optimize their organization and productivity.

The need to reduce health expenses

- Diagnosis, which accounts for only about 2% of health spending and is used in most 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 leading to the discovery of innovative new biomarkers which can result in the development of IVD tests improving patient care.
- The emergence of theranostics allowing for the association of individualized treatment decisions with a particular diagnostic test.
- Technological developments, especially 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.

Structure of laboratories

- Increased automation of laboratories and higher service requirements (training, maintenance, accreditation assistance, optimizing laboratory productivity, etc.), due to a growing shortage of qualified personnel, the need to standardize analyses, attempts to improve operational efficiency and the greater consolidation of laboratories.
- The development of molecular biology leading to new diagnoses (see section 6.1.3.2). The management thereof has resulted in the development of easier to use integrated platforms.
- Increasing demand in hospitals, particularly in the emergency and intensive care departments, for diagnostic solutions leading to the faster selection of treatment for patients and resulting in point-of-care tests.

Growing demand in industrial applications

- The growing impact of quality control obligations in food, pharmaceutical and cosmetics applications.
- Food, pharmaceutical and cosmetics corporations looking to protect their trademark and reputation.
- Emerging countries wanting to protect their consumers and export their own food production. China has made food safety a national priority.
- End consumers demanding increasingly higher standards when it comes to the quality of the food, pharmaceuticals and cosmetics that they buy.

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

- The economic situation in Southern Europe could continue to pose structural problems.
- 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.
- Given increased demand for diagnostic tests, the U.S. healthcare reform could put downward pressure on the prices paid by medical laboratories for their reagents.
- In emerging countries demand for equipment is high, and demand for reagents is, for the moment, low. These countries are also becoming more price-sensitive.

Growth on the *in vitro* diagnostics market, excluding blood sugar tests, remained between 4% and 5% in 2012, at constant exchange rates, but the Company remains confident that it will continue to rise in the medium term.

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

6.2.2 PRINCIPAL PLAYERS

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

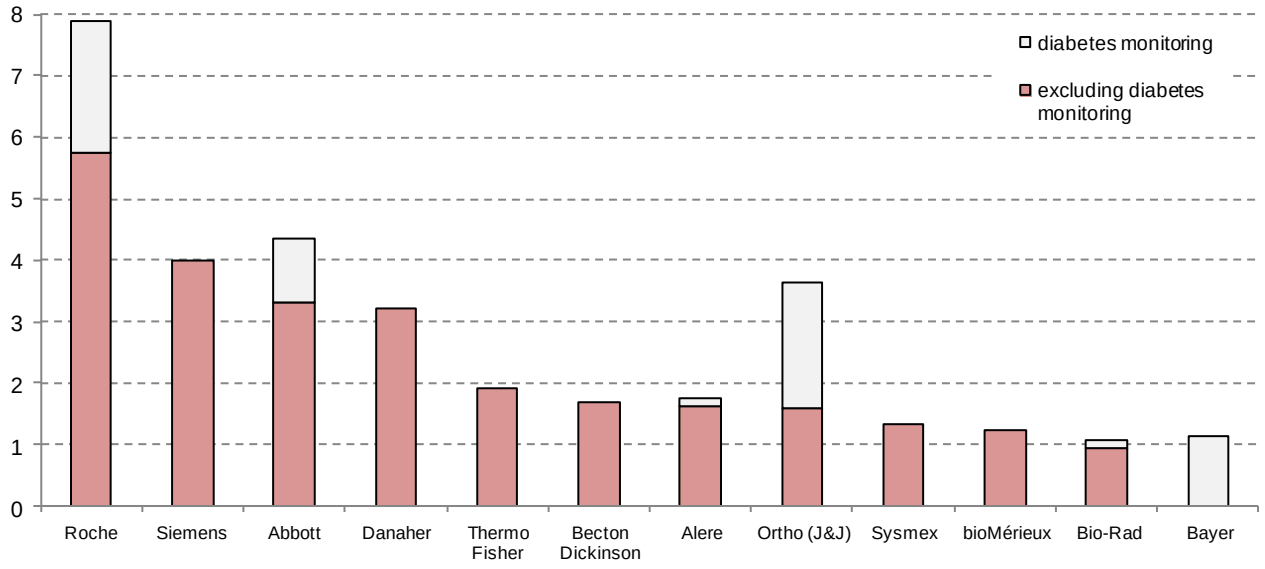
Several mergers and acquisitions were announced in 2012. Danaher pursued its acquisitions policy by buying Iris International, specialized in chemical urinalysis. Thermo Fisher bought the U.S. company One Lambda, global leader in histocompatibility tests. Hologic acquired Gen-Probe, specialized in infectious disease tests (STDs and blood bank screening). And Agilent gained a foothold on the *in vitro* diagnostics market with the takeover of Dako, specialized in oncology tests.

This development has intensified competition in the market.

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

Based on its 2012 sales, the Company ranks itself in tenth place in the *in vitro* diagnostics market. This ranking reflects its specialized positioning: it is not present in diabetes testing and has little activity in clinical chemistry testing.

In clinical applications, the table below is solely based on the companies' 2012 *in vitro* diagnostics sales, including flow cytometry (Becton Dickinson) and excluding sales in other sectors such as life sciences (Roche, Danaher and Bio-Rad), pre-analytical (Becton Dickinson and Thermo Fisher), health management (Alere) and other business (Sysmex).



Source: annual financial statements of the companies, transposed on the 2012 calendar year where applicable. Danaher and Thermo Fisher's sales include the contributions of Iris International and One Lambda, respectively, on a pro forma basis.

6.2.3 GROUP CUSTOMERS

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

In France, which accounted for 13% of the Group's sales in 2012, there is a mixed private/public healthcare structure. Private laboratories, which accounted for 42% of sales in 2012, usually place orders, whereas public hospitals, which accounted for 26% of the Company's sales, operate through tendering procedures. Industrial customers (29% of sales in 2012) also place direct orders.

In the United States, which is the Group's largest market, public and private hospitals accounted for 58% of sales in 2012 and commercial laboratories accounted for 15%. In addition, 7% of sales were generated by other customers in the clinical field, including POLs. Industrial customers accounted for 20% of sales.

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

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

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

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

In industrial applications, Group customers are the quality control laboratories of large industrial food, 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.

The Group's ten leading customers accounted for around 8% of its sales in 2012. The largest customer accounted for slightly more than 2% of sales.

6.2.4 DISTRIBUTION NETWORK

The Company markets its products in over 150 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 41 commercial subsidiaries, which are dedicated to the sale, promotion and maintenance of the Group's products.

Group subsidiaries have specialized sales and marketing forces for clinical and industrial customers. In the most developed and mature markets, such as the United States, most of the European markets and Japan, sales forces in clinical applications are specialized by product line. Likewise, the industrial applications sales forces are becoming increasingly specialized in the pharmaceuticals and food sectors. Conversely, in smaller countries, sales forces are not specialized. At the end of 2012, the Group's sales, marketing and customer service personnel (in full-time equivalents) totaled 2,507 people, including 1,312 in Europe, the Middle East and Africa, 570 in North America, 408 in Asia-Pacific and 217 in Latin America.

Some sales subsidiaries may rely on local sub-distributors where justified by market conditions.

6.2.4.2 Numerous independent distributors

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

6.2.5 COMPETITION

6.2.5.1 Clinical market

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

- In clinical microbiology, as estimated internally and by a major independent consultant specialized in *in vitro* diagnostics, the Company's market share is around 42%, putting it in the leading position. This market represents an estimated €1.9 billion and enjoys annual growth of over 3%. Other significant players in this market include Becton Dickinson, Siemens and Thermo Fisher. In automated microbiology, new technologies are emerging, such as mass spectometry, which is also marketed by Bruker, and competition has heightened since Becton Dickinson's takeover of Kiestra.

- In immunoassays, the major pharmaceutical groups and diversified companies (Roche, Abbott, Siemens, Johnson & Johnson, Danaher) are dominant. Among specialized players, the main competitors include Alere, Bio-Rad and DiaSorin. According to internal estimates, the Company is a focused player in this market with 3.5% market share. It plans to develop further through its offer of high medical value tests and positioning in emerging countries.

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

6.2.5.2 Industrial market

In the industrial market, which remains relatively fragmented, the Company is world number one, with market share of around 20% in 2012. The other big players are Merck and 3M-Biotrace.

6.3 QUALITY SYSTEMS AND APPLICABLE REGULATIONS

6.3.1 QUALITY ASSURANCE SYSTEMS, MONITORING SYSTEMS AND AUDITS

The Company is particularly attentive to compliance with quality standards and regulatory questions, and has set up a department responsible for the Quality Management System and Regulatory Affairs, which is 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 have ISO 9001 certification.

The Group's main manufacturing sites that produce *in vitro* diagnostics systems are certified as ISO 13485 compliant. This 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.

6.3.2 REGULATORY REQUIREMENTS

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

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

Reagents used for microbiological testing intended for industrial customers must comply with standards that vary depending on the nature of controls and the specific requirements of users (pharmacopoeia, AFNOR-type standards, ISO, etc.). Regulations applicable to these products are part of the regulations governing industrial and consumer products and primarily concern product safety.

6.3.3 CLINICAL *IN VITRO* DIAGNOSTICS

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

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

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

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

- low-risk products, such as products for glycemia dosage, cholesterol dosage, and bacteriological analyses, etc.;
- medium-risk products, such as tests for pregnant women, including the diagnosis of toxoplasmosis, rubella, cytomegalovirus, and other specific cases, depending on the legislation, such as the dosage of prostate-specific antigen (PSA); and

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

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

European Union

Within the European Union, the regulatory environment is based on Directive 98/79/EC of October 27, 1998, which applies to all medical devices for *in vitro* diagnostics. The directive was transposed into French law by the order issued on March 1, 2001, supplemented by 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, February 25, 2005 and July 1, 2005. European regulations harmonize the European *in vitro* diagnostics market by standardizing the marketing procedures used by manufacturers of *in vitro* diagnostics products. A revision of this directive is currently being prepared, which implies more stringent regulatory procedures.

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

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

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

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

United States

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

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

Japan

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

Canada

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 issued 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 required to obtain these licenses ranges from two to twelve months depending on the product category.

China

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

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

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

6.3.4 MONITORING

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

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

6.3.5 AUDITS

The Company's sites are subject to audits and inspections by regulatory authorities (FDA, ANSM), 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 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 has been tested for conformity with the relevant specifications.

The sites at Marcy l'Étoile Craponne, La Balme and Grenoble were inspected by the ANSM in October 2012, which did not record any particular observations.
The FDA inspected the sites at Marcy l'Étoile and Craponne in November 2010, Saint Louis in November 2011 and January 2013, Durham in January and February 2012, and Grenoble in October 2012. The inspections carried out at Marcy l'Étoile, Craponne and Grenoble did not give rise to any particular observations. The inspection of the Durham site resulted in a Warning Letter, listing seven points related to the quality system, which the Company is committed to resolving quickly.

6.3.6 INDUSTRIAL MICROBIOLOGICAL CONTROL

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

In the field of industrial applications, regulations applicable to manufacturers of industrial microbiological control products are still limited to their safety aspects. However, to meet the needs of its customers, the Company complies with the standards applicable to its customers (standards based on product use: pharmacopoeia, AFNOR, ISO, etc.). Recent crises in the food industry (Listeria, Escherichia coli, salmonella,

etc.) may lead to more stringent regulations being applied. Moreover, in the United States, for example, authorities may impose supplementary security measures as part of the fight against bioterrorism.

6.3.7 MANAGEMENT AND MONITORING OF CUSTOMER COMPLAINTS

The Company has a procedure for the management and monitoring of customer complaints that involves several departments.

Complaint processing

Complaints are processed on three levels.

Most complaints are handled locally, by subsidiaries and distributors (first level).

Approximately 10% of complaints are transferred to Global Customer Service (second level) where they are handled by a specialized team that carries out investigations and consolidates results.

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

Global Customer Service

Global Customer Service 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.

Group Quality Assurance

The Group Quality Assurance department is responsible for implementing 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 General Management.

This department also manages the communication of such ground actions as batch recalls and product withdrawals.

Regulatory compliance

The Regulatory Compliance department is in charge of the post market surveillance procedure as described in the report of the Chairman of the Board of Directors on internal control in Appendix 1.

All actions involved in product recall or withdrawal fall under the responsibility of the department of Regulatory Compliance.

6.4 DEPENDENCE ON PATENTS, LICENSES AND OTHER FACTORS

Dependence on patents and licenses

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

- PCT license granted by ThermoFisher 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 (renewed in October 2012 for the duration of all B.R.A.H.M.S. PCT patents);
- NT-proBNP license granted by Roche Diagnostics to develop and market VIDAS® tests for the detection of NT-proBNP, a marker of congestive heart failure and acute coronary syndrome (basic patents expire between 2013 and 2015);
- HIV-O license granted by Roche Diagnostics to develop and sell various tests, such as VIDAS® tests for AIDS (patents expire in 2015 at the latest, excluding the United States);
- license granted by Spectral to develop and market, in particular VIDAS® Troponine I Ultra tests (patents expire in 2018);
- molecular marker license granted by PHRI Properties, Inc. to develop and sell the NucliSENS EasyQ® product line (patents expire in 2024 at the latest);
- PCR technology license granted by F. Hoffmann-La Roche Ltd. and Roche Molecular Systems, Inc. to develop and sell Argene's range of tests for the virological monitoring of transplant patients (patents offered under license covering the technology currently in use or being developed, expiring in 2017 at the latest).

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

Other factors of dependence

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

6.5 SOURCES

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.

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.

7 ORGANIZATIONAL STRUCTURE

7.1 BRIEF DESCRIPTION OF THE GROUP 68

7.2 SUBSIDIARIES OF THE ISSUER 69

7.2.1 Legal organizational structure of the bioMérieux Group at December 31, 2012 69

7.2.2 Other information concerning subsidiaries and acquisitions of equity interests 71

7.2.2.1 Acquisitions of equity interests during 2012 71

7.2.2.2 New subsidiaries 71

7.1 BRIEF DESCRIPTION OF THE GROUP

History of changes in the Company's ownership

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

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

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

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

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

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

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

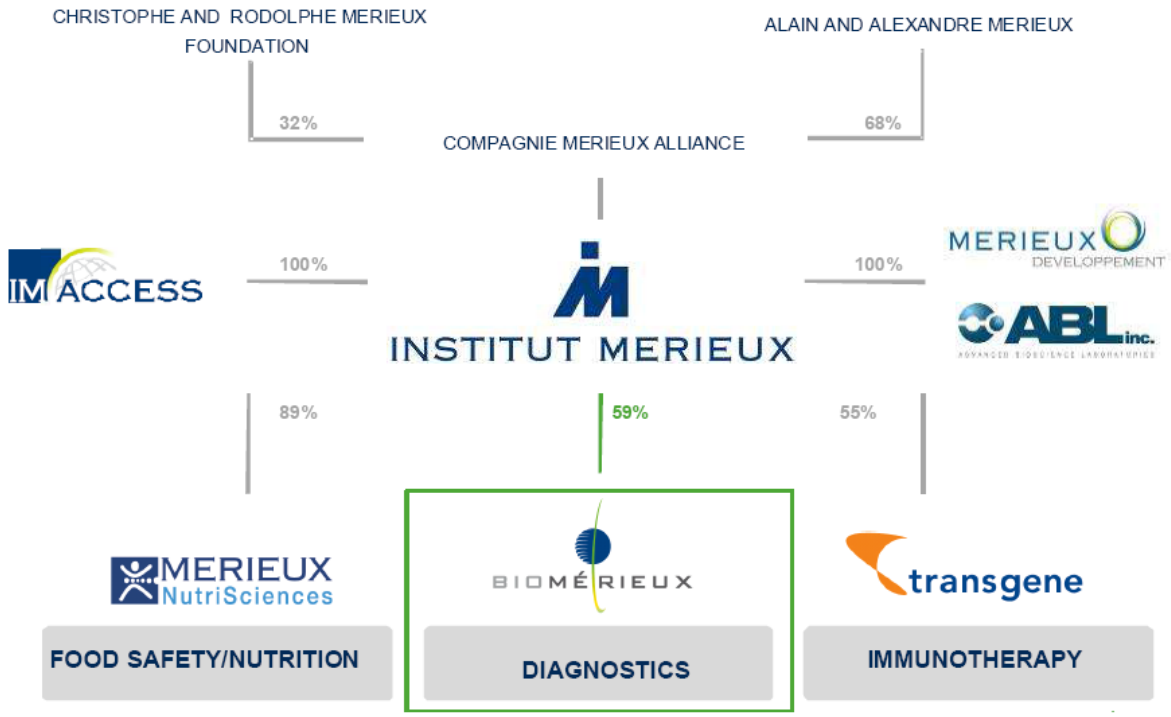
In 2003, the group of companies held by Mérieux Alliance was restructured in order to separate bioMérieux's diagnostics business from Transgène's immunotherapy business.

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

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

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

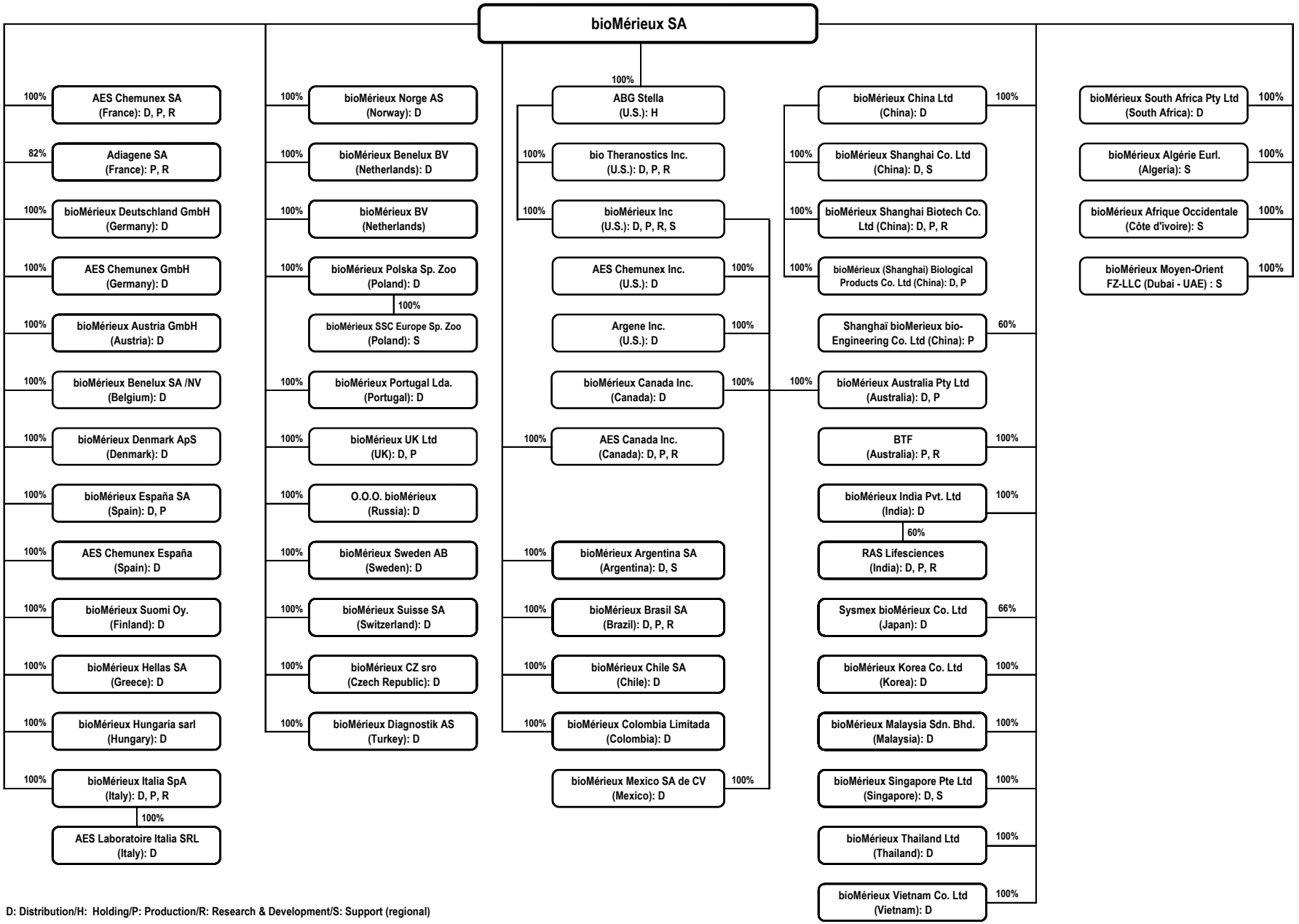
- 100% of the capital of SGH, the holding entity of Mérieux NutriSciences, an American company which specializes in testing and consulting services in the field of food safety and quality;
- 100% of the capital of TSGH, the holding entity of Transgène SA, an immunotherapy company traded on NYSE Euronext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



7.2 SUBSIDIARIES OF THE ISSUER

7.2.1 LEGAL ORGANIZATIONAL STRUCTURE OF THE BIOMÉRIEUX GROUP AT DECEMBER 31, 2012

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



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

7.2.2 OTHER INFORMATION CONCERNING SUBSIDIARIES AND ACQUISITIONS OF EQUITY INTERESTS

7.2.2.1 Acquisitions of equity interests during 2012

Consolidated companies

In late July 2012, bioMérieux acquired a 60% interest in India's RAS Lifesciences Pvt. Ltd (RAS) for €1.6 million. Based in Hyderabad, RAS is a privately held start-up specialized in molecular diagnostics and does not yet have significant sales (see section 5.1.5).

Other investments

In November 2012, in connection with the strategic agreement entered into with the American company Quanterix, bioMérieux acquired 14% equity interest in Quanterix (see section 5.1.5).

In January 2012, bioMérieux sold its stake in the German company Dima Diagnostika. Acquired as part of Meikang Biotech in January 2010, Dima Diagnostika is specialized in rapid diagnostic tests, primarily for drugs of abuse, a non-strategic area for bioMérieux.

7.2.2.2 New subsidiaries

In December 2012, bioMérieux created two subsidiaries in Southeast Asia (in Malaysia and Vietnam), bringing the number of its commercial subsidiaries to 41 worldwide.

The table of subsidiaries and investments is presented in Note 5.1 to the 2012 parent company financial statements.

8 PROPERTY, PLANT AND EQUIPMENT

8.1 MATERIAL ITEMS OF PROPERTY, PLANT AND EQUIPMENT 73

8.1.1 Real estate 73

8.1.2 Main sites' activities 73

8.1.2.1 Production 73

8.1.2.2 Logistics 76

8.1.2.3 Purchasing policy 76

8.1.2.4 Recent events 77

8.2 HEALTH, SAFETY AND ENVIRONMENTAL INFORMATION 77

8.2.1 Global Health, Safety and Environmental policy 77

8.2.2 Health and Safety policy 78

8.2.2.1 Assessment and prevention of occupational hazards 78

8.2.2.2 Occupational Health and Safety 79

8.2.2.3 Monitoring of Health and Safety policy 80

8.2.3 Environmental policy 80

8.2.4 The five key areas 81

8.2.4.1 Water 81

8.2.4.2 Energy 82

8.2.4.3 Paper 84

8.2.4.4 Waste 84

8.2.4.5 Air 86

8.2.5 Other measures 87

8.2.5.1 Measures taken to limit the impact on biodiversity, nature and protected animal and plant species 87

8.2.5.2 The eco-design approach 87

8.2.5.3 Land use 88

8.2.5.4 Environmental management system assessment and certification procedures 88

8.2.5.5 Supplier commitment 88

8.2.5.6 Measures implemented to ensure that the Company's operations comply with applicable laws and regulations 88

8.2.5.7 The Company's contribution to initiatives in the communities where it operates 89

8.2.6 Benchmarking 89

8.2.6.1 Calculation scope of quantified indicators 89

8.2.6.2 Collection and consolidation of data 89

8.2.6.3 Definition and method of calculating the indicators 90

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, particularly 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, Combourg, Saint Louis, Durham, Madrid, Florence, Jacarepagua/Rio de Janeiro 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-2012, the Group operated 19 manufacturing sites organized by product line.

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

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

- continued streamlining of production sites;
- the implementation of a plan to improve industrial practices (2BP: bioMérieux Best Practices) and Lean Six Sigma methodology, aimed at achieving productivity gains and reducing cycle times by optimizing capacity and industrial asset utilization.

In addition, the Company is working on implementing rigorous quality control at the production stage (see section 6.3.1).

The main production and logistics sites are as follows:

France

- **Marcy l'Étoile**
  Located near Lyon, the Marcy l'Étoile site has housed the Group's headquarters since the beginning. The property, which is fully owned by the Company, covers a total area of 115,000 sq.m (including 42,000 sq.m of built usable floor space) and accommodates reagent manufacturing units (VIDAS® reagent immunoassays, clinical biochemistry) and R&D teams. Approximately 1,300 employees work in General Management, central and support functions, training, manufacturing and R&D.

- **Craponne**
  Located near Lyon, the Craponne site covers an area of 73,000 sq.m, owned by the Company (including 25,500 sq.m of built usable floor space). It currently houses manufacturing centers for culture media (Petri dishes, tubes and bottles, dehydrated media), sales administration, the French sales department, support and central functions and an R&D center. Nearly 900 people work at the site.

- **La Balme-les-Grottes**
  Located between Grenoble and Lyon, the La Balme-les-Grottes site covers an area of 106,000 sq.m, of which the Company fully owns 17,000 sq.m of built usable floor space. The site employs 370 people in

R&D in microbiology, instruments and software and the manufacturing of API®, ATB™, TEMPO®, Etest® and LyfoCult® reagent lines.

- **Saint-Vulbas**
  The Saint-Vulbas site, known as the "IDC site" (International Distribution Center), employs 70 people. The Company has full ownership of the site, which 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.

- **Grenoble**
  The Group's main research and manufacturing operations in the molecular biology market (excluding instrument production) are located at this fully-owned site. The buildings, constructed on a land parcel of more than 30,000 sq.m, located in the Grenoble Polygone Scientifique research district opposite the headquarters of the French Atomic Energy Commission ("CEA"), consist of 9,300 sq.m of usable floor space. The site currently employs 185 people.

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

- **Verniolle**
  Located in Ariège in the Midi-Pyrenees region, the Verniolle site covers 9,500 sq.m and includes 1,800 sq.m of usable floor space, of which roughly 1,000 sq.m is dedicated to the production of virological molecular diagnostic reagents. The site employs 50 people in R&D activities, manufacturing, sales and marketing, as well as administrative functions.

Europe

- **Florence (Italy)**
  All of bioMérieux's activities in Italy have been consolidated on this site, which is fully owned by the Company. bioMérieux Italy employs 218 people, whose duties are the marketing of bioMérieux's products in Italy and the development and manufacture of VIDAS® (immunoassay), NucliSENS® easyMAG®(molecular biology) and TEMPO® (industry) instruments for all bioMérieux subsidiaries. This activity carried out at the Florence site makes it the Group's second largest instrumentation center. The site covers 9,500 sq.m, including 8,000 sq.m of built usable floor space on several levels.

- **Madrid (Spain)**
  This fully-owned site employs 68 people in the manufacture 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. As part of the ongoing plan to optimize the production base, manufacturing of culture media at the Basingstoke, UK plant will be terminated in 2013 and transferred to the Madrid, Combourg and Craponne sites.

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 650 people in research, the manufacture of microbiology reagents (BacT/ALERT®) and customer services.

- **Saint Louis**
  The Saint Louis (Missouri, United States) site, which is fully owned by the Company, covers a surface area of 70,000 sq.m 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 630 people work there.

- **Lombard**
  The Lombard site, located near Chicago (Illinois, United States), houses facilities for the manufacture and sale of culture media for U.S. industrial customers. The 5,850 sq.m site is leased and employs over 85 people.

China

- **Shanghai bioMérieux Kehua Bio-engineering**
  Shanghai bioMérieux Kehua Bio-engineering Co. Ltd obtained from Kehua Bio-engineering Co. Ltd the right to operate a production site having an area of nearly 1,800 sq.m, located in Shanghai, for the entire term of the joint venture. The site produces microplates and employs around 75 people.

- **bioMérieux (Shanghai) Biotech Co. Ltd**
  The Pudong (Shanghai) site is specialized in the manufacture of rapid culture media tests. The site extends over two hectares, including 9,000 sq.m of production facilities and employs 105 people. Since end-2012, the site has accommodated the production of culture media which were previously produced at the bioMérieux (Shanghai) Biological Products Co. Ltd site. The site houses other company functions (marketing, R&D, etc.) as well the Chinese entity's headquarters.

Other countries

- **Jacarepagua in Brazil**
  This site covers an area of 42,000 sq.m including 5,400 sq.m of built usable floor space. It is fully owned by the Company and employs nearly 160 people in the production of reagents for immunology and ready-to-use culture media for microbiology and industrial applications, as well as in sales, distribution and R&D. The site also houses other company functions (marketing, administrative, etc.).

- **Australia**

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

– The BTF site in Sydney, which is a leased facility employing some 35 people, is used for the manufacture and sale of microbiology testing reagents (BioBall®, EasyStain™, ColorSeed™, EasySeed™).

- **Hyderabad in India**
  This site, a result of bioMérieux's acquisition of a 60% interest in India's RAS Lifesciences Pvt. Ltd, covers 850 sq.m and employs some 30 people in the production of molecular biology tests.

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

- forecast management and demand planning;
- supply and storage of materials and components necessary for production; and
- storage, transport and distribution of finished products;

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

Product distribution is handled by:

- three main global platforms (one in Europe and two in the United States) where finished products are stored and from which they are shipped to subsidiaries and distributors; and
- local centers located within subsidiaries, which handle customer orders and shipments.

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

bioMérieux has initiated a project to outsource and consolidate reagent distribution in the United States. The new organization concerns product storage and reagent order preparation and shipping activities currently conducted at the Durham, North Carolina, Saint Louis, Missouri and Lombard, Illinois facilities. It will gradually come on stream in 2013.

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

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

8.1.2.3 Purchasing policy

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

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

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

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

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

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

8.1.2.4 Recent events

This winter's severe flu epidemic in many countries, particularly in the United States, has created a significant surge in demand for BacT/ALERT® blood culture bottles. At the same time, the manufacturing of blood culture bottles has been affected by the implementation of a new production line at the Durham, North Carolina plant. In this context, production is not keeping up with customer orders. A return to satisfactory levels of supply is expected early in the second-half of 2013. Blood culture reagents represent around 12% of consolidated sales. bioMérieux is working closely with customers and taking every necessary step to remedy this temporary situation.

8.2 HEALTH, SAFETY AND ENVIRONMENTAL INFORMATION

8.2.1 GLOBAL HEALTH, SAFETY AND ENVIRONMENTAL POLICY

As part of its Global 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 Global Health, Safety and Environmental policy is part of a sustainable development process; the Company signed the United Nations Global Compact in 2003.

In 2009, the Company established a Health, Safety and Environment Department operating at Group level, in order to develop a harmonized and proactive approach aimed at preventing harm to individuals, property and the environment. It is headed by the Health, Safety and Environment (HSE) Corporate Vice President, who reports to the Corporate Vice President of Manufacturing and Supply Operations, a member of the Company's Executive Committee. The Health, Safety and Environmental policy is laid out in the manual for the management of health, safety and environmental issues, published in 2012. It describes the organization and implementation of HSE-related activities across all Company entities worldwide. The manual was written by the Company's Chairman and Chief Executive Officer.

The Company has chosen to organize its Health, Safety and Environment approach on the principle of continuous improvement; programs are based on ISO 14001 and OHSAS 18001. A plan for the rollout of the HSE management system is in place for all of the Company's manufacturing sites.

The corporate Health, Safety and Environment Department provides consulting support as required by the various sites and subsidiaries. All of the Company's production sites have HSE departments working directly under the authority of the site's Corporate Vice President. HSE resources are evaluated by the corporate Health, Safety and Environment Department and other relevant functions to ensure that they are appropriate for the management of the relevant risks on each site. A network of HSE correspondents is in place in all commercial subsidiaries. Under the authority of the Director of the subsidiary, the HSE correspondent coordinates the HSE program within the relevant subsidiary.

Each production site throughout the world subscribes to an HSE regulatory monitoring stream. This allows the identification of regulatory requirements applicable to the site in respect of environmental, health and safety issues; periodic regulatory compliance assessments are made to ensure that work is conducted in accordance with the regulations.

Specific procedures (global, regional or local) are developed and applied to the execution of tasks that are deemed to be of a critical nature.

In 2012, a program entitled “minimum HSE operational requirements” was issued to all sites throughout the world. It sets out the minimum operational control measures to be implemented for 25 types of potential hazard specific to the Company’s business.

Employees receive regular training in order to minimize risks to individuals, property and the environment.

The Company provides HSE training for all new employees.

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

Health, safety and environmental performance indicators are developed and implemented across the entire Company. Details are provided in the following sections.

More detailed management indicators are monitored at each site and in each subsidiary to assess the implementation of HSE programs at the local level.

8.2.2 HEALTH AND SAFETY POLICY

8.2.2.1 Assessment and prevention of occupational hazards

The Company assesses the occupational hazards incurred by its employees and/or subcontractors, 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 to reproduction, evaluates the danger posed by finished products, assesses employee exposure to hazardous materials and provides collective and individual protective equipment.

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

The Company is especially attentive to psychosocial risks faced by its employees and already benefits from substantial experience and past actions in analyzing and preventing such risks. In France, an agreement on occupational health was signed with union representatives in 2012. It addresses three issues, namely harsh working conditions, organization of working hours and psychosocial risks.

8.2.2.2 Occupational Health and Safety

The Company attaches particular importance to safety in the workplace and has adopted various measures relating in particular to the prevention of occupational accidents and illnesses, which are monitored through specific indicators. These indicators are reported to the Executive Committee, trends are measured and corrective action taken as appropriate.

Managers are accountable (objectives, awareness) for the implementation of the prevention programs for which they are responsible.

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 "dangerous situations" has been in place for this purpose since 2010.

In 2012, work began with commercial subsidiaries to raise awareness about the risks inherent in working for subsidiaries and directly with customers. Depending on the size of the subsidiary, the program includes training and awareness raising on certain risks (automotive, biological, chemical, ergonomic, etc.), protection and best practice.

In particular, the Company has developed guidelines for users of company cars, laying down rules in terms of conduct, prevention of road risks and vehicle maintenance.

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).

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 medical 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.

Sites promote sporting activity through the provision of sporting facilities or subsidies for subscriptions to gyms near the workplace.

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

In France, medical staff employed by the Company (doctors, nurses) are consulted and involved in the prevention of occupational health risks.

The Company invests to improve the prevention of occupational health and safety risks.

In 2012, it invested approximately €5 million to improve health and safety protection on its sites.

8.2.2.3 Monitoring of Health and Safety policy

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

Safety indicators[a]	2012	2011	2010	2009
Number of lost-time occupational accidents	**42**	36	48	40
Number of days lost	**982**	696	844	1,658
Frequency rate of lost-time occupational accidents[b]	**4.0**	3.9	5.2	4.1
Frequency rate of total reportable occupational accidents[c]	**6.9**	8	12	9
Severity rate[d]	**0.05**	0.08	0.09	0.17
Number of occupational diseases[e]	**9**	Not available	Not available	Not available

(a) Worldwide, including temporary employees.
(b) Number of lost-time occupational accidents per million hours worked.
(c) Number of reportable occupational accidents with or without lost time per million hours worked.
(d) Number of days lost per thousand hours worked.
(e) An occupational disease is the result of exposure, more or less prolonged, to a risk existing in the normal practice of the profession.

Note: occupational diseases reported in 2012 were all musculoskeletal in nature.

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, odor, energy, waste, etc.). The Company's facilities are audited on a regular basis to ensure that they are in compliance with regulations and meet other applicable requirements.

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

There is a Corporate Social Responsibility Committee (CSR) chaired by the Director of Manufacturing and Supply Operations, and coordinated by the Environmental Manager, in which directors representing industrial operations take part. 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 CSR Committee’s purpose is to draw up action plans to define a set of objectives and indicators.

Environmental protection and the prevention of pollution

The Company devotes human, material and financial resources to environmental protection and the prevention of pollution. In 2012, the Company set out a number of “minimum HSE operational requirements” for the prevention of pollution. Among other aspects, they cover the management of chemicals, wastewater and waste.

In 2012, the Company's manufacturing sites rolled out projects relating to conservation and/or the prevention of pollution. The latter fall into two categories:

- purely environmental projects;

– projects whose primary purpose is elsewhere, but which have a positive effect on the environment (e.g., replacement of production equipment with new equipment generating less waste).

In 2012, these investments totaled around €6 million, half of which was spent on energy-saving projects.

8.2.4 THE FIVE KEY AREAS

8.2.4.1 Water

Consumption of water resources

Water is 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.

For the water needs of its manufacturing sites, bioMérieux uses the local water supply. bioMérieux does not directly extract water from the natural environment, except for the cooling requirements of the logistics platform in Saint-Vulbas, in the Ain department (France). At this site, a heat exchanger allows the temperature difference with the local groundwater to be used for cooling purposes. Water extracted from the groundwater is discharged after heat exchange, and has no direct contact with process water. bioMérieux conducted an impact assessment of this use of groundwater in 2009, and found no major impact.

In addition, the Company strives to comply with specific water restrictions issued by local authorities in the event of drought, such as local restrictions on watering of gardens. It takes targeted measures, such as the measures taken at the Tres Cantos site in Spain, which have led to a reduction of over 30% in annual water consumption.

Water consumption is monitored on a regular basis, and steps are taken to reduce it.

Water consumption *In cu.m*	
2008	**695**
2009	**700**
2010	**605**
2011	**737**
2012	**808**

Note: . in 2012 the indicator includes Argene and AES.
. changes in certain historical water consumption data are the result of updates to previously estimated data and occasionally corrections made by water suppliers.

The ratio of water consumed to Company sales has decreased by 18% 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)

Wastewater

Wastewater is channeled and analyzed. On the biggest production sites, analyses are carried out regularly, using several parameters. In 2012, the Company invested at its Marcy l'Étoile and Craponne sites in France, to improve the quality of wastewater before its discharge into the local sewage networks, feeding the stations to which the two sites are connected.

8.2.4.2 Energy

In order to improve energy efficiency, the Company implements energy optimization and 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.

The Company strives unceasingly to improve the energy efficiency of its industrial equipment: in 2012, the site at Marcy l'Étoile in France continued its plan to modernize its cold production facilities and to install new freeze dryers working with liquid nitrogen and offering energy savings of 60% to 70% for each piece of replacement equipment.

bioMérieux improves the control systems of its energy-using equipment: in Durham, in the U.S., the management system of the administration building was modernized in 2012, with the installation of a direct digital control system. The associated annual energy savings are estimated at 1,140 MWh. In the same vein, the Grenoble site in France improved the energy efficiency of its air-handling equipment in 2012 by installing inverters to optimize their operation.

The Company seeks to promote the use of energy derived from renewable sources. The sites in Marcy l'Étoile and Craponne in France, which are two of the three sites that consume the greatest amounts of electricity in the Company, renewed their contractual commitment to using 50% certified "green" electricity in 2013-2015. The Company's subsidiaries are also committed to this process: the Austrian and Canadian subsidiaries only use hydroelectricity. bioMérieux is one of the first French companies to have voluntarily taken the steps necessary to obtain energy saving certificates (ESC). In early 2013, the Company set up a partnership with an "obligated" player to take advantage of opportunities to develop its energy-saving measures as part of the second period of the French ESC scheme.

Total energy consumption *In GWh*	
2008	**149**
2009	**157**
2010	**164**
2011	**160**
2012	**173**

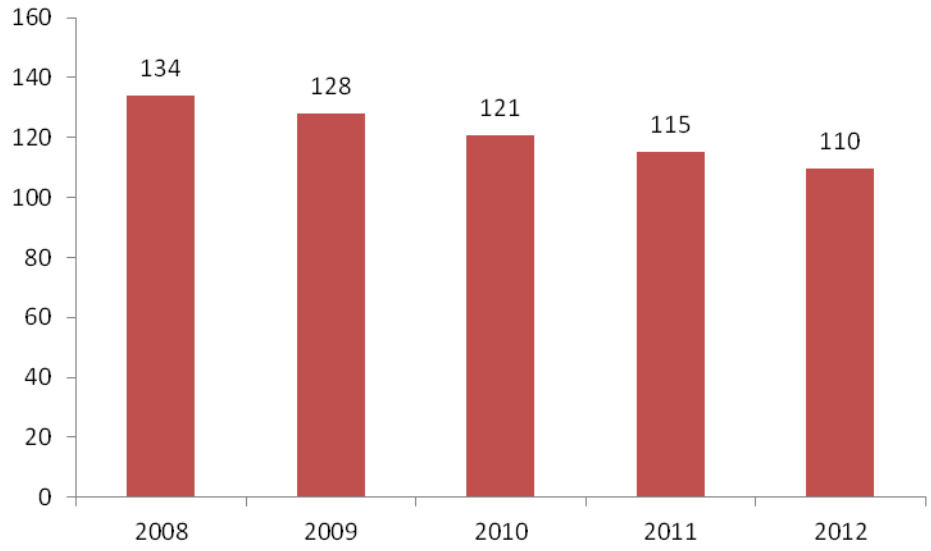
Note: in 2012 the indicator includes Argene and AES.

Consumption of energy from renewable sources

Consumption of energy from renewable sources *In GWh*	
2012	**19**

Energy consumption from renewable sources accounted for approximately 11% of the Company's total energy consumption in 2012.

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



Altogether, the measures implemented since 2008 had resulted in an 18% reduction in energy consumption in relation to the Company's sales at end-2012.

Note: in 2012 the indicator includes Argene and AES.

8.2.4.3 Paper

Initiatives are being implemented across all of the Company's sites and subsidiaries to reduce paper consumption, including incentives for greener printing practices. The rollout of a new printing solution resulting in reduced paper consumption began at all of the Company's French sites in late 2010; it continued in 2011 in several subsidiaries in Europe, South America, China and Australia. The solution is gradually being extended across the entire Company, and was rolled out in the North American entities in 2012. By the end of 2012, paper consumption had been reduced by more than 30% in North America, and by nearly 40% in France, since 2008. In parallel, the use of recycled paper is increasingly widespread.

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

Another major example is the replacement of instruction notices included with reagents by electronic notices that can be directly downloaded from the Company's technical library. As of end-2012, the ranges covered were TEMPO®, industrial BacT/ALERT®, as well as LyfoCults® Plus and Etest®. In 2013, the Company plans to switch to electronic notices for the VIDAS®, VITEK® and clinical BacT/ALERT® ranges.

8.2.4.4 Waste

For many years, the Company has sought to optimize waste management and to sort waste at the point of use. Its efforts are mainly focused on reducing waste at the source and developing energy and material collection chains. As far as hazardous waste is concerned, the Company has consistently implemented a strict policy of sorting at the point of use and disposal by companies licensed to process such waste in the most appropriate manner. All of the Company's sites have waste storage facilities.

Reduction of waste at the point of use

As part of its continuous improvement approach, the Company is working to reduce the amount of waste it produces. In 2012, the Marcy l'Étoile site accordingly optimized the VIDAS® SPR production line, which was previously the cause of unjustified SPR discharges: this has saved 800,000 VIDAS® SPRs.

The Company also seeks to optimize packaging in terms of quantity of material. The switch from printed to electronic format for instruction notices for reagents also reduces the size of secondary packaging (see section 8.2.5.2).

Waste recycling

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 reached nearly 70% in 2012 for the Group as a whole. The Grenoble, La Balme and Saint-Vulbas sites in France, as well as the Basingstoke site (UK) and those of the German subsidiary are "zero-landfill" sites. The Durham site in North Carolina (U.S.) achieved the same status in early 2013.

In 2012, the Company invested in improving waste facilities on its sites, particularly Marcy l'Étoile, Durham and Shanghai.

Best practice in respect of waste sorting

bioMérieux is also working on behavioral aspects to ensure that practices are consistent with the Company's objectives. The Durham site in North Carolina (U.S.), for instance, audits recycling practices with the involvement of its management team.

Sorting and recycling guides are available to employees. On the Marcy l'Étoile site, National Sustainable Development Week in 2012 was the opportunity to raise awareness among all employees about good waste management practices.

Waste *estimate in thousands of metric tons*	
2008	**5.1**
2009	**6.2**
2010	**5.7**
2011	**7.1**
2012	**7.0**

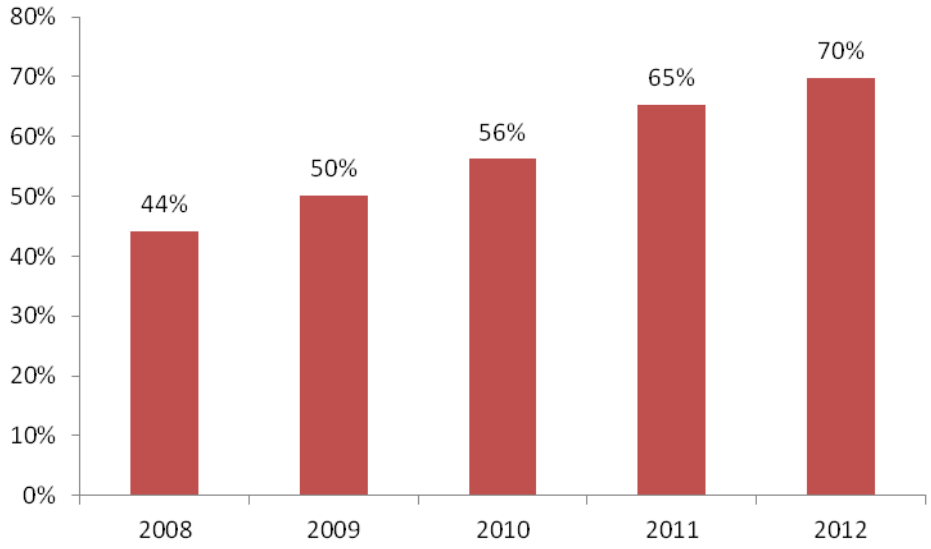
Note: in 2012 the indicator includes Argene and AES.

Amount of hazardous waste produced by the Company

Waste *estimate in thousands of metric tons*	
2012	**1.3**

Hazardous waste accounted for approximately 18% of the total amount of waste produced by the Company in 2012.

Percentage of recycled or incinerated waste with energy recovery



The proportion of waste recycled as a raw material (recycling) or as a source of energy (incineration with recovery of energy) reached nearly 70% in 2012.

Discharges into the air, water and soil

Discharges into the air: SO_2 and NOx emissions relating to the operation of boilers on the Company's sites are monitored at each site in accordance with the applicable local regulations.

Refrigerant gases: the Company monitors the use of refrigerant gases in its cold-production equipment and air-conditioning systems. Action plans are being implemented on its production sites to replace obsolete equipment.

Discharges into water: analyses are carried out regularly on the Company's biggest production sites, using several parameters. In 2012, the Craponne and Marcy l'Étoile sites in France invested in facilities to neutralize their wastewater on site before discharging it into the network feeding the treatment plants to which they are connected, with the main aim of improving the pH of discharged water and ensuring compliance with the parameters set in their respective discharge agreements.

National program for the reduction of hazardous substances in water (RSDE, France): to date, Marcy l'Étoile is the only site covered by this program. The initial surveillance phase provided for under the program is now complete, and the ongoing monitoring phase has begun. The techno-economic study required to eliminate or reduce identified substances over the short term is being finalized.

Discharges into the soil: in 2012, the Company issued "minimum operational requirements," some of which focus specifically on the prevention of the risk of leakage or spillage on the ground, e.g., requirements for storage in dams, underground tanks, storage of chemicals and waste disposal. Compliance with these requirements on the Company's sites is subject to periodic monitoring by the HSE department.

Emergency response – measures to retain fire-water runoff: the Company's sites are equipped with systems designed to retain fire-water runoff in order to prevent the discharge of potentially polluted or contaminated water into the natural environment.

8.2.4.5 Air

The Company seeks to reduce greenhouse gas emissions. In 2012, the Company carried out, with the help of a specialized consulting firm, an assessment of greenhouse gas emissions generated by its French sites. Emissions of greenhouse gases related to the scope defined by French regulations and including direct emissions of greenhouse gases and indirect emissions associated with energy totaled 10,821[(4)] mt CO_2e (metric tons of CO_2 equivalent).

The Company is pursuing its initiatives to reduce emissions of greenhouse gases relating in particular to energy consumption. Among other aspects, these measures bear on energy savings including, for instance, the use of variable power control units to limit the consumption of specific equipment.

Furthermore, the use of renewable energies in the Company's energy mix limits greenhouse gas emissions associated with energy consumption (see section 8.2.4.2).

Business travel

The Company is pursuing an active policy of reducing and optimizing travel, and has equipped seven of its sites with high-performance telecommunications infrastructure (telepresence) allowing meetings to be conducted remotely in conditions similar to those of actual meetings.

The Group's company car policy states that CO_2 emissions must not be greater than 140 g/km (or equivalent local standard).

Commuting

bioMérieux promotes carpooling and the use of public transport wherever possible. Since 2012, the Marcy l'Étoile site, in France, has been a member of the Greater Lyon regional carpooling platform. Similar arrangements are in place in the Company's other sites and subsidiaries.

bioMérieux has also established a home working policy, effective in the first quarter of 2013, aimed in particular at reducing commutes.

Product logistics

The Company has also been working for several years to develop alternatives to air transport for its products, in particular by using marine transport.

(4) Reference year: 2011.

Remote maintenance and updating of instruments

The development of the VILINK™ IT solution, enabling bioMérieux customers to benefit from remote interventions for incident resolution as well as for maintenance and updates, continued in 2012. Thanks to a fast and secure connection, this solution helps limit travel by engineers in the field and increases the speed of problem-solving for customers. The VITEK® MS, PREVI™ ISOLA and MYLA® ranges are among those covered by VILINK™. VIDAS® 3, the new generation of VIDAS®, will also benefit from this connection.

8.2.5 OTHER MEASURES

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

The Company's facilities are located in industrial and 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 the landscaping and attractive architecture of its sites. It has also discontinued the use of pesticides at several sites.

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

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

8.2.5.2 Eco-design approach

The Company has issued a guide to eco-design in order to formally integrate the environmental aspects of the product life cycle in the development process. This guide prescribes restraint in the use of materials in a broad sense: it applies to all materials used to produce our diagnostic systems.

The Company is applying this eco-design approach to the development of products currently underway. As an example, the new packaging launched in 2012 for the Etest® range allows storage at 2-8°C, as opposed to -20°C previously, thereby eliminating the need for cold storage within the Company and on its customers' premises and generating energy savings. As of the end of 2012, this packaging was available for 25 items in the Etest® range. Primary packaging uses a single material (aluminum) and is recyclable. Paper is no longer used for Etest® information sheets (see section 8.2.4.3), which has reduced the volume of secondary packaging by 30% compared with the volume that would have been necessary to accommodate printed information sheets.

The Company also applies the eco-design approach to its buildings. A new building in the Saint Louis site (U.S.) was awarded the LEED[5] Gold Label in early 2010. The “Campus 2” project for the construction of a new R&D building on the site in La Balme (France) was certified in accordance with the “NF Bâtiments Tertiaires – HQE Neuf” approach in October 2012 for the programming and design phases (Certificate No. NF380/12/1015 Rev.00 of 10/19/2012). The HQE profile defined for the building focuses on energy performance as well as on comfort (visual, thermal, etc.) and the health of its users.

8.2.5.3 Land use

bioMérieux does not exploit land as such for the purposes of its industrial activity.

The Company pays particular attention to the development of sites and ensures that they preserve quality garden areas, space permitting.

8.2.5.4 Environmental management system assessment and certification procedures

In 2011, bioMérieux Brazil S/A and bioMérieux UK Ltd were granted ISO 14001 certification, while bioMérieux Suisse's certification was renewed. The ISO 14001/OHSAS 18001 certification process is underway for the production site in Craponne.

8.2.5.5 Supplier commitment

Under the Ethical Purchasing and Sustainable Development Charter, the Company conducts responsible procurement initiatives focused initially on reducing packaging. In 2012, for instance, the Company invested in re-usable packaging for the delivery of the cables and connectors required for the assembly of instruments on the St. Louis site (U.S.), replacing cardboard packaging and avoiding waste generation associated with non-reusable packaging.

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

In 2012, the Company began to roll out a group-wide HSE regulatory monitoring system.

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

All Company sites in France are installations classified for environmental protection, and comply with their operating permits.

The Company does not operate any facilities classified by the Seveso II Directive as “upper tier” (high risk) sites.

Noise and odor pollution

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

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

[5] 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.

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

Company-wide initiatives

As part of the rollout of its new printing solution, the Company has established a partnership with the "Close the Gap" Association, to which it donated printing equipment that had been replaced in France. This organization works towards bridging the digital divide in emerging countries by providing reduced cost IT equipment for health-related projects and educational and social initiatives.

Community action

The Company's subsidiaries are actively involved in projects to support public health, in keeping with the Company's mission. In 2012, many employees of bioMérieux Inc. took part in “National Walking Day” in the U.S., organized by the American Heart Association to combat heart disease.

As part of the Company’s initiatives in favor of workers with disabilities, “Handibio” days are held each year in France to raise employee awareness on the issue of disability.

8.2.6 BENCHMARKING

8.2.6.1 Calculation scope of quantified indicators

The scope corresponds to the bioMérieux Group; AES and Argene are included in 2012.

8.2.6.2 Collection and consolidation of data

Health and 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. All production and R&D sites, where occupational health and safety risks are concentrated, are included in the report.

Environment

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

8.2.6.3 Definition and method of calculating the indicators

Health and Safety

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

- Number of days lost: number of days lost following a lost-time occupational accident. The day of the accident's occurrence is not counted as lost time.

- Frequency rate of lost-time accidents: number of lost-time occupational accidents per million hours worked.

- Frequency rate of total reportable workplace accidents: number of occupational accidents with or without lost time per million hours worked.

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

- Number of occupational diseases: an occupational disease is the result of exposure, more or less prolonged, to a risk existing in the normal practice of the profession.

- Safety – guidelines used for the indicators: definitions used by 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

- Indicators relating to water:

  - Water consumption (thousands of cu.m).
  - The performance 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).

- Indicators relating to energy:

  - Total energy consumption (GWh).
  - Consumption of energy from renewable sources (GWh).
  - The performance indicator monitored is the total energy consumption (from all energy sources) of the Company's various entities in relation to the Company's sales (in millions of euros).

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

- Indicators relating to waste:

  - Total amount of waste produced (metric tons).
  - Hazardous waste: total amount of hazardous waste produced (metric tons). Hazardous waste is waste with one or more properties that poses a threat to human health or the environment, and requires special processing. This category includes chemical waste, infectious waste, or waste electrical and electronic equipment.
  - Recovery of materials or energy: the performance indicator monitored is the ratio, expressed as a percentage, of the total weight of waste recycled or incinerated with energy recovery to the total weight of waste.

- Indicators relating to emissions:
  - Direct and indirect energy-related emissions of greenhouse gases, expressed in metric tons of CO_2 equivalent.

9 OPERATING AND FINANCIAL REVIEW

9.1 SALES 92

9.2 FINANCIAL POSITION 95

9.2.1 Consolidated income statement 95

9.2.2 Consolidated statement of cash flows 96

9.2.3 Operating highlights 97

9.1 SALES

Sales for the year ended December 31, 2012 amounted to €1,570 million, up 10% as reported from €1,427 million in the previous year. The increase reflected a 6.8% gain at constant exchange rates, of which 3.7% excluding changes in the business base (primarily the acquisitions of AES Laboratoire and Argene and the divestiture of Dima Diagnostika).

Analysis of sales *In millions of euros*		% change
Sales - Twelve months ended December 31, 2011	**1,427**	
Currency effect	+46	+3.2%
Organic growth (at constant exchange rates and comparable business base)	+53	+3.7%
Changes in business base	+44	+3.1%
Sales - Twelve months ended December 31, 2011	**1,570**	+10.0%

+6.8%

Differences between regions continued to deepen in 2012. Robust growth of 17% in emerging markets validated the Group's geographic expansion strategy, which included the creation of two new commercial subsidiaries in Southeast Asia and the acquisition of RAS, an Indian start-up specialized in molecular biology.

In a challenging economic environment and despite a high basis for comparison in 2011, 5.1% organic growth was achieved in the fourth quarter driven primarily by sales in Asia Pacific and Latin America, up 20% and 12% respectively.

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

Sales by region *In millions of euros*	**2012**	2011	% change As reported	**% change** At constant exchange rates & comparable business base
Europe[(a)]	**807**	756	+6.8%	**+1.0%**
North America	**345**	320	+7.8%	**-0.4%**
Asia-Pacific	**283**	225	+25.7%	**+17.1%**
Latin America	**135**	126	+6.6%	**+6.6%**
TOTAL	**1,570**	1,427	+10.0%	**+3.7%**

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

– Sales in the Europe-Middle East-Africa region (51% of the consolidated total) edged down over the period.

- In "Eastern Europe, Middle East and Africa" performance was upbeat, especially in Russia and South Africa, bringing annual growth to 15% and solidifying the Company's development in this region.

- In Western Europe (43% of the consolidated total), sales edged down amidst the morose economic climate. Robust sales in Germany, the United Kingdom and Belgium were largely able to offset the difficult market conditions observed in Southern Europe and France.
  - Sales in Southern Europe (10% of the consolidated total) continued to decline throughout the year, as a result of government measures restricting healthcare spending. The Company is working on adapting its commercial policy to the new economic and financial situation in these countries.
  - In France (13% of the consolidated total), sales dipped 4% over the period. Sales of routine VIDAS® tests were adversely impacted by the continued consolidation of laboratories which are preparing for accreditation by filing a mandatory application with the French accreditation committee (COFRAC) by May 31, 2013.

– In North America (22% of the consolidated total), sales were stable despite the worsening market in 2012.

  Sales ramped up on the back of vigorous sales in industrial applications. Reagents and services saw robust sales growth in the food sector. The offer combining bioMérieux and AES solutions was well-received by industrial customers, as this particularly broad offer is adapted to their needs.

  With healthcare reforms underway in the U.S., clinical applications have remained a tough market. The VIDAS® range recorded brisk growth reflecting the success of its high medical value parameters, in particular VIDAS® B.R.A.H.M.S PCT which is highly appreciated for its use as an aid in the prognostic evaluation of sepsis.

– In the Asia-Pacific region (18% of the consolidated total), sales climbed 17% over the year.

  bioMérieux China is now the Group's third-ranked company with sales of €108 million, up 41%. Focusing primarily on the diagnosis of infectious diseases, bioMérieux has a range of products particularly well suited to the requirements of this country with manual, semi-automated and automated antibiotic susceptibility tests for clinical microbiology, the easy-to-use, robust and flexible VIDAS® system for immunoassays, and the solutions ensuring quality and safety in the food sector for industrial applications.

  Sales in India remained upbeat, growing 18%. The Indian *in vitro* diagnostics market – characterized by relatively low sales prices – is estimated at €400 million. bioMérieux continues to pursue an ambitious strategy aimed at achieving a leading position in automated clinical microbiology, gaining further market penetration for VIDAS® in immunoassays, launching cost-efficient solutions in molecular biology and deploying AES's offer in food applications.

  The need for laboratory equipment is particularly high in the region. Instrument sales continued to drive forward business for the Group with 31% growth. In clinical applications, sales growth was spurred by microbiology and the VIDAS® immunoassay range. In industrial applications, sales surged 25%.

– Sales were up nearly 7% in Latin America (9% of the consolidated total), driven by robust performance in Mexico and Argentina, up 14% and 9% respectively. Growth in Brazil edged forward during the year fuelled by the acceleration of sales in the fourth quarter, despite a high basis for comparison in 2011 (up 18%) and the economic downturn.

  Microbiology reagents spurred growth in clinical applications. Industrial application sales were robust in nearly all countries.

Like-for-like sales for the year may be analyzed by technology as follows:

Sales by technology *In millions of euros*	2012	2011	% change As reported	% change At constant exchange rates & comparable business base
Clinical applications	**1,251**	1,177	+6.2%	**+2.9%**
Microbiology	**801**	737	+8.6%	**+4.5%**
Immunoassays[(a)]	**362**	355	+2.0%	**+1.3%**
Molecular biology	**73**	69	+5.8%	**-4.1%**
Other lines	**15**	16	-7.1%	**-7.7%**
Industrial applications	**319**	250	+27.7%	**+7.6%**
TOTAL	**1,570**	1,427	+10.0%	**+3.7%**

[(a)] Including VIDAS® with 3.6% growth.

– Sales of clinical applications increased by nearly 3% over the year.

- Microbiology, the Group's core business, representing 51% of consolidated sales, advanced 4.5% on the back of particularly robust growth in 2011, driven by VITEK® cards and culture media. The Full Microbiology Lab Automation (FMLA®) offering continued its dynamic performance with sales up 21%. In this favorable environment, a new automated blood culture system and incubator incorporating imaging technology will be launched in 2013. In December 2012, the Company submitted a *de novo* petition/510(k) to the U.S. Food and Drug Administration (FDA) in order to obtain clearance for its VITEK® MS system.

- Immunoassay sales inched up 1.3%.
  - The VIDAS® range recorded 3.6% growth. Sales of reagents with high medical value or in emerging countries now represent 65% of VIDAS® reagent sales. These sales posted vigorous growth, absorbing the net decline in routine tests in developed countries where laboratory consolidation continued apace. The Company presented VIDAS® 3, the new generation VIDAS®, at the *Journées Internationales de Biologie* congress in November in Paris, thereby bolstering the strategic repositioning of its VIDAS® system. Particularly adapted to high medical value tests, small series tests and confirmation tests, this instrument was well received and has a promising outlook with medical biology laboratories. This launch should drive the development of the VIDAS® range in emerging countries.
  - However, sales of microplates and rapid tests were down over the year in a highly competitive environment.

- Molecular biology sales slipped 4.1%, hit by competition from integrated solutions. At end-December 2012, bioMérieux and MSF Supply – central supply office for Belgium's Doctors Without Borders – entered into a major agreement on the combat against AIDS in Malawi, Zimbabwe and Mozambique. Through this agreement, bioMérieux has committed to providing reagents and consumables for the dosage of 300,000 viral loads between 2013-2015. Preparations are underway for the scheduled 2014 launch of Biocartis' fully automated system, primarily targeting infectious diseases.

- Industrial application sales grew 7.6% over the year. Despite a tough economic environment, business gained ground in all regions, especially in the "Emerging 7"[6] (up 41%). Industrial applications now represent 20% of the Group's activity, following the integration of AES whose product portfolio gave bioMérieux the largest offering on the market.

- Sales of reagents and services accounted for 87% of sales, rising 4% at constant exchange rates and comparable business base. Increasing pressure on prices continued as a result of measures cutting back healthcare spending and greater laboratory consolidation. The increasing importance of emerging countries in the Group's business also weighed on average sales prices.

- Sales of instruments represented nearly 13% of sales. Instrument sales recorded robust organic growth in the Emerging 7, representing a solid base on which to develop future activity.

9.2 FINANCIAL POSITION

9.2.1 CONSOLIDATED INCOME STATEMENT

Gross profit rose by 7% to €814 million, led by the increase in sales and the favorable currency effect. However, the growing sales contribution from operations in emerging markets weighed on average selling prices and increased shipping costs. In addition, acquisition accounting entries concerning AES and Argene represented a €6 million expense in 2012.

Expressed as a percentage of sales, gross margin ended the year at 51.9%, versus 53.3% in 2011, primarily as a result of the currency effect, the increasing weight of emerging markets in the consolidated sales mix and the consolidation of AES and Argene.

Selling and general and administrative expenses amounted to €409 million, or 26.1% of sales. Even though the Company was preparing for the market launch of three innovative instruments in 2013, this percentage was virtually unchanged from 2011, attesting to the very strict operating cost discipline maintained over the year.

Representing nearly 11% of sales, research and development expenses stood at €169 million for the year. They were up by nearly 8% at constant exchange rates and scope of consolidation, reflecting the stepped-up investment in the product development pipeline.

Research tax credits came to almost €18 million, up €4 million.

Royalties from the patent portfolio stood at €6.1 million.

As a result of the above, operating income before non-recurring items[7] reached €260 million, in line with the objective issued a year ago, and represented 16.6% of sales. The margin was adversely impacted by the currency effect on sales; otherwise, it would have stood at 17.1% for the year.

Other non-recurring income and expenses represented a net expense of €25.4 million. This included a €21 million impairment loss recognized on bioTheranostics, to reflect the valuations currently used in capital operations in this field. bioMérieux has decided to seek new partners to revitalize bioTheranostics' development (see the section on subsequent events). In 2012, this company's results reduced consolidated operating income before non-recurring items by €8 million.

In 2011, net non-recurring operating expense amounted to €12.2 million, and primarily comprised an additional €6.1 million depreciation allowance for Greek public receivables and the €3.8 million cost of acquiring AES and Argene.

After these non-recurring operating items, operating income came in at €235 million, versus €245 million the year before.

[6] Emerging 7: Brazil, China, India, Indonesia, Mexico, Russia and Turkey.
[7] Operating income before "material, extraordinary and non-recurring items", which are included in "other non-recurring operating income and expenses".

Net financial expense amounted to €11.3 million, including the €6.4 million cost of net debt and €4.9 million in other financial expense. The €2 million increase in cost of net debt was attributable to the growth in the Group's average net debt following the July 2011 acquisitions and the costs incurred in setting up the new €350 million line of credit in April 2012. Other financial expense included the depreciation of the Knome shares.

Income tax expense amounted to €89.4 million for the year. No tax deductions were recognized on the impairment loss booked on bioTheranostics goodwill and the depreciation allowance of Knome shares, with the result that the effective tax rate stood at 40% of pretax income. Adjusted for these items, it would have come to 35.6%, affected by the greater impact of loss-making companies. In 2011, income tax expense represented 32.5% of pre-tax income.

Net income amounted to €134 million or 8.5% of consolidated sales, for earnings per share (Group share) of €3.41 for the year.

9.2.2 CONSOLIDATED STATEMENT OF CASH FLOWS

EBITDA[(8)] rose by €12 million to €355 million, primarily on the increase in operating depreciation and amortization expense.

Operating working capital requirement rose by €26 million over the period, which was much less than the €50 million increase in 2011, mainly due to the €35 million in payments received on past-due public-sector receivables in Spain and Portugal in June and July 2012. As a result, bioMérieux's net receivables due from public-sector customers in Southern Europe totaled €75 million at December 31, 2012, versus €100 million a year earlier. Operating working capital ended the year at 24.7% of sales, compared with 26.1% at December 31, 2011.

Capital expenditure totaled €131 million for the year, of which €98 million was industrial capital expenditure, compared with, respectively, €108 million and €74 million in 2011 (excluding the impact of the change in payables to suppliers of fixed assets). Industrial capital expenditure primarily concerned production line commissionings and upgrades, as well as the acquisition, construction and extension of industrial and R&D buildings. In addition, the global ERP system project continued over the year. In all, capital expenditure amounted to 8.4% of sales for the year.

Based on the above, free cash flow before dividends and acquisitions of equity interests amounted to €134 million, compared with €118 million in 2011.

In 2012, acquisitions of equity interests (primarily in Quanterix and RAS) amounted to €12 million, whereas in 2011, a total of €233 million was spent on acquisitions and financial investments (mainly AES and Argene).

In addition, a total of €38.7 million (€0.98 per share) was paid out in dividends in June 2012.

Net debt amounted to €48 million at December 31, 2012, versus €131 million a year earlier.

(8) Operating income before non-recurring items, depreciation and amortization.

9.2.3 OPERATING HIGHLIGHTS

Commercial offer

bioMérieux introduced 19 new products, which enhanced the following lines in particular:

- In clinical microbiology, the mass spectrometry range for the identification of bacteria and yeast:
  - For industrial customers, bioMérieux launched a specialized version of the VITEK® MS solution compliant with the traceability standards in Title 21 CFR Part 11 of the American Code of Federal Regulations.
  - It also brought to market VITEK® MS Plus, which enables VITEK® MS customers to extend their use of mass spectrometry beyond routine identification, for conducting research or building a proprietary database.
  - In December 2012, the Company submitted a *de novo* petition/510(k) to the U.S. Food and Drug Administration (FDA) in order to obtain clearance for its VITEK® MS system.
- FMLA® (full microbiology lab automation) range: bioMérieux launched the third version of Myla®. This middleware helps to optimize microbiology laboratory workflows and consolidate data, converting them into quickly actionable information for treatment decisions. The third version offers important new features for clinical laboratories, especially for blood culture testing. It may also be used in industrial applications.
- In immunoassays, the VIDAS® range:
  - The Company presented VIDAS® 3, the new generation VIDAS®, at the *Journées Internationales de Biologie* congress in November in Paris.
  - In late March, LNE/G-MED, the French notified body, CE-marked the VIDAS® ANTI-HCV test for the diagnosis of hepatitis C, a serious inflammation of the liver caused by the hepatitis C virus (HCV).
  - In August, bioMérieux received FDA 510(k) clearance to market the VIDAS® D-Dimer Exclusion™ II assay in the U.S., which, when used in conjunction with a clinical pretest probability (PTP) scoring, excludes deep vein thrombosis (DVT) and pulmonary embolism (PE) disease in outpatients in 20 minutes.
  - In December, VIDAS® Galectin-3 was CE-marked. This new high medical value reagent extends the VIDAS® cardiovascular disease test menu. Galectin-3 is an innovative marker for chronic heart failure.

Innovation

As part of its 2012-2015 roadmap, the Company has decided to anchor its growth even more fully in the launch of innovative solutions, helping to reinforce the medical value of diagnostics or improve laboratory workflow.

- As part of this process, Dr. Mark Miller joined the Company in October in the newly created role of Chief Medical Officer, in order to enhance the medical content of bioMérieux's solutions and to help guide its technological and scientific choices, notably in microbiology. A member of the Executive Committee, Dr. Miller also heads the Biomarkers department, Clinical Affairs group and Medical Affairs group.
- At the end of July, bioMérieux filed for U.S. FDA Pre-Market Approval (PMA) for a molecular theranostic test to detect BRAF V600 (V600E and V600K) gene mutations found in several cancers, including melanoma. This test will be used to assist oncologists in choosing the appropriate treatment for patients with metastatic melanoma. bioMérieux and GSK have been working together in this field as part of their collaboration agreement signed in May 2010.
- Throughout the year, the Company continued to develop its new platforms, which will result in the 2013 launch of three innovative systems:

- In the second quarter, the incubator incorporating imaging technologies will be presented to European laboratories.
- In the third quarter, VIDAS® 3, the new generation VIDAS®, will be brought to market.
- In the fourth quarter, the new automated blood culture system will be launched in Europe.

– 2014 will see the market launch of the fully-automated molecular biology system being developed with Biocartis. bioMérieux will primarily target infectious disease diagnostics with this system.

Strategic partnerships

In line with its 2012-2015 roadmap, the Company signed a number of strategic agreements during the year.

– In late July 2012, a 60% interest was acquired in India's RAS Lifesciences Pvt. Ltd (RAS) for €1.6 million. Based in Hyderabad, RAS Lifesciences is a privately held start-up specialized in molecular diagnostics and does not yet have significant sales. RAS's expertise and range of reagents, which are intended primarily for the diagnosis of infectious diseases, will enable bioMérieux to commercialize a menu of molecular diagnostic tests primarily in India and, over the medium term, in emerging markets.

– In October, bioMérieux and Thermo Fisher Scientific Inc. announced they had renewed their partnership agreement for Procalcitonin (PCT) biomarker testing using Thermo Fisher's PCT product on bioMérieux's VIDAS®, mini VIDAS® and VIDAS® 3 immunoassay platforms. The PCT biomarker test is the gold standard for the early detection of sepsis in critically ill patients. Broader availability of PCT testing for diagnosing sepsis will lead to improved hospital management and patient care.

– In October, bioMérieux signed a Letter of Intent with the Genome Institute at Washington University (Saint Louis, Missouri – U.S.) in the field of microbial genetic sequencing. The partnership, which will be implemented through a joint strategic research collaboration, aims at building a unique and unparalleled database, linking pathogen sequences to their phenotypic characteristics (identification, virulence, resistance) in order to forge new actionable knowledge in microbiology for labs, clinicians and researchers.

– In November, bioMérieux and the American company, Quanterix, announced that they had entered into a strategic agreement that gives bioMérieux worldwide exclusive rights to Quanterix's Simoa™ ultrasensitive immunoassay technology in clinical laboratories and for industrial applications. Under the agreement, Quanterix will deliver a new instrument and consumables based on its Simoa™ technology, and bioMérieux will develop ultrasensitive and multiplex assays on the new platform. bioMérieux also took an equity stake in Quanterix.

Operational initiatives

– The process of integrating AES and Argene was a priority for 2012. In particular, during the year, the sales teams were coordinated, the distribution channels were merged and the product offerings were aligned.

– bioMérieux strengthened its international sales network with the creation of two new commercial subsidiaries in Malaysia and Vietnam, bringing the number of commercial subsidiaries to 41 worldwide.

– Production sites

- On August 23, 2012, the FDA sent a warning letter to bioMérieux following its inspection of the Durham plant, North Carolina, conducted in the first quarter. The letter notified seven points related to the Quality System, which the Company is committed to resolving quickly.

- As part of the ongoing plan to optimize the production base, manufacturing of culture media at the Basingstoke, UK plant will be terminated in 2013. The leased facility employs eight people in production.

- bioMérieux has initiated a project to outsource and consolidate reagent distribution in the United States. The new organization concerns the product storage and reagent order preparation and shipping activities currently conducted at the Durham (North Carolina), Saint Louis (Missouri) and Lombard (Illinois), facilities. It will gradually come on stream in 2013.

– Following its continued deployment throughout 2012, the global ERP system was up and running in 14 subsidiaries by year-end.

10 CAPITAL RESOURCES

Net debt was €48 million at December 31, 2012, versus €131 million at December 31, 2011, and represented 4% of equity. Net debt is covered by a €350 million syndicated line of credit. The details and terms and conditions of this credit facility are provided in Note 15 to the 2012 consolidated financial statements (see section 20.1.1).

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

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

11 RESEARCH AND DEVELOPMENT, PATENTS AND LICENSES

11.1 STRATEGY AND INVESTMENT POLICY 102

11.2 RESEARCH AND DEVELOPMENT PROJECTS 102

11.2.1 Clinical applications 102

11.2.2 Industrial applications 103

11.3 STRUCTURE OF RESEARCH AND DEVELOPMENT ACTIVITY 104

11.4 KEY PARTNERSHIP AGREEMENTS 106

11.5 INTELLECTUAL PROPERTY 107

11.5.1 Proprietary patents 107

11.5.2 Licenses granted by third parties 107

11.5.3 Licenses granted by the Company 108

11.5.4 Trademarks 108

11.5.5 Domain names 108

11.1 STRATEGY AND INVESTMENT POLICY

The Company's research and development investments, which amounted to €169 million or almost 11% of sales in 2012, are based on technologies that are developed internally or in partnership with other companies or academic research institutes, or under licenses acquired by the Company.

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

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

11.2 RESEARCH AND DEVELOPMENT PROJECTS

The research and development teams are focusing on the development of new platforms, three of which are scheduled to be launched in 2013 (see section 6.1.3.4).

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

11.2.1 CLINICAL APPLICATIONS

In microbiology:

- development of a new blood culture platform with an increased level of automation which ensures faster detection of sepsis;
- expansion of the Full Microbiology Laboratory Automation (FMLA®) range with the development of new modular instruments such as an incubator incorporating new imaging techniques and expansion of the MYLA® middleware menu launched in 2010 (see section 6.1.3.2.1);
- development of new chromogenic culture media for the direct identification of bacteria (ChromID®);
- development of new test cards to enhance the VITEK® 2 menu;
- updating of specialized software on an ongoing basis;
- development of rapid detection and identification methods (Rapid Microbiology) based on new imaging and mass spectrometry techniques, in liaison with the French alternative energies and atomic energy commission (*Commissariat à l'énergie atomique et aux énergies alternatives* – CEA);
- assessment of the suitability of sequencing for the diagnosis of infectious diseases; this work will be stepped up through the future partnership with the Genome Institute at Washington University (Saint Louis, Missouri, U.S.). 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.

In immunoassays:

- development of a new generation of the VIDAS® automated platform and new high medical value VIDAS® tests. The new VIDAS® 3 instrument was presented at the *Journées Internationales de Biologie* in Paris in November 2012;
- expansion of the manual rapid test offering (BIONEXIA® and VIKIA® product lines);

- in March 2013, bioMérieux and Philips decided to jointly reevaluate the conditions of their collaboration for automated point-of-care solutions given the challenges encountered in developing Troponin diagnostic solutions delivering comparable performance to central laboratory analyzers. Since January 2010, bioMérieux and Philips have been collaborating to jointly develop fully automated handheld diagnostic testing solutions for hospital use that can be deployed close to the patient.

In molecular biology:

- development with Biocartis of a new platform. 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 2014. bioMérieux is primarily targeting infectious diseases with this system. Under the agreement, bioMérieux will have worldwide exclusive rights to develop and market microbiology assays on the platform;

- customization of tests used by Argene for the virological monitoring of patients awaiting transplants in line with the new Biocartis platform;

- the new generation easyMAG® extraction system;

- development of new markers for the ADNA program (see section 11.4);

- menu customization of RAS Life Sciences Pvt Ltd, a 60% interest in which was acquired in 2012 by bioMérieux in order to commercialize a menu of molecular biology tests, primarily in India, and in emerging countries in the medium-term (see section 5.1.5).

In personalized medicine:

- 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 metastatic cancer tissue testing by bioTheranostics.

11.2.2 INDUSTRIAL APPLICATIONS

- expanding menus for identifying pathogens in food products;

- increasing the automation of laboratories in the food sector and optimizing sample preparation through the acquisition of the AES group;

- ongoing development of the TEMPO® system;

- testing of new faster techniques to provide solutions for customers in the biopharmaceuticals and food sectors. In light of new regulations for the detection of EHEC foodborne pathogens, the Company has continued to work with Hyglos GmbH (formerly Profos AG) to develop solutions using Hyglos' "phage-ligand" technology;

- development of a molecular biology platform in partnership with U.S. firm BioFire;

- customization of mass spectrometry in line with industrial applications;

- continued development of flow cytometry applications by AES.

11.3 STRUCTURE OF RESEARCH AND DEVELOPMENT ACTIVITY

More than 1,000 people work in research and development in 17 different sites: United States (Durham, Saint Louis and San Diego), Canada (Laval), France (four sites located in the Rhône-Alpes region, three in Brittany, one in the Midi-Pyrénées region and one in the Paris region), Italy (Florence), Brazil (Rio de Janeiro), China (Shanghai) and India (Hyderabad).

The R&D Council, set up in 2011 under the chairmanship of Jean-Luc Belingard, is responsible for:

- identifying, assessing and coordinating innovative scientific strategies to put forward to the Executive Committee;

- optimizing operational tools, methods and exchanges to enable the research and development network to best meet the needs of the units.

The research activity is split between biomarkers and innovative technologies. The Biomarkers department is headed by Dr. Mark Miller, who joined the Company in October in the newly created role of Chief Medical Officer, in order to enhance the medical content of bioMérieux's solutions and to help guide its technological and scientific choices, notably in microbiology. An Innovations & Systems Department was established in 2011 to focus on technological research and the development of new systems.

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

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

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

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

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

11.4 KEY PARTNERSHIP AGREEMENTS

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

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

The most significant agreements entered into by the Company in 2012 are summarized below:

- with the American company Quanterix on ultrasensitive immunoassays

  In November 2012, bioMérieux and Quanterix entered into a strategic partnership that gives bioMérieux exclusive rights to Quanterix's Simoa™ in clinical laboratories and for industrial applications worldwide. bioMérieux will develop specialized tests which require ultrasensitive and/or multiplex capabilities, focusing primarily on infectious diseases. The menu will include existing tests with increased sensitivity as well as new biomarkers which are currently difficult or even impossible to measure, paving the way for new applications;

- with the Genome Institute at Washington University (Saint Louis, Missouri, U.S.)

  In October, bioMérieux signed a Letter of Intent with the Genome Institute at Washington University in Saint Louis in the field of microbial genetic sequencing. The partnership, which will be implemented through a joint strategic research collaboration, aims at building a unique and unparalleled database, linking pathogen sequences to their phenotypic characteristics (identification, virulence, resistance) in order to forge new actionable knowledge in microbiology for labs, clinicians and researchers (see section 5.1.5).

In theranostics

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

- In early 2011, Ipsen and bioMérieux signed a framework agreement to identify joint theranostic programs.

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 focus mainly on rapid bacterial detection and identification using new imaging or mass spectrometry techniques. CEA's expertise helped develop new incubators.

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

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

bioMérieux is also involved in the ADNA program, coordinated by Institut Mérieux. This program seeks to identify and develop biomarkers and to foster a more personalized approach to the treatment of infectious diseases, cancer and rare genetic disorders. It brings together four partners: bioMérieux, GenoSafe, Généthon and Transgene. 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 2012 consolidated financial statements in section 20.1.1) and its terms and conditions have been approved by the European Commission.

bioMérieux will also be a key player in the diagnostics and technology platforms of Bioaster, a technological research institute focused on infectious diseases which was certified by the French government in June 2011 and which became operational at end-2012.

11.5 INTELLECTUAL PROPERTY

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

11.5.1 PROPRIETARY PATENTS

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

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

Conversely, high medical value tests are much more sensitive to the expiration of their patent protection.

The Company continues to deploy its intellectual property policy. It actively protects its research findings via patents (between 30 and 40 new patent applications are filed each year) and monitors its competitors for any infringements of its patents. The Company intends to roll out this policy to the "Emerging 7" countries. At December 31, 2012, the Group owned 478 patent families, the majority of which are in force in Europe, the United States and Japan. At the same date, the Group held 332 granted U.S. patents and 217 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 146 countries that are party to the treaty (at December 31, 2012). The final choice of countries for patent extension is made at the end of the PCT procedure, i.e., about 30 months after the initial filing. As a general rule, patents are extended in countries with the largest markets, namely the United States, Europe (particularly France, Germany, the United Kingdom, Italy and Spain), Japan, China and India, but may now also be extended to Brazil, Russia, Mexico, Turkey and South Korea, depending on the strategic importance of the patented technology.

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

11.5.2 LICENSES GRANTED BY THIRD PARTIES

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

In 2012, the Company entered into several new licensing arrangements:

- bioMérieux and Thermo Fisher Scientific Inc. announced they had renewed their partnership agreement for Procalcitonin (PCT) biomarker testing using Thermo Fisher's PCT product on bioMérieux's VIDAS®, mini VIDAS® and VIDAS® 3 immunoassay platforms, including the latest generation of VIDAS®;

- bioMérieux and Quanterix entered into a strategic agreement that gives bioMérieux worldwide exclusive rights to Quanterix's Simoa™ ultrasensitive immunoassay technology in clinical laboratories and for industrial applications. The immunoassay technology uses a digital approach to detect a signal from single molecules of a labeled analyte. Under the agreement, Quanterix will deliver a new instrument and consumables based on its Simoa™ technology, and bioMérieux will develop ultrasensitive and multiplex assays on the new platform.

11.5.3 LICENSES GRANTED BY THE COMPANY

The Company has granted licenses to the following third parties:

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

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

- Patents covering detection sequences or processes for certain viruses such as EBV[9] for which the basic patents will expire between 2013 and 2016.

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

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

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

11.5.4 TRADEMARKS

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

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

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

- registration of a trademark for all European Union countries;

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

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

11.5.5 DOMAIN NAMES

The Company owns more than 110 recorded domain names, including those consisting of the name "bioMérieux" and 80 different extensions.

[9] Epstein-Barr virus, responsible for mononucleosis

12 OVERVIEW AND CURRENT TRENDS

12.1 RECENT DEVELOPMENTS 110

12.2 OBJECTIVES 113

12.1 RECENT DEVELOPMENTS

Sales for the first three months ended March 31, 2013 amounted to €359 million, on a par with the first quarter of 2012, based on a constant Group structure and exchange rate basis.

Sales by region *In millions of euros*	**Three months ended March 31, 2013**	Three months ended March 31, 2012	% change As reported	**% change** At constant exchange rates & comparable business base
Europe[(a)]	**190.7**	195.6	-2.5%	**-2.5%**
North America[(b)]	**81.7**	80.9	+1.0%	**+1.8%**
Asia-Pacific	**57.1**	56.4	+1.2%	**+5.1%**
Latin America	**29.4**	29.9	-2.0%	**+3.5%**
TOTAL	**358.9**	362.8	-1.1%	**+0.1%**

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

[(b)] Including around 3% organic growth in the U.S. (excluding bioTheranostics).

Sales

The stability in first-quarter 2013 sales was primarily due to four important factors:

- In a particularly tight economy, sales in Western Europe declined, especially in the Southern countries.
- Sales rose by an organic 8% in emerging markets, but growth slowed following a fourth quarter 2012 that was driven by particularly strong instrument sales (+27% on an organic basis). Representing more than 25% of consolidated sales, these countries still offer very attractive growth prospects in the healthcare sector. Among the 18 commercial subsidiaries serving these markets, seven delivered double-digit growth, in particular in India (up 25%), Argentina (up 16%) and Russia (up 26%).
- Sales of industrial applications were impacted by prior-year comparatives, reflecting the termination of distribution of certain products that were still sold by AES in first-quarter 2012.
- Instrument sales, which were particularly robust in fourth-quarter 2012, were dampened in Western Europe and North America by uncertainty surrounding the economic environment and the implementation of the healthcare reform in the United States. Based on current negotiations, these sales should regain momentum over the next few months.

The geographic diversification of the sales base helped to offset the difficulties encountered in Europe (all figures at constant exchange rates and scope of consolidation):

- Sales in the Europe-Middle East-Africa region (53% of the consolidated total) contracted over the quarter, in accordance with the following previously observed trends:
  - In Western Europe (46% of the total), sales performance remained mixed, with growth in certain Northern countries, like Germany, Austria and Poland, and a clear falloff in the Southern countries (down 7%) and in France (down 8%). In addition, instrument sales declined across every clinical line, reflecting the challenging economic environment and the production difficulties for BacT/ALERT® blood culture bottles, which required sales teams to focus on managing reagent sales. Penalized by the termination of distribution of products previously sold by AES, sales of industrial applications also declined over the period.
  - On the other hand, organic growth in Turkey, Russia, Eastern Europe, the Middle East and Africa stood at 16% for the quarter, boosted by the success of the VIDAS® line, VITEK® 2 cards and the molecular biology range.

– Sales in North America (23% of the consolidated total) turned upwards, by 1.8%, after three straight quarters of decline. In particular, sales in the United States (excluding bioTheranostics) gained nearly 3% on an organic basis.

  In clinical applications, reagent sales rose by 5.4%, led by the clinical microbiology range and the VIDAS® B.R.A.H.M.S PCT test, which continued to experience fast growth. Instrument sales fell back sharply in a still uncertain economy and ahead of implementation of healthcare reform in the United States.

  Industrial applications were also lifted by the growth in reagent sales, particularly of ready-to-use media and VIDAS®.

– In the Asia Pacific region (16% of the consolidated total), sales rose by 5.1%, building on the excellent equipment billings reported in the final quarter of 2012. In China, reagent sales drove an 8% overall gain, while in India, growth was supported by the clinical and industrial microbiology ranges. Sales of industrial applications increased by more than 7%.

– In Latin America (8% of the consolidated total), sales enjoyed double-digit growth in Argentina, Colombia and Chile. In Brazil, on the other hand, they were dampened by the steep decline in microplate sales due to a very aggressive competitive environment. Sales of industrial applications ended the period up nearly 20%.

Sales remained stable year-on-year in first-quarter 2013 because the 0.7% increase in clinical applications offset the 2.1% decline in industrial applications (all figures at constant exchange rates and scope of consolidation):

Sales by technology *In millions of euros*	**Three months ended March 31, 2013**	Three months ended March 31, 2012	% change As reported	**% change** At constant exchange rates & comparable business base
Clinical applications	**286.0**	287.3	-0.4%	**+0.7%**
Industrial applications	**72.9**	75.5	-3.5%	**-2.1%**
TOTAL	**358.9**	362.8	-1.1%	**+0.1%**

– In clinical applications, reagent sales rose in the three strategic ranges:

  - Microbiology, the Group's core business that accounts for half of consolidated sales, saw reagent sales gain nearly 4%, primarily as a result of high instrument billings in 2012. In 2013, the Company will broaden its offering with the launch of two new, particularly innovative systems, a new automated blood culture system and an incubator incorporating imaging technologies.

  - The VIDAS® line rose by 3.1%, led by sales of both reagents and instruments, and reflecting its effective positioning in high medical value assays and in emerging markets. Even as the new generation VIDAS® 3 instrument is being readied for launch in July 2013, sales of VIDAS® instruments further expanded by more than 50% in emerging markets. On the other hand, sales of routine tests continued to decline in developed markets, due to the ongoing consolidation of the clinical laboratories. With its enhanced automation, VIDAS® 3 will help to consolidate the installed base in mature markets, in particular by specializing its use in short series of tests.

  - Molecular biology sales increased by nearly 5%, driven by reagents in the extraction and Argene lines. In this segment, bioMérieux is preparing for the launch in 2014 of the fully integrated system being developed with Biocartis.

- Industrial applications, which account for 20% of consolidated sales, declined by 2.1% over the quarter. The difficulties encountered in Western Europe due to the challenging economy and the late 2012 termination of the distribution of certain lines previously sold by AES were only partially offset by the growth in other regions. In coming months, industrial application sales should be revitalized by the breadth of the product range, the promotion of the AES "Blue Range" in other new territories, especially in the United States, and the launch of flow cytometry solutions for new customers, particularly pharmaceutical companies.

- Sales of reagents and services, which represented 91% of sales, rose respectively by nearly 2% and 9% on an organic basis. The services offering was expanded with the bioMérieux Performance Solutions™ line-up. In particular, thanks to COFRAC accreditation of an internal laboratory, the Company added calibration service with ISO/IEC 17025 standards to its Labguard® range of solutions for measuring, monitoring and tracing physical parameters.

- Following their very fast growth in emerging markets in fourth-quarter 2012, consolidated instrument sales declined in first-quarter 2013 and accounted for only 9% of consolidated sales.

Other financial highlights

- Consolidated balance sheet

  Net debt stood at around €51 million as of March 31, 2013, compared with €48 million at December 31, 2012, in a trend similar to that observed in first-quarter 2012. The first three months of the year generally see major cash outlays for taxes and bonuses.

- Human resources

  The Group had 7,541 full-time-equivalent employees as of March 31, 2013. There were 7,413 employees at December 31, 2012, based on the same method of calculation.

First-quarter operating highlights

- Commercial offer

  During the quarter, bioMérieux launched the TEMPO® Aerobic Count (TEMPO® AC) test which enables in as little as 24 hours the enumeration of total bacterial flora in food and environmental samples. This new generation TEMPO® test, which is faster and does not depend on the highly varied characteristics of food samples, has already won over new customers in the United States. Prior to commercial launch, it has obtained the AOAC RI (Research Institute) validation.

  In addition, during the quarter, the VIDAS® UP Salmonella (SPT) test was granted Official Methods of Analysis approval by AOAC International for a wide variety of food products and environmental samples. Salmonella is a bacteria that causes salmonellosis, one of the most common intestinal infections worldwide. The VIDAS® UP Salmonella (SPT) solution uses recombinant phage protein-based technology that ensures best-in-class specificity and sensitivity. Easy to use, VIDAS® UP Salmonella SPT enables the capture and targeted detection of Salmonella in less than 24 hours.

  The Company also received clearance from the U.S. Food and Drug Administration (FDA) to market Argene's Adenovirus R-gene™ test in the United States. The test enables the qualitative detection of adenovirus DNA by PCR in real time. Adenoviruses can cause respiratory, ocular or gastrointestinal diseases. Adenovirus infections are common, have a worldwide distribution and occur throughout the year. In recent years, adenoviruses have been recognized as significant viral pathogens with high morbidity and mortality among immunocompromised patients.

- The Durham plant (North Carolina, United States)

  All of the initiatives undertaken at the Durham plant, North Carolina, to restore satisfactory levels of supply of BacT/ALERT® blood culture bottles early in the second half are proceeding as scheduled. In addition, the Company is pursuing its action plan to remediate the observations contained in the FDA's August 2012 Warning Letter.

- Research partnership with Veolia Environnement

  Veolia Environnement and bioMérieux have announced their commitment to undertaking a research partnership aimed at developing an innovative technology for the continuous monitoring of the microbiological quality of drinking water. An agreement, covering a preliminary study to assess the project's technical and economic feasibility, was signed in March 2013.

- Investment in CEA Investissement's Amorçage Technologique Investissement (ATI) fund

  In early April, CEA Investissement announced the closing of its Amorçage Technologique Investissement (ATI) fund, dedicated to French start-ups developing products and services based on highly technological innovations in areas covered by the French Atomic Energy Commission (CEA). The fund has raised €38 million from Fonds National d'Amorçage (FNA), CDC Entreprises, the French Atomic Energy Commission (CEA), EDF Développement Environnement (EDEV), Safran and bioMérieux (which pledged to invest €1 million).

12.2 OBJECTIVES

In 2013, an investment year, the Company will continue to implement its 2012-2015 roadmap.

It will bring to market three innovative new instruments, intensify the commercial development of its bioMérieux Performance Solutions™ services and step up its international expansion, primarily in emerging markets. It will also pursue its investments in innovation, in particular to ensure the success of the 2013 market launches. It will continue to develop new systems aimed at enhancing the medical value of diagnostics and optimizing laboratory workflow. It will also undertake ambitious new development programs, especially in the field of ultrasensitive immunoassays. At the same time, it will pursue its major operational initiatives, including the installation of the global ERP system in new Group companies.

In this context, bioMérieux set its objective of delivering sales growth of between 3% and 5% for the year, at constant exchange rates and scope of consolidation. The second half should see the gradual ramp-up of the three new 2013 platforms with, in particular, the market roll-out of VIDAS® 3 beginning in July.

In addition, the Company's target for operating income before non-recurring items stands at between €255 million and €270 million for the year. This objective includes the R&D investments and marketing action plans needed to support the launch of innovative new diagnostic platforms and takes into account the situation for BacT/ALERT® blood culture bottle production.

13 PROFIT FORECASTS

The Group does not provide profit forecasts.

14 ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES AND SENIOR MANAGEMENT

14.1 ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES 116

14.2 CONFLICTS OF INTEREST 121

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, 2012, the Board of Directors comprised nine members.

Jean-Luc Belingard

64 years old
Born on October 28, 1948
Nationality: French

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

Number of bioMérieux shares held: **50**

Main position within the Company:
Chairman and Chief Executive Officer

Other directorships and positions held at December 31, 2012 (all companies)
Director of LabCorp of America (U.S.), Stallergenes (France), AES Laboratoire Groupe SA*, AES Chemunex SA*

Directorships and positions that have expired in the past five years
Director of Applera Corp. (U.S.) (term expired in 2008), ExonHit Therapeutics (France) (term expired in 2006), NicOx (term expired in 2011), Celera Corporation (U.S.) (term expired in 2011)
Chairman and CEO of Ipsen (term expired in 2010)

Other professional activities and past positions

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

Alexandre Mérieux

39 years old
Born on January 15, 1974
Son of Alain Mérieux (director)
Nationality: French

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

Number of bioMérieux shares held: **20**

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

Other directorships and positions held at December 31, 2012 (all companies)
Director and Vice-President of Institut Mérieux*, the Christophe and Rodolphe Mérieux Foundation, the Mérieux Foundation, Mérieux NutriSciences Corp. (U.S.)*, bioMérieux Inc. (U.S.)*, bioMérieux China Ltd. (China)*, bioMérieux Shanghai Ltd.*, AES Laboratoire Groupe SA*, AES Chemunex SA*, Sysmex bioMérieux Ltd.
President of Mérieux Développement SAS*, SGH*, Foncière de Montcelard (SAS)*
Manager of SCI Accra

Directorships and positions that have expired in the past five years
Director of Ecosilk (U.S.) (term expired in 2007)
Permanent representative of Mérieux NutriSciences Corp* (formerly Silliker Group Corp), President of Silliker France SAS* (term expired in 2007), Adriant SAS (term expired in 2008), BTF (Australia)* (term expired in 2012), bioMérieux India Private Ltd. (India)* (term expired in 2011), bioMérieux Polska sp. Z.o.o. (Poland)* (term expired in 2012), bioMérieux UK Ltd. (UK)* (term expired in 2011), bioMérieux Singapore Pte Ltd. (Singapore) (term expired in 2011), Skiva SAS* (term expired in 2012), bioMérieux Canada* (term expired in 2012)

Other professional activities and past positions

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

---

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

Alain Mérieux

74 years old
Born on July 10, 1938
Father of Alexandre Mérieux (director and Chief Operating Officer)
Nationality: French

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

Number of bioMérieux shares held: **290**

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

Other directorships and positions held at December 31, 2012 (all companies)
President of Compagnie Mérieux Alliance SAS
Chairman and Chief Executive Officer of Institut Mérieux*
President of the Mérieux Foundation, VetagroSup, Fondation pour l'Université de Lyon, BioAster Technology Research Institute
Director and Honorary Chairman of the Christophe and Rodolphe Mérieux Foundation
Director of Compagnie Plastic Omnium, CIC Lyonnaise de Banque, Transgene*, bioMérieux Italia SpA (Italy)*, Mérieux NutriSciences Corp. (U.S.)*, the Pierre Fabre Foundation, the Pierre Vérots Foundation

Directorships and positions that have expired in the past five years
The Synergie Lyon Cancer Foundation (cancer center) (term expired in March 2012), the Centaure Foundation (term expired in November 2012), the Edmus Foundation (term expired in November 2012)
Director of Shantha Biotechnics Ltd. (India)* (term expired in 2009)

Other professional activities and past positions

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

Michele Palladino

Independent director**

72 years old
Born on June 13, 1940
Nationality: Italian

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

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

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

Other directorships and positions held at December 31, 2012 (all companies)
N/A

Directorships and positions that have expired in the past five years

President and managing partner of Michele Palladino & C SAS (term expired in 2010)

Other professional activities and past positions

Management experience and expertise
Chief Executive Officer of bioMérieux SA until 1993

* 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

Independent director**

73 years old
Born on November 27, 1939
Nationality: French

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

Number of bioMérieux shares held: **160**

Main positions within the Company:
Chairman of the Audit Committee and Member of the Human Resources, Appointment and Compensation Committee

Other directorships and positions held at December 31, 2012 (all companies)
Director of Lyonnaise de Banque SA, Tessi, Apicil Prévoyance, Sogelym-Dixence Holding SAS, Groupe Progres

Directorships and positions that have expired in the past five years
Director and Vice-Chairman of the Supervisory Board of Banque de Vizille SA (term expired in 2011)
Chairman and Vice-Chairman of Apicil Prévoyance (term expired in 2007) and Apicil Assurance SA (term expired in 2007)
Chairman of Apicil Preci SA (term expired in 2007)
Director of Centre Technique des Institutions de Prévoyance (term expired in 2007)
Chairman of GIE Santelog (term expired in 2007)
Vice-Chairman and director of Fonds de Garantie des Institutions de Prévoyance (term expired in 2008)

Other professional activities and past positions

Management experience and expertise
Graduate of Institut Technique de Banque
CEO of Lyonnaise de Banque for 13 years

Georges Hibon

75 years old
Born on November 3, 1937
Nationality: French

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

Number of bioMérieux shares held: **10**

Main position within the Company:
Member of the Audit Committee

Other directorships and positions held at December 31, 2012 (all companies)
Director of Care France (NGO)
Director of Transgene SA*, ABL*

Directorships and positions that have expired in the past five years
Director of BioAlliance Pharma (term expired in 2009)
Chairman of the Board of Shantha Biotechnics Limited (India)* (term expired in 2010)

Other professional activities and past positions

Management experience and expertise
HEC Paris
Chairman of MSD Chibret France
Vice-Chairman of Merck International
Chairman and CEO of Pasteur Mérieux Connaught

Philippe Archinard

53 years old
Born on November 21, 1959
Nationality: French

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 at December 31, 2012 (all companies)
Chairman and CEO of Transgene*
CEO of TSGH*
Chairman of the Association LyonBioPôle
Director of Erytech Pharma
Permanent representative of TSGH*, director of ABL Inc.*
Representative of LyonBioPôle on the Board of Directors of the FINOVI Foundation and the Synergie Lyon Cancer Foundation
Vice-Chairman of BioAster (foundation for scientific cooperation)
Director of CPE Lyon – Representative of FPUL

Directorships and positions that have expired in the past five years
N/A

Other professional activities and past positions

Management experience and expertise
Graduate of Harvard Business School
Managing Director of Innogenetics (Belgium) from 2000 to 2003
Chairman and CEO of Transgene

---

* 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.

Marie-Hélène Habert

Independent director**

47 years old
Born on April 4, 1965
Nationality: French

First appointed on May 30, 2012
Current term expires in 2016

Number of bioMérieux shares held: **19**

Main position within the Company: **N/A**

Other directorships and positions held at December 31, 2012 (all companies)
Director of Communication and Patronage of Dassault Group
Member of the Strategic Committee of Dassault Développement SAS
Director of Artcurial SA, the Serge Dassault Foundation and Amis de la Fondation

Permanent representative of GIMD on the Supervisory Board of Immobilière Dassault SA

Manager of H Investissements SARL and HDH (non-trading company)

Vice-Chair and member of the Supervisory Board of Groupe Industriel Marcel Dassault SAS

Directorships and positions that have expired in the past five years
Director of Dassault Développement SA (term expired in 2011)

Other professional activities and past positions

Management experience and expertise
Graduate of Université de Paris II (business law), post-graduate diploma in Business Law and Taxation from Université de Paris I/La Sorbonne and post-graduate diploma in marketing from IEP Paris

Harold Boël

Independent director**

48 years old
Born on August 27, 1964
Nationality: Belgian

First appointed on May 30, 2012
Current term expires in 2016

Number of bioMérieux shares held: **50**

Main position within the Company: **Member of the Audit Committee**

Other directorships and positions held at December 31, 2012 (all companies)
Deputy director of Sofina, Henex, Suez Environnement, Electrabel

Directorships and positions that have expired in the past five years
Director of Oberthur Technologies (term expired in 2011), François Charles Oberthur Fiduciaires (term expired in 2012), Union Financière Boël (term expired in 2011), Finasucre (term expired in 2009)

Other professional activities and past positions

Management experience and expertise
Bachelor degree in Chemistry from Brown University (U.S.) and diploma in materials science engineering from Ecole Polytechnique Fédérale de Lausanne

Various managerial positions in the steel industry within the Corus group

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

Christian Bréchot***

60 years old
Born on July 23, 1952
Nationality: French

First appointed on June 12, 2008
Term expired at the AGM of
May 30, 2012

Number of bioMérieux shares held: **10**

Main position within the Company:
Vice-President in charge of Medical and Scientific Affairs at Institut Mérieux

Other directorships and positions held at December 31, 2012 (all companies)
Vice-President in charge of Medical and Scientific Affairs at Institut Mérieux*
Director of InabioSanté in Toulouse, the RITC (Cancer Research & Therapeutic Innovation) Foundation in Toulouse, the Mérieux Foundation, Lyonbiopôle, EPEMED, Eclosion (Switzerland), the Lyon 1 foundation, Transgene*

Directorships and positions that have expired in the past five years
Director of bioMérieux (term expired in May 2012); Knome (term expired in March 2012); bioTheranostics (U.S.) (term expired in 2012)

Other professional activities and past positions

Management experience and expertise
Director of Inserm U370/Université Paris V "Hepatocellular Carcinogenesis and Molecular Virology" research unit from 1993 to 2001
Head of the liver unit at Necker Children's Hospital from 1997 to 2001
Director of the Institut Pasteur's National Reference Center for the molecular epidemiology of viral hepatitis from 1998 to 2001
General Manager of Inserm (French national institute for health and medical research) from 2001 to 2007

Groupe Industriel Marcel Dassault, represented by **Benoît Habert*****

Independent director**

48 years old
Born on July 12, 1964

First appointed on April 16, 2004
Term expired at the AGM of
May 30, 2012

Number of bioMérieux shares held:
2,013,470

Main position within the Company:
Member of the Audit Committee
(term expired in May 2012)

Other directorships and positions held by Benoît Habert at December 31, 2012 (all companies)
Chairman of Dassault Développement SAS
Chief Operating Officer and director of Groupe Industriel Marcel Dassault SAS
Chairman of Habert Dassault Finance SAS
Director of Transgene SA*, Dassault Média SA, Groupe Figaro SA, SITC SAS, Sport 24 SA, Dargaud SA, Zewao SAS, Intigold (Peru), Eclosion (Switzerland), Dupuis (Belgium)

Member of the Supervisory Board of Figaro Classifieds SA, John Paul (Service Concierges SAS)

Representative of GIMD, director of Mérieux NutriSciences Corp.* (U.S.)

Directorships and positions of Benoît Habert that have expired in the past five years
Director of bioMérieux (term expired in May 2012)
Chief Executive Officer of Dassault Développement SA (term expired in 2010)
Director of Chapitre.com (term expired in 2009), LSF (U.S.) (term expired in 2009), TM4 (Canada) (term expired in 2009), Livres invest (term expired in 2009), Shan (term expired in 2009)

Other professional activities and past positions

Management experience and expertise of Benoît Habert
President of Dassault Développement
Chief Operating Officer of Groupe Industriel Marcel Dassault

---

* 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.
*** Director whose term of office expired in 2012.

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, France.

14.2 CONFLICTS OF INTEREST

To the best of the Company's knowledge:

- no member of the Board of Directors or Chief Operating Officer of the Company has been convicted of fraud in the past five years;
- no member of the Board of Directors or Chief Operating Officer of the Company has been involved, over the past five years, in any bankruptcy, court-ordered receivership or liquidation, in their capacity as member of the Company's administrative, management or supervisory bodies or as Chief Executive Officer;
- no sentence has been pronounced over the past five years against any member of the Board of Directors or a Chief Operating Officer of the Company barring them from serving on an issuer's administrative, management or supervisory body or from participating in the management or conduct of the affairs of an issuer;
- no member of the Board of Directors or Chief Operating Officer of the Company has been charged with an offense or had any official public disciplinary action taken against them by a statutory or regulatory authority (including recognized professional bodies).

To the best of the Company's knowledge, there is no potential conflict of interest between the duties to the Company of any member of the Board of Directors or a Chief Operating Officer, and their private and/or other interests. The agreements involving certain directors are subject to the procedures concerning related-party agreements and are described in Chapter 19.

In addition, the Company has established corporate governance procedures (see Appendix 1).

Corporate officers' interests in the Company and the Group

Alain Mérieux and his son, Alexandre Mérieux, are the main shareholders of Compagnie Mérieux Alliance, the holding company of Institut Mérieux, which is the main shareholder of the Company, of which they own the majority of the share capital and voting rights (see sections 18.1 and 18.2).

15 COMPENSATION AND BENEFITS

15.1 COMPENSATION AND BENEFITS-IN-KIND 123

15.1.1 Directors' compensation 123

15.2 PENSIONS AND OTHER EMPLOYEE BENEFIT OBLIGATIONS 127

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 Annual General Meeting of June 12, 2008.

Directors' fees are allocated as follows:

- for the Board of Directors: €12,000/year + €1,500 for each meeting, for each director and non-voting director;
- for the Audit Committee: €6,000/year + €1,500 for each meeting;
- for the Human Resources, Appointment and Compensation Committee: €4,000/year + €1,500 for each meeting.

Board members	Directors' fees paid in 2012 in euros	Directors' fees paid in 2011 in euros
Jean-Luc Belingard	21,000	19,500
Alain Mérieux	28,000	26,500
Alexandre Mérieux	21,000	19,500
Christian Bréchot	9,000	19,500
Michele Palladino	28,000	26,500
Philippe Archinard	21,000	19,500
GIMD/Benoît Habert	18,000	36,000
Michel Angé	43,000	39,000
Georges Hibon	36,000	38,500
Harold Boël	28,500	19,500
Marie-Hélène Habert	9,000	-
Total	**262,500**	**264,000**

The terms of office of Christian Bréchot and GIMD were equal to five months in 2012 and the term of Marie-Hélène Habert was seven months.

The directors did not receive directors' fees from Group subsidiaries.

Compensation of corporate officers and directors

- **Jean-Luc Belingard**

Jean-Luc Belingard's compensation is paid by Institut Mérieux, pursuant to an employment contract, for the duties he performs within Institut Mérieux.

He receives fixed and variable compensation for his corporate office within bioMérieux. His variable compensation is based on the achievement of objectives with respect to qualitative and quantitative criteria. Sales growth and operating profit before non-recurring items (EBIT before non-recurring items), which were announced at the beginning of the year, are the two quantitative objectives. This compensation is reviewed annually by the Human Resources, Appointment and Compensation Committee, which reports its findings to the Board of Directors.

Summary of compensation, stock options and free shares granted (in euros) to Jean-Luc Belingard – Chairman and Chief Executive Officer		
	2012	**2011**
Compensation for the year	1,587,228	1,580,996
Value of stock options granted during the year	0	0
Value of free shares granted during the year[(a)]	811,000	1,984,000
Total	**2,398,228**	**3,564,996**

Jean-Luc Belingard	**Amounts for 2012 in euros**		**Amounts for 2011 in euros**	
	Payable	Paid	Payable	Paid
- fixed compensation[(b)]	861,341	861,341	870,000	870,000
- variable compensation[(c)]	691,560	680,000	680,000	0
- extraordinary compensation	0	0	0	0
- directors' fees	21,000	21,000	19,500	19,500
- benefits in kind[(d)]	13,327	13,327	11,496	11,496
Total	**1,587,228**	**1,575,668**	**1,580,996**	**900,996**
Value of stock options granted during the year	N/A		N/A	
Value of free shares granted during the year[(a)]	811,000		1,984,000	

(a) Institut Mérieux shares granted by Institut Mérieux. This value corresponds to the value of free shares measured at the date they are granted as provided for under IFRS 2, after taking into account in particular any discount related to performance criteria and the probability of the individual's continued presence in the company at the end of the vesting period, but before the recognition in accordance with IFRS 2 of the expense over the vesting period.
(b) Compensation paid by Institut Mérieux (€172,671) and bioMérieux (€688,670).
(c) Compensation paid by bioMérieux.
(d) Company car and accommodation provided by Institut Mérieux.

Jean-Luc Belingard will also be entitled to a long-term bonus of €1,200,000 which will be paid in April 2016 on the condition that he is still present in the Company as Chairman and Chief Executive Officer on March 31, 2014. The payment of this bonus is also conditional on the achievement of quantitative objectives (achievement of sales and EBIT growth objectives over four years) and qualitative objectives (development of the Company's strategy).

- **Alexandre Mérieux**

Alexandre Mérieux's compensation is paid by Institut Mérieux, pursuant to an employment contract, and rebilled in part to bioMérieux. His gross variable compensation is based on (i) a financial performance indicator which applies to all of the Company's employees (growth in sales and operating profit before non-recurring items) and (ii) his individual performance assessed against objectives set at the beginning of the year, and is paid the following year. This compensation is reviewed annually by the Human Resources, Appointment and Compensation Committee.

Alexandre Mérieux is covered by the collective (defined contribution) pension plan available to Group senior executives.

Summary of compensation, stock options and free shares granted (in euros) to Alexandre Mérieux – Chief Operating Officer		
	2012	**2011**
Compensation for the year	441,505	396,151
Value of stock options granted during the year	N/A	N/A
Value of performance shares granted during the year	N/A	N/A
Total	**441,505**	**396,151**

Alexandre Mérieux	**Amounts for 2012 in euros**		**Amounts for 2011 in euros**	
	Payable	Paid	Payable	Paid
- fixed compensation[(a)]	263,929	263,929	253,571	253,571
- variable compensation[(a)]	150,000	150,000	118,460	140,000
- extraordinary compensation	N/A	N/A	N/A	N/A
- directors' fees	21,000	21,000	19,500	19,500
- benefits in kind[(b)]	6,576	6,576	4,620	4,620
Total	**441,505**	**441,505**	**396,151**	**417,691**
Value of stock options granted during the year	N/A		N/A	
Value of performance shares granted during the year	N/A		N/A	

(a) Compensation paid by Institut Mérieux.
(b) Company car provided by Institut Mérieux.

- **Alain Mérieux**

Alain Mérieux receives a fixed salary which is determined and paid by Institut Mérieux, and rebilled in part to bioMérieux. At December 31, 2012, 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 2012.

Summary of compensation, stock options and free shares granted (in euros) to Alain Mérieux – Director		
Alain Mérieux	**Amounts paid for 2012 in euros**	**Amounts paid for 2011 in euros**
- fixed compensation[(a)]	355,500	348,071
- variable compensation	N/A	N/A
- extraordinary compensation	N/A	N/A
- directors' fees	28,000	26,500
- benefits in kind	N/A	N/A
Total	**383,500**	**374,571**
Value of stock options granted during the year	N/A	N/A
Value of performance shares granted during the year	N/A	N/A

(a) Compensation paid by Institut Mérieux.

- **Christian Bréchot**

Christian Bréchot's compensation is paid by Institut Mérieux pursuant to an employment contract, and rebilled in part to bioMérieux. His gross variable compensation is based on his individual performance assessed against objectives set at the beginning of the year and is paid the following year.

Summary of compensation, stock options and free shares granted (in euros) to Christian Bréchot – Director		
Christian Bréchot	**Amounts paid for 2012 in euros**	**Amounts paid for 2011 in euros**
- fixed compensation[(a)]	280,700	275,500
- variable compensation[(a)]	90,000	100,000
- extraordinary compensation	N/A	N/A
- directors' fees	9,000	19,500
- benefits in kind[(b)]	9,293	10,187
Total	**388,993**	**405,187**
Value of stock options granted during the year	N/A	N/A
Value of performance shares granted during the year	N/A	N/A

(a) Compensation paid by Institut Mérieux.
(b) Transportation provided by Institut Mérieux.

- **Philippe Archinard**

Philippe Archinard's compensation is paid by Institut Mérieux pursuant to an employment contract, and rebilled in part to bioMérieux. His gross variable compensation is based on his individual performance assessed against objectives set at the beginning of the year and is paid the following year.

Summary of compensation, stock options and free shares granted (in euros) to Philippe Archinard – Director		
Philippe Archinard	**Amounts paid for 2012 in euros**	**Amounts paid for 2011 in euros**
- fixed compensation[(a)]	435,000	430,000
- variable compensation[(a)]	450,000	435,000
- extraordinary compensation	N/A	N/A
- directors' fees	21,000	19,500
- benefits in kind[(a)]	9,696	6,960
Total	**915,696**	**891,460**
Value of stock options granted during the year	N/A	N/A
Value of performance shares granted during the year	N/A	N/A

(a) Compensation paid by Institut Mérieux.

Commitments made in favor of corporate officers

In 2012, 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.

In 2010, the Board of Directors set termination benefits for Jean-Luc Belingard equal to 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 objectives announced the year preceding the year of Jean-Luc Belingard's departure.

The termination benefits will be payable only after the Board of Directors' official recording of the achievement of the above-mentioned performance conditions.

They will not be payable in the case of resignation, retirement or a change of position within the Group.

No preferred shares have been allocated to corporate officers for 2012.

Loans and securities granted to corporate officers

None.

15.2 PENSIONS AND OTHER EMPLOYEE BENEFIT OBLIGATIONS

bioMérieux SA's commitment with respect to the defined benefit pension plan amounted to €1.9 million at December 31, 2012.

16 BOARD PRACTICES

16.1 BOARD OF DIRECTORS AND TERMS OF OFFICE 129

16.2 SERVICE AGREEMENTS 129

16.3 AUDIT COMMITTEE AND HUMAN RESOURCES, APPOINTMENT AND COMPENSATION COMMITTEE 129

16.4 COMPLIANCE WITH CORPORATE GOVERNANCE PRINCIPLES 130

16.1 BOARD OF DIRECTORS AND TERMS OF OFFICE

The Board of Directors' duties

The Board of Directors is responsible for defining and implementing the Company's strategies. It has powers to act on all questions concerning the smooth running of the Company and settles all matters affecting the Company by its deliberations, within the limits of the corporate purpose and subject to the powers expressly granted to Shareholders' Meetings. The Board of Directors carries out all controls and procedures that it deems appropriate.

The Board of Directors' internal rules provide that the Board of Directors must decide on (i) the approval of the strategic plans of the Company and its subsidiaries, (ii) the approval of the annual budget and, on a quarterly basis, its implementation, and (iii) the authorization of all key transactions (acquisitions, exchanges, transactions, granting of security interests, financing by any means, etc.) of more than €30 million not provided for in the strategic plan or the budget.

The internal rules also provide that the Board of Directors must be notified of any significant event affecting the operation of the Company and more specifically its financial and cash position and commitments.

The Board of Directors' work

The Chairman organizes and oversees the Board's work and reports thereon to the Shareholders' Meeting.

He ensures that the Company's management bodies operate effectively and that the directors are able to perform their duties.

Information on the duties and work of the Board of Directors can be found in the Chairman's report in Appendix 1 of this Registration Document.

Directors' terms of office

The list of directorships as well as the appointment and expiration dates are provided in Chapter 14 of this Registration Document.

16.2 SERVICE AGREEMENTS

None of the members of the administrative, management or supervisory bodies has a service agreement with the Company or one of its subsidiaries providing for the payment of benefits.

16.3 AUDIT COMMITTEE AND HUMAN RESOURCES, APPOINTMENT AND COMPENSATION COMMITTEE

Committees of the Board of Directors

The Board of Directors' internal rules provide that the Board of Directors may set up one or more permanent or temporary committees to help it accomplish its work and contribute to the preparation of its decisions.

The committees are in charge of examining issues assigned to them by the Board of Directors or the Chairman of the Board, preparing the Board of Directors' work on these issues, and reporting their findings to the Board of Directors in the form of reports, proposals, communications or recommendations.

The committees act in a consultative capacity. The Board of Directors determines at its own discretion how to follow up on the findings reported by the committees. 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 the Chairman's report in Appendix 1 of this Registration Document.

16.4 COMPLIANCE WITH CORPORATE GOVERNANCE PRINCIPLES

Legal framework of corporate governance

The Company complies with applicable corporate governance requirements. It refers to the AFEP-MEDEF Corporate Governance Code which summarizes current corporate governance principles. This code may be viewed online on the MEDEF website (http://www.code-afep-medef.com). The provisions of the code that have not been applied and the reasons for such non-compliance are described below.

Directors' terms of office

The majority of the directors' terms of office expire at the same time. In light of the renewal in 2010 of seven of the nine current directors, the staggering of directors' terms of office is difficult to apply.

Board of Directors' assessment of General Management

The Board of Directors assesses the performance of General Management independently and collectively.

Given that (i) the general management is exercised by the Chairman, in his capacity as Chief Executive Officer, who is present at Board of Directors' meetings, and (ii) Alexandre Mérieux in his capacity as director and Chief Operating Officer is also present at Board meetings, the performance of General Management is assessed by the Board of Directors in the presence of General Management.

The report on the conditions governing the preparation and organization of the Board of Directors' work and internal control and risk management procedures implemented by the Company can be found in Appendix 1 of this Registration Document and rounds out information provided in this Chapter.

17 EMPLOYEES

17.1 NUMBER OF EMPLOYEES 132

17.1.1 Group employees 132
17.1.2 Human resources policy 133
17.1.3 Employee relations 135

17.2 FREE SHARE GRANTS 136

17.2.1 Vesting period 136
17.2.2 Eligibility and performance conditions 136
17.2.3 Delivery of shares 136
17.2.4 Lock-up period 136
17.2.5 Beneficiaries' rights 137

17.3 SHARES AND STOCK OPTIONS HELD BY CORPORATE OFFICERS 137

17.4 EMPLOYEE PROFIT SHARING 137

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

The Group had 7,285 full-time-equivalent employees as of December 31, 2012. This compares with 7,077 employees at December 31, 2011, based on the same method of calculation.

Expressed as employees on the payroll (each person is counted as one employee, regardless of whether they only work part-time), the workforce comprised 7,534 employees as of December 31, 2012. This figure includes employees of AES, Argene and RAS. 54% of the workforce is based outside of France.

The indicators presented below are based on employees on the payroll.

The workforce breaks down as follows:

	Women	**Men**
Breakdown in 2012	3,715	3,819
Total workforce	**7,534**	

	Women	**Men**
Working hours	49%	51%
. Part time	*14%*	*1%*
. Full time	*86%*	*99%*

Departures	**2012**	**2011**	**2010**
Permanent			
Voluntary	374	380	302
Involuntary	163	213	153
Sub-total	*537*	*593*	*455*
Temporary			
Sub-total	*418*	*297*	*263*
Total	**955**	**890**	**718**

Entries	**2012**	**2011**	**2010**
Permanent	651	1,157	499
Temporary	543	491	286
Total	**1,194**	**1,648**	**785**

Age	2012	2011	2010
< 25	5%	4%	4%
25-34	27%	28%	26%
35-44	32%	32%	33%
45-54	27%	26%	27%
> 54	10%	9%	9%

Location	2012	2011	2010
North America	23%	23%	25%
Latin America	5%	5%	5%
Asia-Pacific[(1)]	11%	10%	9%
EMEA	16%	16%	16%
France	45%	46%	45%

(1) Including nearly 400 employees in China, representing 5% of the Group's workforce

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

bioMérieux University aims to enable employees to develop skills that will allow them to continue working in a changing environment. In this way, it contributes to the achievement of strategic business objectives.

Accordingly, a wide range of training programs covering both technical and behavioral skills is offered to all employees:

- Specific programs are offered to managers to develop their personal and organizational agility, collaboration and teamwork between functions. The bioMérieux Manager Essentials program is in place for all Group managers. In 2012, this program represented 17,340 hours of training, an average of 16 hours' training per manager. A 360° process is also in place, as well as an offer spanning team building and internal coaches.

- Specific courses are developed for each business function. Since 2009, Marketing Excellence, Manufacturing Essentials, Quality Essentials, Regulatory Affairs Essentials, LeanSixSigma and Sales Capabilities programs have been developed. In the latter program, 2,890 hours of training were provided across all Group structures.

- Individual training plans are in place in all countries to help our employees perform their tasks. In 2012, the average number of training hours in relation to the workforce was 27 per person in France, 25.5 in the U.S. and 38 in China.

- Training in respect of our products is essential to best meet the needs of our customers. In 2012, 1,500 employees received a total of 38,000 hours' training.

bioMérieux focuses on career skills and encourages internal staff mobility:

- Enabling employees to keep their positions when there are changes within the organization or to the methods and tools used;

- Making career changes possible within the same profession or a new one. bioMérieux's worldwide presence in more than 160 countries also gives employees international career development opportunities. The "Career Opportunities" page on bioMérieux's intranet enables employees to find information about job vacancies in all Group companies and to apply.

In France, the agreement on forward-looking skills, career management and senior staff management focuses on the employment of young people and seniors.

- As regards young people, relationships with schools and universities are at the core of the recruitment policy to facilitate the integration of young graduates, who receive regular presentations on career opportunities within the Company. In 2012, 4.3% of employees in France were young people on work-study programs (in 2012, 112 young people were hired on apprenticeship or work-study programs, 14 as part of the international internship program *Volontariat International en Entreprise* – VIE and 4 as part of CIFRE industrial research training agreements);

- As regards seniors, opportunities are provided when they have experienced tough working conditions to enable them to adapt their work schedules and benefit from mobility.

In terms of equality in the workplace, the Company-wide equality in the workplace agreement demonstrates the Company's commitment toward women and men, and also shows the Company's commitment to eliminating all forms of discrimination.

Compensation policy

Compensation (fixed and variable) is set in each country on the basis of local conditions, the Company's results and individual performance. For executives, a worldwide grading of positions makes it possible to compare levels of responsibility and set compensation on the basis of local benchmarks.

In order to align staff with bioMérieux values and strategic priorities, certain executives receive an annual compensation package based on common indicators, a portion of which is linked to the Company's performance.

Incentives for employee savings have been offered in France since 1987, with the establishment of a company savings plan (*Plan Epargne Entreprise* – PEE). In addition to the mandatory profit-sharing plan, the Company's employees also benefit from an incentive plan. Since 2006, all employees in France have been able to invest their variable compensation in a group retirement savings plan (*Plan d'Epargne Retraite Collectif* – PERCO), to which the Company makes matching contributions.

In addition to the plan proposed in 2004 in connection with the Company's IPO, a global share ownership plan (Opus) was implemented in 2009, 2010 and 2011 to enable the Group's employees in France and the U.S. to take part in this operation. The Opus plan allowed employees to acquire bioMérieux shares on favorable terms (employer's matching contribution in the form of free shares outside France and under the PEE in France). More than half the employees are now bioMérieux shareholders.

At December 31, 2012, nearly 1% of the share capital of bioMérieux was held by its personnel directly or through mutual funds.

Improving working conditions

The Group has an active occupational risk prevention policy which focuses on training for new employees and medical supervision of employees exposed to specific risks (see section 8.2). In France, the Company is working on implementing action plans to detect and prevent the physical and psychosocial risks faced by employees in the workplace.

Promoting gender equality in the workplace

Half of bioMérieux's employees are women[(10)]. The Company is committed to ensuring that there is no gender discrimination in hiring and employment practices. A gender equality agreement was signed in France in 2003. It has been updated regularly over the years, and now covers 2012, 2013 and 2014. It primarily addresses compensation, career management, equal access to training and how to balance professional and family responsibilities.

The agreement also sets out the Company's commitment to take a stand against all forms of discrimination, in particular by raising awareness among managers during the management training courses they attend.

17.1.3 EMPLOYEE RELATIONS

The Company has good relations with its employees and has always been very attentive to the quality of social dialogue with the employee representative bodies.

In 2012, nine company-wide agreements were signed in France, including:

- A "Health in the workplace" agreement aimed at improving the health and welfare of employees at work. Particular attention is paid to workstations, organization, night work, and prevention of the risk of stress and bullying, in accordance with the principle of non-discrimination. In addition, the agreement harmonizes methods for preventing and assessing risk in all of bioMérieux's French sites, introduces alternate telecommuting for some autonomous personnel and creates a Central HSWC (Health, Safety and Working Conditions) Committee.

- The mandatory annual bargaining agreement for 2013 was signed unanimously.

In addition, the implementation of the 2011-2013 agreement on the employment of workers with a disability continued.

Focusing on Human Resources criteria in the major French regions, the 2012 *"Palmarès Employeurs"* (Employers Awards) survey for the website *RegionsJob*, news weekly *l'Express*, business monthly *Le Journal des Entreprises* and HR organization ANDRH once again ranked bioMérieux among the three leading companies in the Rhône-Alpes region.

In 2012, the bioMérieux Central Works Council held 15 information and/or consultation meetings. The Chairman and Chief Executive Officer or members of the Executive Committee attended these meetings depending on the topics covered.

The topics discussed related to:

- the Company's financial position, environment and results, and the mergers with AES Laboratoire Groupe and Argene;

- the overall strategy, research and development policy, industrial guidelines and strategy in the various divisions;

- the changes needed to achieve objectives;

- the social balance sheet, changing professions (application of the GPEC agreement), training policy, compensation and company-wide agreements.

Since 2008, these topics have also been addressed during the biannual meetings of the European Works Council.

(10) 49% as of December 31, 2012

17.2 FREE SHARE GRANTS

Currently the Company does not have any stock option plans. No stock options were granted to corporate officers or employees by the Company or Group companies in 2012. At the date of this report, no stock options may be exercised.

The Board of Directors granted 26,000 free shares in 2012 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' Meeting of June 10, 2010.

The table below shows the number of free shares granted to beneficiaries other than corporate officers, and not fully vested at end-2012:

Grant date	**Number of shares granted**	**Share price** (*in euros*)
March 13, 2012	14,600	61.71
May 30, 2012	1,400	64.58
December 18, 2012	10,000	69.89

No free shares were granted to corporate officers.

17.2.1 VESTING PERIOD

Based on the share grant plans, a two- or four-year vesting period applies from the date of the decision to grant the shares before the beneficiary becomes the owner of the shares granted.

17.2.2 ELIGIBILITY AND PERFORMANCE CONDITIONS

In 2012, upon the recommendation of the Human Resources, Appointment and Compensation Committee, the Board of Directors decided to grant free shares that will vest provided that performance and presence conditions are met. Performance conditions relating to collective plans include sales growth and recurring operating profit margin objectives. In certain other cases, performance conditions are related to objectives defined as part of business plans specific to the beneficiary's field of activity.

17.2.3 DELIVERY OF SHARES

At the end of the vesting period and provided that the conditions set by the Board of Directors are met, the Company will transfer to the beneficiary the number of free shares granted by the Board of Directors. The beneficiaries will become shareholders but they must hold their shares during the lock-up period set under the plan.

17.2.4 LOCK-UP PERIOD

According to French law, the beneficiaries undertake to hold their shares for a lock-up period of two years from the expiration of the vesting period, as defined above.

17.2.5 BENEFICIARIES' RIGHTS

Even though the shares will not be transferable, like any other shareholder, the beneficiaries of vested shares are entitled 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 2010 vested at the end of the two-year vesting period in 2012. The corresponding 4,274 shares were transferred to the beneficiaries. The Company only granted existing shares.

17.3 SHARES AND STOCK OPTIONS HELD BY CORPORATE OFFICERS

No free shares or stock options were granted to corporate officers.

17.4 EMPLOYEE PROFIT SHARING

Incentive and mandatory profit-sharing plan

An incentive plan was negotiated for 2010, 2011 and 2012 for the employees of bioMérieux SA. The total amount distributable under the plan is calculated by reference to consolidated operating profit and growth in sales.

bioMérieux SA also has a mandatory profit-sharing plan, for which the reserve set aside is calculated on the basis of the legal formula.

Employee profit sharing, including the corporate social contribution (*forfait social*), amounted to €10.9 million in 2012.

18 MAIN SHAREHOLDERS

18.1 MAIN SHAREHOLDERS 139

18.2 CONTROL OF THE ISSUER 140

18.3 CHANGE OF CONTROL 140

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, 2012				December 31, 2011				December 31, 2010			
	Number of shares	% of capital	Number of voting rights	% of voting rights	Number of shares	% of capital	Number of voting rights	% of voting rights	Number of shares	% of capital	Number of voting rights	% of voting rights
Institut Mérieux[b]	23,240,090	58.90	46,480,180	71.56	23,240,090	58.90	46,480,180	71.18	23,240,090	58.90	46,480,180	70.87
GIMD[c]	2,013,470	5.10	4,026,940	6.20	2,013,470	5.10	4,026,940	6.17	2,013,470	5.10	4,026,940	6.14
Employees[d]	244,095	0.62	375,790	0.58	358,027	0.91	496,841	0.76	464,232	1.18	471,254	0.72
Treasury stock[e]	12,314	0.03	0	0.00	27,588	0.07	0	0.00	31,200	0.10	0	0.00
Private investors	13,943,771	35.35	14,070,963	21.66	13,814,565	35.02	14,295,554	21.89	13,704,748	34.74	14,607,811	22.27
TOTAL	39,453,740	100	64,953,873	100	39,453,740	100	65,299,515	100	39,453,740	100	65,586,185	100

[a] Only the shareholders representing more than 5% of the capital are named in this table. The other shareholders are included under Private investors.
[b] Institut Mérieux is the holding company of the Mérieux family.
[c] Groupe Industriel Marcel Dassault
[d] This line includes employee share ownership through the corporate mutual fund ("FCPE"). For 2010 and 2011, in addition to employee share ownership through the FCPE, this line included shares held by employees in registered form and within the framework of the Opus plans.
[e] The shares are held pursuant to the liquidity agreement with Crédit Agricole Cheuvreux and an agency agreement with Natixis.

The difference in voting rights reflects the existence of double voting rights.

Disclosure thresholds

On August 14, 2012, Covéa Finance declared that it had increased its interest to above the 2% disclosure threshold for the accounts managed by Covéa Finance and OPCVM Covéa Finance.

In April 2012, the Canadian company Sprucegrove disclosed that it had increased its interest to above the 2% disclosure threshold.

Employee share ownership

As of December 31, 2012, employees held:

- 244,095 shares under the Opus Classic mutual fund;
- 80,294 registered shares.

No stock options were granted to corporate officers or employees by the Company or Group companies in 2012. At December 31, 2012, there were no exercisable stock options.

In 2012, the Company granted free shares, as described in the special report drawn up for this purpose (see section 17.2).

No free shares were granted to the Company's corporate officers.

18.2 CONTROL OF THE ISSUER

Institut Mérieux, which is the holding company owned by the Mérieux family, through Compagnie Mérieux Alliance, held 58.90% of the share capital and 71.56% of the voting rights of the Company at December 31, 2012. Therefore, Institut Mérieux can adopt all the resolutions submitted for the approval of shareholders at Shareholders' Meetings.

Despite Institut Mérieux's position as the majority shareholder, the Company considers that there is no risk that control will be exercised in an abusive manner.

18.3 CHANGE OF CONTROL

To the best of the Company’s knowledge, there are no shareholders’ agreements and/or joint actions, nor any agreement whose implementation could result in a change of control.

19 RELATED-PARTY TRANSACTIONS

The Statutory Auditors' special report on related-party agreements for the year ended December 31, 2011 and the description of the transactions with related parties are presented in Chapter 19 and section 20.1.1 respectively of the 2011 Registration Document (Note 29 to the consolidated financial statements for the year ended December 31, 2011) and in section 20.1.2 (Note 20.7 to the parent company financial statements for the year ended December 31, 2011) filed with the French financial markets authority (*Autorité des Marchés Financiers* – AMF) on April 26, 2012.

For 2012, 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, 2012) and in section 20.1.2 (Note 20.7 to the parent company financial statements for the year ended December 31, 2012). The Statutory Auditors' special report on related-party agreements for the year ended December 31, 2012 is presented below.

All the agreements and commitments authorized by the Board of Directors and submitted to the shareholders for approval were approved in accordance with the provisions of articles L.235-38 of the French Commercial Code (*Code de commerce*).

Statutory Auditors' special report on related-party agreements and commitments

This is a free translation into English of the Statutory Auditors' special report issued in French and is provided solely for the convenience of English speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Shareholders,

In our capacity as Statutory Auditors of bioMérieux, we hereby report to you on related-party agreements and commitments.

It is our responsibility to report to shareholders, based on the information provided to us, on the principal terms and conditions of the agreements and commitments that have been disclosed to us or that we may have identified as part of our engagement, without commenting on their relevance or substance or identifying any undisclosed agreements and commitments. Under article 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

We were not informed of any agreement or commitment entered into during the year to be submitted for approval at the Shareholders' Meeting pursuant to the provisions of article L.225-38 of the French Commercial Code.

AGREEMENTS AND COMMITMENTS ALREADY APPROVED BY THE SHAREHOLDERS' MEETING

Agreements and commitments approved in previous years

a) Implemented in 2012

Pursuant to article R.225-30 of the French Commercial Code, we were informed of the following agreements and commitments approved in prior years, which were implemented in 2012.

With the Mérieux Foundation

Persons concerned: Alain Mérieux and Alexandre Mérieux.

Sponsorship arrangement – specific projects

Nature and purpose: On March 8, 2011, the Company entered into a sponsorship agreement covering all types of donations for the purpose of specific projects.

Terms and conditions: This agreement was entered into for a period of two years and may be renewed annually by tacit agreement.

For the year ended December 31, 2012, the Company recognized an expense of €100,000 in relation to an anti-tuberculosis project in China.

Service agreement

Nature and purpose: On March 8, 2011, the Company entered into a service agreement with retroactive effect as of January 1, 2011, covering all the contributions from the Company to the Mérieux Foundation that cannot be considered sponsorship.

Terms and conditions: This agreement was entered into for a period of one year and may be renewed annually by tacit agreement.

This agreement had no impact on the year ended December 31, 2012.

Research agreement

Nature and purpose: On December 1, 2011, the Company entered into a research agreement for the sequencing of respiratory viruses.

Terms and conditions: This agreement was entered into for a period of one year.

This agreement had no impact on the year ended December 31, 2012.

With Institut Mérieux

Persons concerned: Alain Mérieux and Alexandre Mérieux.

Service agreement

Nature and purpose: The Company entered into a service agreement with Institut Mérieux effective as of January 1, 2002 (amended by two addenda in 2007).

Terms and conditions:

- Under the first addendum, compensation is based on services provided by Institut Mérieux (personnel costs and contributions, plus 8%) and is allocated between the companies of the Institut Mérieux Group according to three allocation keys based on the weighting of fixed assets, sales and payroll costs.

- The second addendum governs the allocation of the cost of free share grants when the beneficiary employee has been transferred within the Institut Mérieux Group during the vesting period. The companies of the Institut Mérieux Group granting free shares charge back the costs related to the free shares, without any profit margin, on a prorated basis to reflect time spent by the employee concerned within each of the companies during the vesting period.

  For the year ended December 31, 2012, an expense of €3,863,868 was recognized.

With the Christophe and Rodolphe Mérieux Foundation

Persons concerned: Alain Mérieux and Alexandre Mérieux.

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 2012, the Company recognized an expense of €1,325,000.

With Jean-Luc Belingard, Chairman and Chief Executive Officer

Termination benefits

At its meeting of December 17, 2010, in accordance with the provisions of article L.225-42-1 of the French Commercial Code, the Board of Directors authorized the payment of termination benefits to Jean-Luc Belingard, Chairman and Chief Executive Officer of bioMérieux 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 Belingard's departure.

The termination benefits will be payable only after the Board of Directors' official recording of the achievement of the above-mentioned performance conditions.

They will not be payable in the case of resignation, retirement or a change of position within the Group.

b) Not implemented in 2012

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 2012.

With Institut Mérieux, Mérieux NutriSciences Corp. and Transgene

Persons concerned: Alain Mérieux, Alexandre Mérieux, Georges Hibon, Philippe Archinard, Christian Bréchot and Groupe Industriel Marcel Dassault represented by Benoît Habert.

Agreement concerning the allocation of costs related to the termination of the employment contract of a Group employee

Nature and purpose: Allocation of the financial consequences of the possible termination of employment contracts of employees who have worked for several Institut Mérieux Group entities.

Terms and conditions: The dismissed employee will receive a severance payment from the entity initiating the dismissal, which will be allocated among the other entities prorata to the compensation paid by each company since the beginning of the employee's career with the Group.

This agreement had no impact on the year ended December 31, 2012.

Lyon, April 15, 2013

The Statutory Auditors

ERNST & YOUNG et Autres	**DIAGNOSTIC REVISION CONSEIL**
Marc-André Audisio	Hubert de Rocquigny du Fayel

20 FINANCIAL INFORMATION

20.1 HISTORICAL FINANCIAL INFORMATION 146

20.1.1 Consolidated financial statements for the years ended December 31, 2011 and 2012 146

20.1.2 Parent company financial statements of bioMérieux SA for the years ended December 31, 2011 and 2012 209

20.2 PRO FORMA FINANCIAL INFORMATION 237

20.3 FINANCIAL STATEMENTS 237

20.4 AUDITING OF HISTORICAL ANNUAL FINANCIAL INFORMATION 237

20.4.1 Statutory Auditors' report on the consolidated financial statements 237

20.4.2 Statutory Auditors' report on the annual financial statements 239

20.5 AGE OF LATEST FINANCIAL INFORMATION 240

20.6 INTERIM FINANCIAL INFORMATION 240

20.6.1 Quarterly financial information 240

20.6.2 Other interim financial information 240

20.7 DIVIDEND POLICY 240

20.7.1 Distribution policy 240

20.7.2 Past dividends per share 241

20.8 LEGAL AND ARBITRATION PROCEEDINGS 241

20.9 SIGNIFICANT CHANGE IN FINANCIAL OR TRADING POSITION 241

20.1 HISTORICAL FINANCIAL INFORMATION

20.1.1 CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2012

CONSOLIDATED INCOME STATEMENT

In millions of euros	**2012**	**2011**
Sales (Note 1.16.1)	**1,569.8**	**1,427.2**
Cost of sales	(755.6)	(666.1)
Gross profit	**814.2**	**761.1**
Other operating income (Note 19)	23.9	20.7
Selling and marketing expenses	(294.7)	(264.5)
General and administrative expenses	(114.3)	(107.6)
Research and development expenses	(168.7)	(152.1)
Total operating expenses	**(577.7)**	**(524.2)**
Operating profit before non-recurring items	**260.4**	**257.6**
Non-recurring income and expenses from operations, net (Note 23)	(25.4)	(12.2)
Operating profit	**235.0**	**245.3**
Cost of net debt (Note 22.1)	(6.4)	(4.4)
Other financial income and expenses, net (Note 22.2)	(4.9)	(3.3)
Income tax expense (Note 24)	(89.4)	(77.2)
Profit for the year	**134.2**	**160.5**
Attributable to non-controlling interests	(0.1)	2.3
Attributable to owners of the parent	**134.4**	**158.2**
Basic earnings per share	€3.41	€4.01
Diluted earnings per share (Note 18.2)	€3.41	€4.01

STATEMENT OF COMPREHENSIVE INCOME

In millions of euros	2012	2011
Profit for the year	**134.2**	**160.5**
Fair value gains (losses) on financial instruments[(a)]	10.1	0.1
Tax effect	(3.7)	(0.1)
Movements in cumulative translation adjustments	(2.7)	4.9
Total other comprehensive income[(b)]	**3.7**	**4.9**
Total comprehensive income	**137.9**	**165.4**
Attributable to non-controlling interests	(0.4)	2.7
Attributable to owners of the parent	**138.3**	**162.8**

(a) Corresponding to gains and 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) The various components of other comprehensive income may be subsequently reclassified to profit.

CONSOLIDATED BALANCE SHEET

Assets *In millions of euros*	Net Dec. 31, 2012	Net Dec. 31, 2011
Non-current assets		
. Intangible assets (Note 3)	157.0	184.4
. Goodwill (Note 4)	313.1	334.3
. Property, plant and equipment (Note 5.1)	386.7	367.0
. Non-current financial assets (Note 6)	34.7	26.9
. Other non-current assets (Note 5.4)	29.6	31.5
. Deferred tax assets (Note 14)	21.0	28.2
Total	**942.2**	**972.2**
Current assets		
. Inventories and work-in-progress (Note 7)	245.9	217.1
. Trade receivables (Note 8)	433.4	447.1
. Other operating receivables (Note 9)	71.2	50.4
. Current tax receivables (Note 9)	20.7	19.6
. Non-operating receivables (Note 9)	8.4	1.0
. Cash and cash equivalents (Note 10)	65.6	42.7
Total	**845.4**	**777.9**
. Assets held for sale (Note 5.2)	45.7	12.0
Total assets	***1,833.2***	***1,762.2***

Equity and liabilities	Dec. 31, 2012	Dec. 31, 2011
Equity		
. Share capital (Note 11)	12.0	12.0
. Additional paid-in capital and reserves	1,047.1	925.1
. Profit for the year attributable to owners of the parent	134.4	158.2
Equity before non-controlling interests	**1,193.4**	**1,095.4**
Non-controlling interests	**6.8**	**8.1**
Total equity	**1,200.2**	**1,103.4**
Non-current liabilities		
. Long-term borrowings (Note 15.2)	9.8	12.6
. Deferred tax liabilities (Note 14)	46.3	41.2
. Long-term provisions (Note 13)	42.2	33.2
Total	**98.3**	**87.0**
Current liabilities		
. Short-term borrowings (Note 15.2)	104.2	161.3
. Short-term provisions (Note 13)	11.0	14.0
. Trade payables (Note 16)	145.1	142.6
. Other operating payables (Note 16)	217.5	198.9
. Current tax payables (Note 16)	20.2	27.3
. Non-operating payables (Note 16)	23.8	27.7
Total	**521.8**	**571.8**
. Liabilities related to assets held for sale (Note 5.2)	13.0	0.0
Total equity and liabilities	***1,833.2***	***1,762.2***

CONSOLIDATED STATEMENT OF CASH FLOWS

In millions of euros	**2012**	**2011**
Profit for the year	134.2	160.5
Net additions to depreciation and amortization – provisions and other	145.9	88.7
Unrealized gains and losses on changes in fair value of financial instruments	(0.4)	0.3
Gains and losses on corporate actions	0.5	0.2
Cash flow from operating activities	**280.2**	**249.7**
Cost of net debt	6.4	4.4
Current income tax expense	69.9	78.7
Cash flow from operating activities before cost of net debt and income tax	**356.5**	**332.8**
Increase in inventories	(32.0)	(18.5)
Net change in trade receivables	6.5	(29.2)
Net change in trade payables	6.0	(0.1)
Increase in other operating working capital	(6.7)	(1.0)
Increase in operating working capital	**(26.2)**	**(48.8)**
Other non-operating working capital	3.0	0.8
Net change in non-current non-financial assets and liabilities	1.4	(2.5)
Total increase in working capital requirement	**(21.8)**	**(50.5)**
Income tax paid	**(76.2)**	**(65.7)**
Net cash generated from operating activities	**258.5**	**216.6**
Purchases of property, plant and equipment and intangible assets	(127.4)	(102.1)
Proceeds from disposals of property, plant and equipment and intangible assets	8.2	6.7
Purchases of and proceeds from disposals of non-current financial assets, net	(12.9)	(3.7)
Impact of changes in Group structure	1.7	(226.1)
Net cash used in investing activities	**(130.4)**	**(325.2)**
Purchases and sales of treasury shares	0.8	(2.8)
Dividends paid to owners	(38.7)	(38.7)
Dividends paid to non-controlling interests	(0.5)	0.0
Cost of net debt	(6.4)	(4.4)
Change in committed debt	(11.4)	102.1
Net cash from (used in) financing activities	**(56.2)**	**56.2**
Net change in cash and cash equivalents	**71.9**	**(52.4)**
Analysis of net change in cash and cash equivalents		
Net cash and cash equivalents at beginning of year	(19.2)	34.0
Impact of currency changes on net cash and cash equivalents	(0.2)	(0.9)
Net change in cash and cash equivalents	**71.9**	**(52.4)**
Net cash and cash equivalents at end of the year	**52.5**	**(19.2)**

CONSOLIDATED STATEMENT OF CASH FLOWS
(new presentation, see Note 1.20)

In millions of euros	2012	2011
Profit for the year	134.2	160.5
Adjustments		
- Cost of net debt	6.4	4.4
- Other financial income and expenses	4.9	3.3
- Current income tax expense	89.4	77.2
- Net additions to depreciation and amortization of operating items – provisions and other	94.4	85.3
- Non-recurring income and expenses	25.4	12.2
EBITDA (before non-recurring income and expenses)	**354.8**	**342.8**
Non-recurring income and expenses from operations *(excluding net additions to non-recurring provisions and capital gains or losses on disposals of non-current assets)*	(2.9)	(11.2)
Other financial income and expenses *(excluding provisions and disposals of non-current financial assets)*	(0.5)	(0.2)
Net additions to operating provisions for contingencies and losses	8.0	(0.7)
Fair value gains (losses) on financial instruments	(0.4)	0.3
Share-based payment	(2.5)	2.0
Elimination of other non-cash, non-operating income and expenses	**1.7**	**(9.9)**
Increase in inventories	(32.0)	(18.5)
Net change in trade receivables	6.5	(29.2)
Net change in trade payables	6.0	(0.1)
Increase in other operating working capital	(6.7)	(1.0)
Increase in operating working capital	**(26.2)**	**(48.8)**
Other non-operating working capital	3.0	0.8
Net change in non-current non-financial assets and liabilities	1.4	(2.5)
Total increase in working capital requirement	**(21.8)**	**(50.5)**
Income tax paid	**(76.2)**	**(65.7)**
Net cash generated from operating activities	**258.5**	**216.6**
Purchases of property, plant and equipment and intangible assets	(127.4)	(102.1)
Proceeds from disposals of property, plant and equipment and intangible assets	8.2	6.7
Purchases of and proceeds from disposals of non-current financial assets, net	(12.9)	(3.7)
Impact of changes in Group structure	1.7	(226.1)
Net cash used in investing activities	**(130.4)**	**(325.2)**
Purchases and sales of treasury shares	0.8	(2.8)
Dividends paid to owners	(38.7)	(38.7)
Dividends paid to non-controlling interests	(0.5)	0.0
Cost of net debt	(6.4)	(4.4)
Change in committed debt	(11.4)	102.1
Net cash from (used in) financing activities	**(56.2)**	**56.2**
Net change in cash and cash equivalents	**71.9**	**(52.4)**
Analysis of net change in cash and cash equivalents		
Net cash and cash equivalents at beginning of year	(19.2)	34.0
Impact of currency changes on net cash and cash equivalents	(0.2)	(0.9)
Net change in cash and cash equivalents	**71.9**	**(52.4)**
Net cash and cash equivalents at end of the year	**52.5**	**(19.2)**

STATEMENT OF CHANGES IN CONSOLIDATED EQUITY

Changes in equity	Attributable to owners of the parent									Non-controlling interests
In millions of euros	**Share capital**	Additional paid-in capital and consolidated reserves (a)	Cumulative translation adjustments	Fair value gains and losses on financial instruments (b)	Treasury shares	Share-based payment	**Total additional paid-in capital & reserves**	**Profit for the year**	**Total**	**Total**
Equity at December 31, 2010	**12.0**	798.6	1.6	(2.6)	(1.9)	5.2	**800.9**	**158.8**	**971.7**	**4.4**
Total comprehensive income for the year			4.5	0.0			**4.5**	**158.2**	**162.8**	**2.7**
Appropriation of 2010 profit		158.8					**158.8**	**(158.8)**	**0.0**	
Dividends paid (c)		(38.7)					**(38.7)**		**(38.7)**	
Treasury shares		(2.5)					**(2.5)**		**(2.5)** (d)	
Share-based payment (e)		2.5 (f)				(0.5)	**2.0**		**2.0**	
Change in ownership interest							**0.0**		**0.0**	**1.0** (g)
Equity at December 31, 2011	**12.0**	918.7	6.2	(2.6)	(1.9)	4.7	**925.1**	**158.2**	**1,095.4**	**8.1** (c)
Total comprehensive income for the year			(2.4)	6.4			**4.0**	**134.4**	**138.3**	**(0.4)**
Appropriation of 2011 profit		158.2					**158.2**	**(158.2)**	**0.0**	
Dividends paid (c)		(38.7)					**(38.7)**		**(38.7)**	**(0.5)**
Treasury shares		0.2			1.0		**1.2**		**1.2** (d)	
Share-based payment (e)		0.3 (f)				(2.8)	**(2.5)**		**(2.5)**	
Change in ownership interest		(0.3)					**(0.3)** (h)		**(0.3)**	**(0.3)** (i)
Equity at December 31, 2012	**12.0**	1,038.5 (j)	3.7 (k)	3.8	(0.9)	1.9	**1,047.1**	**134.4**	**1,193.4**	**6.8**

(a) Including €63.7 million in additional paid-in capital.
(b) Corresponding to gains and losses arising from changes in fair value of financial instruments used as cash flow hedges.
(c) Dividend per share: €0.98 in 2012 and in 2011.
(d) Pre-tax amount: €0.7 million in 2012 and €2.8 million in 2011.
(e) Fair value of benefits related to the share grants are being recognized over the vesting period.
(f) Free shares vested and delivered to beneficiaries.
(g) Non-controlling interests in AES Adiagène.
(h) Purchase of non-controlling interests in AES Adiagène (negative €0.3 million impact).
(i) Disposal of non-controlling interests in AES Adiagène (negative €0.6 million impact) and in RAS Lifesciences (positive €0.3 million impact).
(j) Including €724 million in bioMérieux SA reserves available for distribution.
(k) See Note 12.

GENERAL INFORMATION

bioMérieux is a leading international diagnostics group that specializes in the field of *in vitro* diagnostics for clinical and industrial applications. The Group designs, develops, manufactures and markets diagnostic systems, i.e., reagents, instruments and software. bioMérieux is present in more than 150 countries through 47 subsidiaries and a large network of distributors.

The consolidated financial statements were approved by the Board of Directors on March 12, 2013 but will only be considered definitive after approval by the Company's shareholders at the Annual General Meeting on May 29, 2013.

The consolidated financial statements are presented in millions of euros.

1. Summary of significant accounting policies

Standards and interpretations

The 2012 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, 2012. 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 other new standards, interpretations and amendments to existing standards whose application was mandatory for the first time from January 1, 2012 – particularly IFRS 7 "Disclosures: Transfers of Financial Assets" – are not relevant to bioMérieux, or their impact was not material.

bioMérieux has not early adopted standards and interpretations endorsed by the European Union whose effective date is subsequent to the end of the reporting period. With the exception of the revised version of IAS 19 "Employee benefits", based on the Group's current analysis, these standards and interpretations should not have a material impact on consolidated equity.

Retroactive application of the revised version of IAS 19 will be mandatory for accounting periods beginning on or after January 1, 2013, and will give rise in 2013 to changes in the amounts presented for comparative periods as though the amended standard had been applied since January 1, 2012. It will also result in material changes to the recognition of pension obligations: actuarial gains and losses will be recognized in other comprehensive income; the impact of benefit plan modifications will no longer be deferred; net benefit expense will be broken down in the income statement between operating and financial items; and the expected return on plan assets will be calculated based on the discount rate at maximum. The net-of-tax negative impact on equity at December 31, 2012 is estimated at €61.2 million (5.1% of total equity) and the estimated impact on 2012 profit before tax would have been a positive amount of €0.5 million. The estimated impact on 2013 profit before tax is a positive amount of €2.3 million comprising a positive €6 million impact on operating profit before non-recurring items and a negative €3.7 million impact on net financial income/expense.

IFRS 10 "Consolidated Financial Statements", IFRS 11 "Joint Arrangements", IFRS 12 "Disclosure of Interests in Other Entities" and IFRS 13 "Fair Value Measurement", also applicable to accounting periods beginning on or after January 1, 2013 (the European Commission has delayed the application of standards on consolidation until January 1, 2014), are not expected to have an impact on the consolidated financial statements. For information, the Company does not account for any entities using the proportional consolidation method.

bioMérieux does not expect the standards, interpretations and amendments issued by the IASB but not yet adopted by the European Union, in particular the Improvements to IFRS: 2009-2011, to have a material impact on its financial statements in the coming years.

The financial statements of consolidated Group companies that are prepared in accordance with local accounting policies, are restated to comply with the policies used for the consolidated financial statements.

General presentation methods used for the financial statements

The balance sheet is presented based on the distinction between “current” and “non-current” assets and liabilities as defined in the revised version of IAS 1. Consequently, the short-term portion of provisions, borrowings and financial assets (due within one year) is classified as “current” and the long-term portion (due beyond one year) is classified as “non-current”.

The consolidated income statement is presented by function, in accordance with the model proposed by the French National Accounting Board (*Conseil national de la comptabilité* − CNC) in its recommendation 2009-R-03 issued on July 2, 2009.

The Group applies the indirect presentation method for the statement of cash flows, based on the format recommended by the CNC in its recommendation 2009-R-03.

1.1 Estimates and judgments

When preparing the consolidated financial statements, estimates and assumptions are made that affect the carrying amount of certain assets, liabilities, and income and expense items. They particularly concern the measurement and impairment of intangible assets (including goodwill); the measurement of employee benefit obligations; the measurement and impairment of non-current financial assets; provisions; 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.

bioMérieux has not observed any significant changes in the level of uncertainty during the period as regards these estimates and assumptions, with the exception of the discount rate used for measuring pension obligations, which is highly volatile. Accordingly, the risk-free rate used in 2012 stands at a record low, despite the tough economic and financial environment, and this has led to a significant increase in pension and other post-employment benefit obligations (see Note 13).

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 Financial year-end

All Group companies have a December 31 year-end, except for the Japanese and Indian subsidiaries, for which interim accounts are drawn up and audited at the Group's balance sheet date.

1.4 Foreign currency translation

The functional currency of bioMérieux is the euro and the consolidated financial statements are presented in millions of euros.

1.4.1 Translation of the financial statements of foreign companies

General circumstances: the financial statements of foreign subsidiaries whose functional currency is not the euro or that of an economy subject to hyperinflation are translated as follows:

- Balance-sheet items (except for equity) are translated using the official year-end exchange rate.
- Income statement items are translated using the average exchange rate for the year.
- Equity items are translated using the historic rate.
- Cash flow statement items are translated using the average exchange rate for the year.

Differences resulting from the translation of subsidiaries' financial statements are recognized in a separate heading in the statement of changes in consolidated equity – "Cumulative translation adjustments" – and movements during the year are presented in a separate line within the statement of comprehensive income.

When a foreign subsidiary is sold and the sale leads to a loss of control, translation differences previously recognized in other comprehensive income relating to that company are recognized in profit for the year proportionate to the percentage interest sold. If shares in a subsidiary are sold without any loss of control over the subsidiary, the translation differences are reclassified between non-controlling interests and translation differences attributable to owners of the parent.

The main exchange rates used for 2012 were as follows:

Average rates				
1 EURO =	**USD**	**JPY**	**GBP**	**BRL**
2012	1.29	103	0.81	2.51
2011	1.39	111	0.87	2.33
2010	1.33	117	0.86	2.34

Year-end rates				
1 EURO =	**USD**	**JPY**	**GBP**	**BRL**
2012	1.32	114	0.82	2.70
2011	1.29	100	0.84	2.43
2010	1.34	109	0.86	2.23

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 expenses (excluding software development costs)

In accordance with IAS 38 "Intangible Assets", research expenses are not capitalized.

Under IAS 38, development expenses must be recognized as intangible assets whenever specific conditions are met, related to technical feasibility and marketing and profitability prospects. Given the high level of uncertainty attached to development projects carried out by the Group, these recognition criteria are not met until the regulatory procedures required for the sale of the products concerned have been finalized. As most costs are incurred before that stage, development expenses are recognized in the income statement in the period during which they are incurred.

Research and development expenses acquired within the scope of a business combination are recognized at the fair value of projects identified in the acquisition balance sheet, in accordance with the revised version of IFRS 3, and are amortized from the date the corresponding product lines are marketed, on a straight-line basis over their expected useful life.

Research and development expenses related to projects ongoing at the acquisition date continue to be capitalized until the date the corresponding product lines are marketed.

Research and development expenses incurred after the business combination date and related to new projects are recognized in accordance with IAS 38 as described previously. However, in practice, all subsequent costs have been expensed.

1.5.2 Other intangible assets

Other intangible assets mainly include patents, licenses and computer software. They all have finite useful lives and are initially recognized as follows:

- If purchased: at their purchase price.
- In the case of business combinations: at fair value, generally based on the price paid (where the price of the intangible asset is identified), or based on the discounted value of estimated future cash flows.
- If produced in-house: at the production cost incurred by the Group.

Costs directly attributable to the creation or improvement of software developed in-house are capitalized if it is considered probable that they will generate future economic benefits. Other development costs are expensed as incurred. In the case of software, only in-house and outsourced development costs related to organic analyses, programming, tests, trials and user documentation are capitalized.

Intangible assets are amortized in accordance with the expected pattern of consumption of future economic benefits embodied in the asset concerned, generally on a straight-line basis over periods of five to twenty years in the case of patents and licenses, ten years for major integrated management software (such as ERP systems), and three to six years for other computer software. Software is brought into service when it comes into operational effect in each subsidiary. This may be on a phased basis.

Intangible assets are carried at their initial cost less accumulated amortization and any accumulated impairment losses. Amortization is recognized in the income statement based on the assets' function. Impairment losses are recognized under "Non-recurring income and expenses from operations, net" if they meet the applicable definition (see Note 1.16.3). For ERP-type management software, any termination of a project or batch constitutes an indication that the asset is impaired.

The Group's application of IAS 23 "Borrowing Costs" led to the capitalization of borrowing costs totaling €0.4 million on investments in Brazil and China.

1.6 Goodwill

In accordance with the option available under IFRS 1 "First-time Adoption of IFRS", the carrying amount of goodwill was not restated in the opening IFRS balance sheet at January 1, 2004 and accumulated amortization in the balance sheet at that date was deducted from the gross value of the goodwill recognized.

The Group has applied the revised version of IFRS 3 "Business Combinations", on a prospective basis to business combinations occurring after January 1, 2010.

The principles presented below are those set out in the revised version of IFRS 3.

Goodwill represents the excess of the cost of a business combination (excluding acquisition-related costs) over the fair value of the Group's share of the acquiree's identifiable assets, liabilities and contingent liabilities on the acquisition date. Goodwill is measured in the acquiree's functional currency. Provisional values may be assigned to fair values and goodwill during a "measurement period" which may not exceed one year from the acquisition date. Any changes made to provisional values after the end of the measurement period are recognized in profit, including those concerning deferred tax assets.

The purchase price of a business combination includes the estimated impact of any contingent consideration. This consideration is measured by applying the criteria included in the acquisition agreement, such as sales or earnings targets, to forecasts that are deemed to be highly probable. It is then re-measured at the end of each reporting period, and any changes are recorded in profit after the acquisition date (including during the measurement period). The amount of contingent consideration is discounted if the impact is material and any discounting adjustments to the carrying amount of the liability are recognized in "Cost of net debt".

The Group has decided, on an exceptional basis, to use the previously applicable accounting treatment for contingent consideration related to equity interests held in the acquiree prior to first-time adoption of the revised versions of IFRS 3 and IAS 27, i.e., with changes in contingent consideration recognized in goodwill.

For business combinations in which the Group holds less than 100% of the equity interest in the acquiree at the acquisition date, the non-controlling interest in the acquiree is measured on an acquisition-by-acquisition basis, either at fair value (full goodwill method) or at the non-controlling interest's proportionate share of the acquiree's net assets (partial goodwill method).

When the Group purchases an additional interest in an acquired entity after the acquisition date, the difference between the consideration paid and the Group's share in the acquiree's net assets is recognized directly in consolidated reserves. Similarly, if the Group sells an interest in an acquired entity without losing control the resulting impact is also recognized directly in consolidated reserves.

Goodwill is recognized on a separate line of the balance sheet at cost less any accumulated impairment losses. Any negative goodwill is recognized directly in profit during the year in which the business combination occurs.

In compliance with IFRS 3 "Business Combinations", goodwill is not amortized. Instead, it is tested at least once a year for impairment and whenever there is an indication it may be impaired. These impairment tests

are carried out at the level of cash-generating units (CGUs) to which the goodwill is allocated at the acquisition date based on synergies expected to be derived by the Group (see Note 1.8). The methods used for performing the tests and recognizing any identified impairment losses are described in Note 1.8 below, "Impairment of non-current assets".

1.7 Property, plant and equipment

As prescribed by IAS 16 "Property, Plant and Equipment", items of property, plant and equipment are initially recognized at their purchase or production cost or at their acquisition-date fair value if acquired as part of a business combination. They are not revalued and any revaluations carried out by Group companies in their individual accounts are eliminated when preparing the consolidated financial statements.

Property, plant and equipment is recorded using the component approach, under which each component of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the asset and which has a different useful life to that of the asset as a whole is recognized and depreciated separately. The only Group assets to which this method is applied are buildings.

The Group's application of IAS 23 "Borrowing Costs" did not lead to the capitalization of any borrowing costs within property, plant and equipment as the Group does not have a material level of debt related to these assets.

Routine maintenance and repair costs of property, plant and equipment are expensed as incurred. Other subsequent expenses are capitalized only if they satisfy the applicable recognition criteria such as for replacing an identified component.

Property, plant and equipment are carried at cost less accumulated depreciation and any accumulated impairment losses.

Items of property, plant and equipment are depreciated using the straight-line method, with their depreciable value corresponding to cost as they are not considered to have any material residual value.

The assets are depreciated over their useful lives as follows:

Category	Useful life
Machinery and equipment	3-10 years
Instruments*	3-5 years

** Instruments either placed with third parties or used in-house.*

In the case of buildings, depreciation is calculated separately for each component as follows:

Category	Useful life
Shell	30-40 years
Finishing work, fixtures and fittings	10-20 years

The useful lives of items of property, plant and equipment are reviewed periodically and the impact of any adjustments is accounted for prospectively as a change in accounting estimates.

Impairment tests are carried out for property, plant and equipment whenever events or market developments indicate that an asset may have suffered an impairment. If an asset's recoverable amount (see Note 1.8) is less than its carrying amount, either its useful life is adjusted or an impairment loss is recorded in "Non-recurring income and expenses from operations, net", if the applicable definition is met (see Note 1.16.3).

Capital gains on intra-group sales of property, plant and equipment (mainly instruments) are eliminated in consolidation. The impact of this elimination (€10.2 million at December 31, 2012) is not deducted from property, plant and equipment but is included in "Deferred income".

Assets held for sale

In accordance with IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations", in 2009 the real estate assets of the Boxtel site were reclassified to "Assets held for sale" in the balance sheet. This was due

to the fact that a property brokerage agreement was signed as part of the process to close this site and negotiations concerning the sale of the Boxtel site were still in progress at December 31, 2012.

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.

In view of the Group's search for new financial partners, the net assets of bioTheranostics have been reclassified to the separate assets held for sale line item (see Note 2 and Note 4).

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.

A CGU corresponds either to a legal entity or to 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 products based on the same technology).

bioMérieux no longer has any goodwill for which impairment tests are carried out at Group level.

Impairment testing is used to determine the recoverable amount of a CGU or group of CGUs, which is measured at the higher of their value in use and fair value less costs to sell.

In practice, the value in use of a CGU or group of CGUs is determined primarily on the basis of discounted cash flow projections covering a period of five years and based on the most recent business plans, and a terminal value. However, the projection time horizon 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 the Molecular biology CGU has been allocated a 15-year projection time horizon in order to take into account the particular circumstances of this increasingly rapidly developing market.

By way of an exception, the recoverable amount of the bioTheranostics CGU was determined based on an estimate of fair value less costs to sell (see Note 4) to reflect the current search for new financial partners which is expected to lead to a loss of control in that company.

Growth assumptions used to calculate value in use for the business plan projection time horizon are consistent with available market information and conservative assumptions have been used for determining the terminal value, including a perpetuity growth rate typically corresponding to 2% and a maximum of 3.5%.

Cash flow projections do not include any expansion investments or restructurings that have not already commenced.

The weighted average cost of capital (WACC) is calculated using a risk-free rate (French government OAT bond rate), the equity market risk premium and the beta ratio (which enables the overall equity market risk to be adjusted in relation to specific industry risk). In certain cases, a specific risk premium is included, chiefly to reflect technological risk. The WACC determined by the Group is compared with the figure calculated by the analysts who track the Company's stock. In accordance with these principles, the discount rates used for these calculations are based on the WACC. The rate calculated for group product lines is between 9.3% and 13% for 2012, i.e., close to the rates used in 2011. All of these rates are net of tax, although applying the pre-tax WACC to pre-tax cash flows would give an identical result.

Tests were performed to assess the sensitivity of the recoverable amounts to variations in certain actuarial assumptions, primarily the discount rate (0.5% increase/decrease), perpetuity growth rate (0.5% increase/decrease) and operating margin (4.0% increase/decrease).

The Group recognizes an impairment loss where the value in use of these CGUs falls below the carrying amount. The impairment loss is allocated first to reduce the carrying amount of any goodwill, with the residual amount allocated to the other assets of the unit, except if this reduces the carrying amount below its fair value.

Impairment losses are recognized under "Non-recurring income and expenses from operations, net" if they meet the applicable definition (see Note 1.16.3). Impairment losses against goodwill in respect of fully consolidated entities may not be reversed unless the asset is sold.

The Group used the following inputs when testing for impairment:

Cash-generating unit	Cash flow discount rate	Perpetuity growth rate
Group product lines		
- Industrial applications	9.3%	2.0%
- Bacteriology	9.3%	2.0%
- Biochemistry	9.3%	
- Molecular biology	13.0%	3.5%
- Rapid tests	9.3%	2.0%
Other CGUs		
- bioMérieux Hellas	28.1%	-2.0%
- bioMérieux South Africa	14.3%	2.0%
- bioMérieux Australia	11.4%	2.0%
- bioMérieux Brazil	17.9%	2.0%
- bioMérieux Poland	11.4%	2.0%

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 plan 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.

Investments meeting these criteria are measured at the end of the reporting period at their fair value, with fair value gains or losses recognized in profit (see Note 1.17).

None of the Group's investments are pledged or subject to restrictions.

1.12 Employee benefits

1.12.1 Short-term employee benefits

Short-term employee benefits include wages, salaries and payroll taxes as well as paid vacation and performance-related bonuses. They are expensed during the period in which employees perform the corresponding services. Outstanding payments at the end of the reporting period are included in "Other operating payables".

As the Group's liability relating to the statutory training entitlement (*Droit Individuel de Formation* – DIF) applicable in French companies is not material, it is accounted for as an off-balance sheet commitment.

1.12.2 Post-employment benefits

These benefits notably correspond to pensions, contractual retirement payments and post-employment health insurance. They are covered either by defined contribution plans or defined benefit plans.

Defined contribution plans: Where required under local laws and practices, the Group pays salary-based contributions to pension and social security organizations. The Group's obligation is limited to paying the contributions, which are expensed in the period in which employees perform the corresponding services. Outstanding payments at the end of the reporting period are included in "Other operating payables".

Defined benefit plans correspond to all plans other than defined contribution plans. They concern:

- regular or supplementary pension plans (primarily in the U.S., Germany and France) and contractual retirement payments (primarily in France and Japan);
- health insurance for retired employees.

The Group's commitments under defined benefit plans are estimated by independent actuaries.

Post-employment benefit obligations are calculated in accordance with the projected unit credit method, taking into consideration actuarial assumptions such as discount rates, the rate of future salary increases, employee turnover and mortality rates. The main assumptions used in 2011 and 2012 were as follows:

	bioMérieux SA	bioMérieux Inc.
Future salary increases		
2012	3.00%	3.50%
2011	3.50%	4.00%
Discount rate		
2012	3.00%	3.90%
2011	4.30%	4.75%
Expected return on plan assets		
2012	3.00%	8.00%
2011	4.00%	8.00%

For the purpose of determining the discount rate, the Group analyzed various market rates and, as prescribed by IAS 19, chose an adjusted average of the Iboxx Corporate AA and Bloomberg indices (euro, U.S. dollar and pound sterling) at December 31, 2012.

The expected rate of return on plan assets is estimated with the assistance of independent actuaries based on forecasts and past returns on similar investments.

Actuarial gains and losses are deferred and amortized in accordance with the corridor method, based on the average remaining vesting period of the plan participants' entitlements.

Past service cost due to changes in benefit plans is spread over the average remaining vesting period.

Sensitivity tests are performed to measure the sensitivity of the Group's post-employment benefit obligation to changes in certain actuarial assumptions.

IFRIC 14 "The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction" is not relevant to the Group.

1.12.3 Other long-term benefits

Other long-term benefits include long-service awards and jubilee bonuses. The corresponding liabilities are recognized on an actuarial basis whenever they have a material impact. Actuarial gains and losses and past service cost are recognized immediately in the income statement.

1.13 Provisions, contingent liabilities and contingent assets

In accordance with IAS 37 "Provisions, Contingent Liabilities and Contingent Assets", provisions are recognized when the Group has a legal or constructive obligation towards a third party, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and no inflow of resources of an equivalent amount is expected in return, and when the amount of the obligation can be reliably estimated.

Provisions for restructuring costs are recognized only when the restructuring has been announced and the Group has drawn up or has started to implement a detailed formal plan. Restructuring provisions notably cover the cost of severance payments.

Provisions are discounted when the impact is material.

Contingent liabilities are disclosed in the notes to the financial statements, unless the probability of an outflow of resources embodying economic benefits is remote.

Contingent assets are disclosed in the notes to the financial statements where an inflow of economic benefits is probable.

1.14 Deferred taxes

Deferred taxes are recognized, using the liability method, for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. These differences arise in particular from:

- timing differences between the recognition of certain income and expense items for financial reporting and tax purposes (e.g., non-deductible provisions, employee profit sharing);
- consolidation adjustments (e.g., accelerated depreciation, provisions, elimination of internal gains included in inventories and non-current assets);
- forecast withholding tax on dividend payments planned for the next year.

Deferred taxes are determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realized or the deferred tax liability is settled. They are not discounted.

Deferred tax assets arising on timing differences, consolidation adjustments and tax losses carried forward are only recognized if it is sufficiently probable that they will be utilized (within two years). The calculation of deferred taxes takes account of new tax provisions applicable in France for tax loss carryforwards (utilization ceilings, etc.).

Pending guidance from France's Accounting Standards Association (*Autorité des normes comptables* – ANC), research tax credits have been classified within operating subsidies since 2010, in line with the recommendations issued by the AMF. They were previously treated as a deduction from income tax expense.

Pending guidance from the ANC, and in accordance with the option set out in the statement issued by the CNC on January 14, 2010, the CVAE (*Cotisation sur la Valeur Ajoutée des Entreprises*) and CFE

(*Contribution Foncière des Entreprises*) contributions are classified under operating expenses rather than income tax in view of the fact that the value added generated by the Group's French operations significantly exceeds their taxable profit.

1.15 Other non-operating receivables and payables

Other non-operating receivables and payables correspond to receivables and payables that do not form part of bioMérieux's normal business activities. They include receivables related to the disposal of non-current assets and amounts due to suppliers of non-current assets.

1.16 Presentation of the income statement

1.16.1 Revenue recognition

Revenue is accounted for in accordance with IAS 18 "Revenue".

Sales

Revenue from the sale of products (reagents and instruments) and related services (technical support, training, shipping, etc.) is reported as "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).

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 net income from royalties – is included in "Other operating income" and is recognized when earned. Since 2010, research tax credits have also been presented under "Other operating income" (see Note 1.14).

1.16.2 Classification of recurring expenses

Cost of sales includes the following:

- The cost of raw materials consumed, including freight, direct and indirect payroll expenses for production personnel, the depreciation of assets used in production, all external expenses related to manufacturing (utilities, maintenance, tools, etc.), as well as indirect expenses (the Group's share of expenses such as purchasing, human resources and IT). Expenses relating to areas such as quality control, production quality assurance, engineering, business processes and logistics are included in production costs.

- Royalties paid in relation to marketed products.

- Distribution expenses, including shipping and warehousing, as well as the cost of shipping finished products to distribution centers or end customers.

- Depreciation of instruments placed with or leased to customers.

- Technical support expenses, including the cost of installing and maintaining instruments placed or sold, irrespective of whether such services are billed separately. Also included under this heading are personnel expenses, travel expenses and the cost of spare parts, as well as movements in provisions for warranties granted at the time instruments are sold.

Selling and marketing expenses include expenses incurred by the strategy, marketing, sales and sales administration departments. They also include sales bonuses and commissions paid to employees in the Group's sales departments and to independent sales agents. Advertising and promotional costs are also classified as selling and marketing expenses.

General and administrative expenses comprise the cost of general management and support services (human resources, finance, IT, purchasing), excluding the portion of costs incurred by these departments that is allocated to the other departments that directly use their services. Insurance premiums are also included in general and administrative expenses.

Research and development expenses include all costs concerning in-house and outsourced research and development work on new products other than software (design costs) as well as expenses related to regulatory affairs, intellectual property, technological monitoring and research and development quality assurance. Research and development subsidies are deducted from research and development expenses.

Royalty payments (fixed or proportional) are included in the cost of sales of the corresponding products. If no product is marketed or marketable in the short term, these payments are classified as research and development expenses.

Variable compensation (performance related bonuses, commissions, incentives and profit-sharing) as well as share-based payments are included in the payroll expenses of the departments concerned.

Foreign exchange gains and losses are included in the income statement line corresponding to the nature of the transaction concerned (primarily sales, cost of sales and financial expenses).

1.16.3 Non-recurring income and expenses from operations

Non-recurring income and expenses from operations are items that are material, unusual and non-recurring. They are presented on a separate line of the income statement in order to give a clearer picture of the Group's routine business performance. They chiefly include material amounts of net proceeds from disposals of non-current assets (other than instruments), restructuring costs and certain impairment losses (see Note 1.8).

Restructuring costs (which include the cost of severance payments) correspond to the expenses recognized when the Group officially announces the closure of a facility or a scaling down of operations in the ordinary course of business, as well as subsequent adjustments made to reflect the actual costs incurred.

1.16.4 Financial income and expenses

Financial income and expenses are shown on two separate lines:

- "Cost of net debt", which includes interest expense, fees and foreign exchange gains and losses arising on borrowings, as well as income generated by cash and cash equivalents.

- "Other financial income and expenses, net", which includes lease payments received on instruments sold under finance lease arrangements, the impact of disposals and write-downs of investments in non-consolidated companies, late-payment interest charged to customers, discounting gains and losses, and the ineffective portion of currency hedges on commercial transactions.

1.16.5 Income tax

The income tax expense for the period comprises current and deferred tax.

Tax credits other than research tax credits are deducted from income tax expense.

1.17 Recognition and measurement of financial instruments

Financial instruments include financial assets, financial liabilities and derivatives (swaps, forward contracts, etc.).

They are presented under several balance sheet headings: non-current financial assets, other non-current assets, trade receivables, other receivables and other liabilities (e.g., fair value gains and losses on derivatives), short- and long-term borrowings, trade payables, and cash and cash equivalents.

In compliance with the revised version of IAS 39 "Financial Instruments: Recognition and Measurement", financial instruments fall into five categories that do not correspond to specific balance-sheet headings. This classification is used as a basis for determining the methods used for the initial recognition of the Group's financial instruments and their subsequent measurement at the end of each reporting period. The categories and methods are described below.

1.17.1 Held-to-maturity financial assets

Held-to-maturity financial assets consist solely of fixed income securities that the Group has the intention of holding to maturity. The Group does not currently own any financial instruments corresponding to this definition.

1.17.2 Financial assets and liabilities at fair value through profit or loss

This category comprises financial instruments held for the purpose of short-term trading as well as financial instruments designated by the Group as at fair value through profit or loss on initial recognition, as permitted under IAS 39.

The assets concerned correspond to:

- equity interests in companies listed on an active market (recognized under "non-current financial assets" in the balance sheet) other than those classified as "available-for-sale financial assets" (see Note 1.17.4 below);

- "Cash and cash equivalents", including marketable securities (presented in the balance sheet under the specific heading of "Cash and cash equivalents").

The Group does not currently hold any financial liabilities that fall within this category.

"Financial assets and liabilities at fair value through profit or loss" are initially recognized and subsequently remeasured at fair value (excluding transaction costs). For equities, fair value corresponds to the quoted

market price at the end of the reporting period, and for marketable securities it is the securities' net asset value. Changes in fair value are recognized in the income statement.

1.17.3 Loans, receivables and payables

Financial assets and liabilities classified in this category are measured either at cost or amortized cost.

"Assets and liabilities measured at cost" primarily correspond to deposits paid, trade receivables and trade payables. They are initially recognized at fair value, which, in the case of the Group, corresponds to their face value. At each year-end they are measured at their original carrying amount less any impairment losses, which represents a reasonable approximation of fair value.

"Assets and liabilities measured at amortized cost" primarily comprise short- and long-term borrowings, loans, and finance lease receivables reported on the balance sheet under "Other non-current assets" or "Trade receivables". These assets and liabilities are initially recognized at fair value, which, in the case of the Group, approximates their contractual face value. Their carrying amount at the year-end corresponds to their initial cost, less any principal repayments and any impairment losses. Their year-end carrying amount therefore represents a reasonable approximation of their fair value.

1.17.4 Available-for-sale financial assets

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.

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 the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of currency derivatives is determined using standard market valuation techniques based on observable market data (interest rates, exchange rates, observable implied volatility). 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 (i.e., hedges of future commercial transactions in foreign currencies) 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.

- Fair value gains and losses on derivatives qualifying and used as cash flow hedges (i.e., 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). Gains and losses related to the effectiveness of the hedge and recognized under other comprehensive income are reclassified from equity to profit on the full or partial disposal of the foreign operation.

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 2012 or 2011.

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 payment

Share-based payment concerns:

- the bioMérieux SA free share plans approved by shareholders at the Annual General Meetings of June 12, 2008, June 10, 2010, June 12, 2011 and May 30, 2012;

- 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. The expense 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. The probability that the rights will vest is reviewed at the end of each reporting period and until the vesting date, to take account of the respect of the continuous employment and performance conditions with any changes taken to income.

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.

Net cash and cash equivalents correspond to the net amount of the Group's debit and credit cash positions.

The consolidated statement of cash flows shows the Group's EBITDA. EBITDA is not defined under IFRS and may be calculated differently by different companies. Accordingly, EBITDA presented by bioMérieux is equal to the sum of operating profit before non-recurring items and net additions to depreciation and amortization.

Gross operating profit (EBITDA) *In millions of euros*	**2012**	**2011**
Additive method		
- Profit for the year	**134.2**	**160.5**
- Non-recurring income and expenses	**25.4**	**12.2**
- Cost of net debt	**6.4**	**4.4**
- Other financial income and expenses	**4.9**	**3.3**
- Current income tax expense	**89.4**	**77.2**
- Net additions to amortization and depreciation	**94.4**	**85.3**
EBITDA	**354.8**	**342.8**
Simplified additive method		
- Operating profit before non-recurring items	**260.4**	**257.6**
- Amortization and depreciation expense	**94.4**	**85.3**
EBITDA	**354.8**	**342.8**

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 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 entered into a liquidity agreement with an investment firm, specifically for market-making purposes. It therefore sometimes holds a small number of its own shares in connection with this agreement. It also purchases treasury shares for the purpose of allocation under the share grant plans described in Note 18.

Treasury shares held under the liquidity agreement or for the purpose of allocation under share grant plans are recorded as a deduction from equity and the impact of all corresponding transactions are also recognized directly in equity (disposal gains and losses, impairment etc.).

2. Significant events and changes in the scope of consolidation in 2012

Impairment of bioTheranostics

Despite significant advances in the research and marketing of its tests, bioTheranostics does not envisage reaching financial breakeven in the medium term and requires major fresh investment to boost its growth. In this context, the Group has decided to seek outside partners. This new strategic impetus will allow bioTheranostics to use fresh financing to accelerate its development, while at the same time enabling bioMérieux to focus even more sharply on infectious disease diagnostics.

At December 31, 2012, the Group recognized an impairment charge under non-recurring items in an amount of €21 million against intangible assets (goodwill and technology), based on the valuations currently used in recapitalization transactions in this field.

Partnership with Quanterix

In November 2012, bioMérieux and Quanterix announced that they had entered into a strategic partnership that gives bioMérieux worldwide exclusive rights to Quanterix's Simoa™ ultrasensitive immunoassay technology in clinical laboratories and for industrial applications. Under the agreement, Quanterix will deliver a new instrument and consumables based on its Simoa™ technology, and bioMérieux will develop ultrasensitive and multiplex assays on the new platform.

At the same time, bioMérieux took a 14% equity stake in Quanterix for an amount of USD 15 million. bioMérieux had already made an initial payment of USD 10 million in order to benefit from exclusive access to this technology.

Public-sector receivables in Southern Europe

Net public sector receivables in respect of Southern Europe totaled €75 million at December 31, 2012, versus €100 million at end-2011.

Greece

In August 2010, the Greek government proposed settling the amounts owed in respect of 2007, 2008 and 2009 in the form of zero-coupon government bonds with respective maturities of one, two and three years. bioMérieux agreed to this proposal for receivables totaling €9 million and obtained reimbursement of the first tranche of bonds for an amount of €2 million in December 2011.

In March 2012, the Greek State required holders of government bonds to swap them for other financial instruments with a 46.5% lower nominal value and with longer maturities (until 2042). This "Private Sector Involvement" (PSI) debt-swap transaction led to the conversion of €6.1 million worth of Greek government bonds into FESF bonds with a nominal value of €0.9 million, and sovereign bonds with a nominal value of €1.9 million.

The Group sold all of its outstanding Greek government bonds during 2012.

The Company's total sovereign debt exposure is €13.4 million and litigation is proceeding to recover other unpaid overdue amounts.

Other Southern European sovereigns

In June 2012, Spanish provinces made a one-off payment of €28.5 million to settle substantially all receivables prior to 2012.

In the summer of 2012, Portuguese public bodies also settled overdue receivables in the amount of €6.6 million.

RAS Lifesciences

In late July 2012, bioMérieux acquired a 60% interest in India-based RAS Lifesciences Pvt. Ltd (RAS) for €1.6 million. Based in Hyderabad, RAS Lifesciences is a privately held start-up specialized in molecular diagnostics and does not yet have significant revenue. bioMérieux is beginning to commercialize its product lines to specialist laboratories, including 26 reagents developed, manufactured and patented in India. RAS Lifesciences's expertise and range of reagents, which are intended primarily for diagnosis of infectious diseases and its services laboratory, will enable bioMérieux to commercialize a menu of molecular diagnostic tests primarily in India and, over the medium term, in emerging markets.

RAS Lifesciences' contribution to the 2012 consolidated financial statements is not material.

The fair value of RAS Lifesciences' net assets stood at €1 million and the Group recognized provisional goodwill of €0.5 million at December 31, 2012.

Given the non-material impact of these acquisitions on the consolidated balance sheet and income statement, the Group has not prepared pro forma financial statements at December 31, 2012.

Changes in the scope of consolidation

On January 5, 2012, bioMérieux Deutschland sold Dima to Biosynex for €3.4 million. Accordingly, Dima is no included in the scope of consolidation with effect from 2012.

In addition to the acquisition of RAS Lifesciences as described above, the Group carried out the following internal merger and asset transfers during 2012:

- Holding company Skiva was merged into bioMérieux SA effective September 30, 2012, further to a full asset transfer.
- AES Laboratoire Groupe was merged into bioMérieux SA on December 31, 2012 via a simplified procedure, effective retroactively from April 1, 2012.
- Holding company AB Services was merged into bioMérieux SA effective March 31, 2012, further to a full asset transfer.
- Argene SA was merged into bioMérieux SA on December 31, 2012, effective retroactively from January 1, 2012.
- Argene SCRL (Italy) and Argene SA (Switzerland) were merged into bioMérieux Italia and bioMérieux Switzerland, respectively, in June and December 2012.

3. Intangible assets

GROSS VALUE *In millions of euros*	Patents Technologies	Software	Other	Total
Total at December 31, 2010	**118.4**	**58.4**	**33.3**	**210.1**
Translation adjustments	2.9	0.9	0.1	3.9
Acquisitions/Increases	4.5	2.7	13.0	20.2
Changes in Group structure	55.8 [(a)]	0.0	0.0	55.8
Disposals/Decreases	(0.2)	(0.4)	(0.1)	(0.7)
Reclassifications	0.0	21.6	(21.9)	(0.3)
Total at December 31, 2011	**181.4**	**83.2**	**24.4**	**289.0**
Translation adjustments	(1.5)	(0.7)	(0.1)	(2.3)
Acquisitions/Increases	9.0	11.1	9.4	29.5
Changes in Group structure	0.0	0.0	0.1	0.1
Disposals/Decreases	(0.4)	(2.3)	(0.4)	(3.1)
Reclassifications	(35.8) [(b)]	7.6	(10.0)	(38.2)
Total at December 31, 2012	**152.7**	**98.9**	**23.4**	**275.0**

AMORTIZATION AND IMPAIRMENT *In millions of euros*	Patents Technologies	Software	Other	Total
Total at December 31, 2010	**45.6**	**38.9**	**2.9**	**87.4**
Translation adjustments	0.7	0.5	0.1	1.3
Additions	8.4	7.5	0.5	16.4
Reversals/Disposals	(0.1)	(0.3)	0.0	(0.4)
Reclassifications	0.0	0.0	(0.1)	(0.1)
Total at December 31, 2011	**54.6**	**46.6**	**3.4**	**104.6**
Translation adjustments	(0.7)	(0.3)	0.0	(1.0)
Additions	9.2	8.7	0.7	18.6
Reversals/Disposals	(0.4)	(2.3)	(0.4)	(3.1)
Reclassifications	(0.6)	0.1	(0.6)	(1.1)
Total at December 31, 2012	**62.1**	**52.8**	**3.1**	**118.0**

CARRYING AMOUNT *In millions of euros*	Patents Technologies	Software	Other	Total
Total at December 31, 2010	**72.8**	**19.5**	**30.4**	**122.7**
Total at December 31, 2011	**126.8**	**36.6**	**21.0**	**184.4**
Total at December 31, 2012	**90.6**	**46.1**	**20.3**	**157.0**

[(a)] Including AES (€35.2 million) and Argene (€20.6 million).
[(b)] Including the reclassification of bioTheranostics to "assets held for sale" in a negative amount of €35.5 million (see Note 5.2).

4. Goodwill

BREAKDOWN *In millions of euros*	Dec. 31, 2012	Dec. 31, 2011	Impairment test level
AES	126.1	125.8	Group product lines
AB bioMérieux (Sweden)	71.9	69.3	Group product lines
Organon Teknika	51.3	51.1	Group product lines
Argène	19.3	19.3	Group product lines
PML (U.S.)	12.4	12.6	Group product lines
Bacterial Barcodes (U.S.)	7.4	7.9	Group product lines
BTF (Australia)	7.0	7.0	Group product lines
Biotrol	4.8	4.8	Group product lines
Vitek (U.S.)	2.6	2.7	Group product lines
MDI (U.S.)	2.0	1.9	Group product lines
Micro Diagnostics (Australia)	2.0	2.0	Entity
bioMérieux Polska	1.8	1.8	Entity
bioMérieux South Africa	1.8	2.0	Entity
Meikang	1.8	1.6	Group product lines
bioMérieux España	1.8	1.8	Group product lines
bioMérieux Hellas	1.7	1.7	Entity
bioMérieux Biological Products	1.4	1.4	Group product lines
RAS Lifesciences	0.5	0.0	Group product lines
bioMérieux Brasil	0.4	0.5	Entity
bioTheranostics (U.S.)		17.0	Entity
Dima		3.5	Group product lines
Total gross value	**317.7**	**335.3**	
Impairment of goodwill recognized on Biotrol	(2.8)	(1.0)	
Impairment of goodwill recognized on Meikang	(1.8)		
Total carrying amount	**313.1**	**334.3**	

MOVEMENTS *In millions of euros*	Gross value
December 31, 2010 [a]	**188.7**
Translation adjustments	1.6
Changes in Group structure [b]	145.0
Provision for impairment [c]	(1.0)
December 31, 2011	**334.3**
Goodwill	1.7
Changes in Group structure [d]	(2.7)
Provision for impairment [e]	(3.6)
Reclassification [f]	(16.6)
December 31, 2012	**313.1**

[a] The impairment tests carried out did not result in the recognition of any impairment losses for either 2011 or 2012.

[b] Goodwill recognized on the acquisitions of AES (€125.8 million) and Argene (€19.3 million).

[c)] Based on the results of sensitivity tests carried out in accordance with the procedure described in Note 1.8 "Impairment of non-current assets", an impairment loss was recorded against goodwill previously recognized on the acquisition of Biotrol.

[d] Disposal of Dima (negative €3.5 million), acquisition of RAS Lifesciences (positive €0.5 million), and remeasurement of the provision for retirement benefits set aside in respect of AES for €0.3 million with an offsetting entry to provisional goodwill.

[e] Impairment of goodwill (€1.8 million) and Biotrol (€1.8 million)

[f] bioTheranostics goodwill reclassified to "assets held for sale" (see Note 5.2).

Further to the impairment tests carried out in accordance with the rules set out in the Group's accounting policies, the Group recognized an impairment loss on bioTheranostics goodwill, allocated as follows:

– the entire amount of goodwill recognized in respect of the acquisition of Meikang (associated with the Rapid Tests CGU). The review did not give rise to the recognition of impairment losses on the CGU's other assets; and

– €1.8 million on Biotrol, i.e., a cumulative impairment of €2.8 million on goodwill of €4.8 million.

The following table shows the sensitivity of the tests at end-2012 to changes in the assumptions used to determine the value in use of the CGUs:

In millions of euros	**Test margin** [a]	Cash flow discount rate +0.5%	Perpetuity growth rate -0.5%	Ratio of operating profit before non-recurring items to terminal value -4%	Combination of all three factors
- Industrial Applications	241.7	(38.8)	(29.6)	(119.5)	(167.5)
- Clinical Bacteriology	760.0	(82.4)	(62.5)	(258.2)	(359.4)
- Biochemistry	0.0	(0.1)	N/A	(0.6) [b]	(0.6)
- Molecular Biology	21.4	(10.2)	(3.5)	(30.7)	(40.7)
- Rapid Tests	0.0	(3.0)	(2.9)	(7.1)	(7.8)

[a] Test margin = value in use - carrying amount

[b] Sensitivity assumption: projection over four years

The above changes in the assumptions used to perform the impairment tests would not bring into question the value of the assets allocated to the main CGUs, Clinical Bacteriology and Industrial Applications, even in the event that the changes in assumptions were all applied simultaneously for both CGUs. However, applied discretely or in combined form, these changes would give rise to the recognition of an impairment loss on assets allocated to the Molecular Biology CGU.

Impairment losses (except for impairment relating to bioTheranostics) were recognized in operating profit before non-recurring items for the period.

5. Property, plant and equipment – Finance lease receivables

5.1 Breakdown of property, plant and equipment

GROSS VALUE In millions of euros	Land	Buildings	Machinery & equipment	Capitalized instruments	Other	Assets under construction	Advances and downpayments	Total
Total at December 31, 2010	**21.6**	**256.1**	**214.6**	**339.1**	**77.9**	**33.1**	**8.2**	**950.6**
Translation adjustments	0.1	2.7	2.3	(3.1)	0.5	0.2	0.1	**2.8**
Changes in Group structure [(a)]	1.1	7.3	6.8		6.4	1.0		**22.6**
Acquisitions/Increases		4.0	16.3	33.8	2.9	29.8	0.5	**87.3**
Disposals/Decreases		(1.4)	(14.1)	(34.8)	(2.0)	(0.3)		**(52.6)**
Reclassifications		10.9	19.2	0.3	2.0	(23.6)	(8.2)	**0.6**
Total at December 31, 2011	**22.8**	**279.6**	**245.1**	**335.3**	**87.7**	**40.2**	**0.6**	**1,011.3**
Translation adjustments	(0.2)	(2.3)	(1.8)	(1.9)	(1.0)	(0.5)	(0.1)	**(7.8)**
Changes in Group structure [(b)]			0.2					**0.2**
Acquisitions/Increases	0.4	8.2	11.3	33.4	5.7	42.6	0.6	**102.2**
Disposals/Decreases		(1.7)	(5.8)	(33.7)	(3.0)			**(44.2)**
Reclassifications [(c)]	2.2	18.2	8.9	(0.1)	5.7	(34.3)	(0.5)	**0.1**
Total at December 31, 2012	**25.2**	**302.0**	**257.9**	**333.0**	**95.1**	**48.0**	**0.6**	**1,061.8**

DEPRECIATION AND IMPAIRMENT In millions of euros	Land	Buildings	Machinery & equipment	Capitalized instruments	Other	Assets under construction	Advances and downpayments	Total
Total at December 31, 2010	**0.7**	**125.2**	**155.2**	**270.7**	**58.7**			**610.5**
Translation adjustments		1.0	0.7	(1.7)	0.5			**0.5**
Changes in Group structure		2.2	4.4		3.6	0.2		**10.4**
Increases [(d)]	0.1	13.6	16.1	29.6	6.2	1.6		**67.2**
Disposals/Decreases		(1.2)	(13.1)	(28.5)	(1.7)	(0.2)		**(44.7)**
Reclassifications				0.1	0.3			**0.4**
Total at December 31, 2011	**0.8**	**140.8**	**163.3**	**270.2**	**67.6**	**1.6**		**644.3**
Translation adjustments		(0.9)	(1.0)	(2.1)	(0.8)			**(4.8)**
Changes in Group structure			0.1		0.1			**0.2**
Increases [(d)]	0.1	14.4	22.8	29.6	7.5			**74.4**
Disposals/Decreases		(1.6)	(5.8)	(26.5)	(2.7)	(1.6)		**(38.2)**
Reclassifications	0.2	0.1	(2.3)	(0.2)	1.1			**(1.1)**
Total at December 31, 2012	**1.1**	**152.8**	**177.1**	**271.0**	**72.8**			**674.8**

CARRYING AMOUNT In millions of euros	Land	Buildings	Machinery & equipment	Capitalized instruments	Other	Assets under construction	Advances and downpayments	Total [(g)]
Total at December 31, 2010	**20.9**	**130.9**	**59.4**	**68.4**	**19.2**	**33.1**	**8.2**	**340.1**
Total at December 31, 2011	**22.0**	**138.8**	**81.8**	**65.1**	**20.1**	**38.6**	**0.6**	**367.0**
Total at December 31, 2012	**24.1**	**149.2** [(e)]	**80.8**	**62.0** [(f)]	**22.3**	**48.0**	**0.6**	**386.7**

(a) Acquisitions of AES (€20.3 million) and Argene (€2.3 million).

(b) Acquisition of RAS Lifesciences.

(c) Including reclassification of bioTheranostics within assets held for sale (negative €1.7 million).

(d) Accumulated impairment losses totaled €1.4 million at December 31, 2011 and €2 million at December 31, 2012.

(e) Including buildings held by bioMérieux SA (€82.2 million), bioMérieux Inc. (€33.9 million), bioMérieux Shanghai Biotech (€8.5 million), bioMérieux Italia (€7.8 million) and bioMérieux Brasil (€6.4 million).

(f) Most of the instruments are placed with customers outside the Group.

(g) A breakdown of property, plant and equipment acquired under finance leases is provided in Note 5.3.

5.2 Assets held for sale

ASSETS HELD FOR SALE *In millions of euros*	Boxtel Site	bio-Theranostics	Total
Gross value at December 31, 2011	**31.3**	**0.0**	**31.3**
Reclassifications		57.5	57.5
Gross value at December 31, 2012	**31.3**	**57.5**	**88.8**
Accumulated depreciation/amortization at December 31, 2011	**19.3**	**0.0**	**19.3**
Additions	1.8	21.0	22.8
Reclassifications		1.0	1.0
Accumulated depreciation/amortization at December 31, 2012	**21.1**	**22.0**	**43.1**
Carrying amount at December 31, 2011	**12.0**	**0.0**	**12.0**
Carrying amount at December 31, 2012	**10.2**	**35.5**	**45.7**

In 2012, negotiations with the potential acquirer of the Boxtel site resulted in an offer for a net selling price of €10.2 million, leading to the recognition of a €1.8 million impairment loss.

In the context of the new strategic direction described in Note 2, the net assets of bioTheranostics have been reclassified within assets held for sale, including goodwill and other intangible assets for €16.7 million and €35.6 million, respectively. In accordance with IFRS 5, the Group recognized a €21 million impairment loss at December 31, 2012, to reflect the estimated value of bioTheranostics in view of the planned new ownership structure and resulting loss of control (see Note 1.7), less costs to sell.

Liabilities related to assets held for sale amounting to €13 million exclusively concern bioTheranostics.

5.3 Property, plant and equipment acquired under finance leases

Where an asset is leased under a finance lease that transfers to the Group substantially all the risks and rewards incidental to ownership of the leased asset, the asset is accounted for as property, plant and equipment as described in Note 1.7.

Total depreciation recorded against property, plant and equipment acquired under finance leases amounted to €0.7 million in 2012 and €0.5 million in 2011.

The corresponding finance lease liability for these capitalized assets – which is included in the balance sheet under borrowings – was €4.6 million at December 31, 2012 and €6.2 million at December 31, 2011 (see Note 15.5).

ASSETS HELD UNDER FINANCE LEASES RECOGNIZED AS PROPERTY, PLANT AND EQUIPMENT						
In millions of euros		Land	Buildings	Machinery & equipment	Other	Total
Dec. 31, 2011	Gross value	0.4	10.1	1.2	2.3	14.0
	Accumulated depreciation	0.0	(2.7)	(0.9)	(2.1)	(5.7)
	Carrying amount	**0.4**	**7.4**	**0.3**	**0.2**	**8.3**
Dec. 31, 2012	Gross value	0.4	10.1	0.9	2.3	13.7
	Accumulated depreciation	0.0	(2.9)	(0.8)	(2.3)	(6.0)
	Carrying amount	**0.4**	**7.2**	**0.1**	**0.0**	**7.7**

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 €45 million at December 31, 2012.

Breakdown *In millions of euros*	Due within 1 year[a]	Due in 1 to 5 years[b]	Due beyond 5 years[b]	**TOTAL**
Gross value of finance lease receivables	18.1	31.8	0.2	**50.1**
Accrued interest	(2.6)	(2.4)	0.0	**(5.0)**
Present value of minimum future lease payments	15.5	29.4	0.2	**45.1**
Impairment losses	(0.1)			**(0.1)**
Net present value of minimum future lease payments	15.4	29.4	0.2	**45.0**

(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, 2012**	**Dec. 31, 2011**
Loans and receivables	6.8 [a]	8.4
Available-for-sale financial assets	27.7	18.3
Financial assets at fair value through profit or loss	0.2	0.2
TOTAL	**34.7**	**26.9**

(a) Including €3 million to cover retirement benefit obligations in Germany.

MOVEMENTS *In millions of euros*	Gross value	Impairment and changes in fair value	Carrying amount
December 31, 2010	**37.5**	**10.8**	**26.6**
Translation adjustments	0.0	0.2	(0.2)
Acquisitions/Increases	4.9	5.6	(0.7)
Disposals/Decreases	(0.7)	(0.1)	(0.6)
Reclassifications	1.7		1.7
December 31, 2011	**43.4**	**16.5**	**26.9**
Translation adjustments	(0.2)	(0.1)	(0.1)
Acquisitions/Increases	13.5 [a]	5.7 [b]	7.8
Disposals/Decreases	(6.3) [c]	(6.5) [d]	0.2
Reclassifications	(0.1)		(0.1)
December 31, 2012	**50.3**	**15.6**	**34.7**

(a) Including acquisitions by bioMérieux SA of equity interests in Quanterix (€11.8 million).

(b) Including impairment of Knome shares (€5 million).

(c) Including exchange of Greek sovereign bonds within the scope of the PSI debt swap (negative €3.3 million), and the sale of the new bonds (negative €2.8 million).

(d) Including the reversal of provisions in respect of Greek sovereign bonds (negative €4.6 million) and of Relia shares (negative €1.7 million).

In millions of euros	% ownership	Carrying amount	Equity	
			Excluding profit/(loss) for the year	Profit/(loss) for the year
Available-for-sale financial assets				
Quanterix	14.0%	11.8	8.6 [a]	(6.2) [a]
Biocartis	4.5%	9.0	61.7 [a]	(33.6) [a]
Knome	12.2%	2.3	10.5 [a]	(3.7) [a]
ReLia	7.0%	1.7	(0.6) [a]	(1.3) [a]
Labtech	9.8%	1.3	10.9 [c]	(0.9) [c]
Virgin Instruments	7.8%	1.1	1.4 [a]	(0.8) [a]
Mérieux Université	40.0%	0.4	0.0	0.0
GeNeuro	9.8%	0.1	(2.7) [a]	4.4 [a]
Advandx	1.6%	0.0	4.3 [a]	(6.6) [a]
Avesthagen	3.6%	0.0	2.6 [b]	(5.6) [b]
InoDiag	0.6%	0.0	0.9 [a]	3.1 [a]
Europroteome	8.8%	0.0	In liquidation	
Other		0.0		
		27.7		
Financial assets at fair value through profit or loss				
Dynavax Technologies	0.1%	0.2	114.8 [a]	(34.9) [a]
Oscient Pharma	0.2%	0.0	In Chapter 11 bankruptcy proceedings	
		0.2		

[a] Most recent available data: year ended December 31, 2011.
[b] Most recent available data: year ended March 31, 2012.
[c] Most recent available data: year ended June 30, 2012.

7. Inventories and work-in-progress

In millions of euros	Dec. 31, 2012	Dec. 31, 2011
Raw materials	84.7	79.0
Work-in-progress	37.8	37.6
Finished products and goods held for resale	142.0	122.0
Total gross value	**264.5** [a]	**238.6**
Impairment losses		
Raw materials	(4.7)	(5.6)
Work-in-progress	(2.5)	(2.8)
Finished products and goods held for resale	(11.3)	(13.1)
Total impairment losses	**(18.5)**	**(21.5)**
Raw materials	80.1	73.5
Work-in-progress	35.2	34.8
Finished products and goods held for resale	130.6	108.9
Carrying amount	**245.9** [b]	**217.1**

[a] 30% of which relates to instruments.
[b] No pledges of inventories had been granted at December 31, 2012.

8. Trade receivables

In millions of euros	Dec. 31, 2012	Dec. 31, 2011
Gross trade receivables [a]	458.2	470.3
Impairment losses [b]	(24.8)	(23.2)
Carrying amount	**433.4**	**447.1**

[a] Of the Group's trade receivables, 35.4% 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.

The original maturities of the majority of these receivables were less than six months. They include the short-term portion of finance lease receivables (see Note 5.4). Past-due receivables owed by private-sector companies represented 18.1% of total outstanding trade receivables in 2012, versus 16% in 2011.

Receivables owed by the Italian State (€49.4 million), the Spanish State (€16.9 million), the Greek State (€13.4 million) and the Portuguese State (€9 million) have been written down respectively by €1.7 million, €1.3 million, €7.9 million and €2.4 million.

9. Other receivables

In millions of euros	Dec. 31, 2012	Dec. 31, 2011
Advances and downpayments	4.9	3.3
Pre-paid expenses	8.2	6.0
Other	58.2	41.2
Impairment losses	(0.1)	(0.1)
Carrying amount of other operating receivables	**71.2** [a]	**50.4**
Current tax receivables	**20.7**	**19.6**
Gross value of non-operating receivables	8.4 [b]	1.0
Carrying amount of non-operating receivables	**8.4**	**1.0**

[a] The majority of other operating receivables are due within one year.

[b] Mainly comprising the fair value of derivative instruments.

Other operating receivables chiefly comprise research tax credit receivables (€29.7 million) and other tax-related receivables.

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, 2012 and 2011:

In millions of euros	**Dec. 31, 2012**	**Dec. 31, 2011**
Cash	49.5	42.3
Cash pool	15.0	
Short-term investments	1.1	0.5
Cash and cash equivalents	**65.6**	**42.8**

The Group's main short-term investments were as follows in 2012 and 2011:

	Dec. 31, 2012	**Dec. 31, 2011**
Investment	3-month SICAV CA AM	3-month SICAV CA AM
Amount	€1.1 million	€0.4 million
Type	Euro money-market fund	Euro money-market fund
ISIN code	FR0000296881	FR0000296881

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.

In 2011, cash and cash equivalents were mainly invested in 3-month SICAV money-market funds in an amount of €0.4 million. In 2012, cash and cash equivalents were assigned to cash pooling investments (€15 million) and invested in 3-month SICAV money-market funds (€1.1 million).

11. Share capital

The Company's share capital amounted to €12,029,370 at December 31, 2012 and was divided into 39,453,740 shares, of which 25,500,133 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, 2012.

There were no changes in the number of outstanding shares in 2012.

At December 31, 2012, the parent company held 8,600 of its own shares in connection with a liquidity agreement entered into with an independent investment firm for market-making purposes (see Note 1.22). During the year, the Company purchased 17,830 of its own shares and sold 28,830 in connection with the liquidity agreement.

At December 31, 2012, it also held 3,714 shares in treasury for allocation under the free share plans authorized at various Annual General Meetings. During 2012, the Company definitively allocated 4,274 free shares to employees (see Note 18).

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

In millions of euros	Dollar[a]	Latin America	Europe[b]	Other	TOTAL
Cumulative translation adjustments at December 31, 2010	**(13.5)**	**4.7**	**2.0**	**7.9**	**1.1**
Translation differences arising on:					
- translating opening net assets and dividend payments at closing exchange rates	(2.0)	(2.4)	(4.8)	1.4	(7.8)
- translating income statement items at average exchange rates	11.9		(0.1)	0.5	12.3
Total movements	9.9	(2.4)	(4.9)	1.9	4.5
Cumulative translation adjustments at December 31, 2011	**(3.6)**	**2.3**	**(2.9)**	**9.8**	**5.6**
Translation differences arising on:					
- translating opening net assets and dividend payments at closing exchange rates	0.0	(1.2)	4.0	0.2	3.0
- translating income statement items at average exchange rates	(5.8)	0.6	(0.0)	(0.5)	(5.8)
Total movements	(5.8)	(0.5)	4.0	(0.4)	(2.8)
Cumulative translation adjustments at December 31, 2012	**(9.4)**	**1.8**	**1.1**	**9.4**	**2.8** [c]

[a] Dollar and pegged currencies include the U.S. dollar and Hong Kong dollar (Chinese entities).

[b] Including the Middle East and Africa.

[c] Excluding non-controlling interests, cumulative translation adjustments amounted to €3.7 million at December 31, 2012.

13. Provisions – Contingent assets and liabilities

13.1 Long- and short-term provisions

In millions of euros	Pension and other employee benefit obligations	Product warranties[a]	Restructuring	Other contingencies and losses	Total
December 31, 2010	**30.2**	**3.5**	**3.2** [b]	**9.1** [c]	**46.0** [d]
Additions	11.1	4.4	0.6	7.3	23.4
Reversals (utilizations)	(10.5)	(4.2)	(1.4)	(9.7)	(25.8)
Reversals (surplus)	0.0	0.0	0.0	(0.5)	(0.5)
Net additions (reversals)	0.6	0.2	(0.8)	(2.9)	(2.9)
Changes in Group structure	0.3	0.2	0.0	0.5	1.0
Reclassifications	(0.1)	0.0	0.0	2.7	2.6
Translation adjustments	0.4	0.0	0.0	0.1	0.5
December 31, 2011	**31.4**	**3.9**	**2.4** [b]	**9.5** [c]	**47.2** [d]
Additions	17.7	4.4	0.6	5.8	28.5
Reversals (utilizations)	(9.1)	(4.1)	(1.8)	(5.3)	(20.2)
Reversals (surplus)	(0.3)	(0.7)	(0.3)	(0.8)	(2.1)
Net additions (reversals)	8.4	(0.4)	(1.4)	(0.3)	6.2 [e]
Changes in Group structure	0.4	0.0	0.0	(0.1)	0.3
Translation adjustments	(0.2)	0.0	0.0	(0.3)	(0.5)
December 31, 2012	**39.9**	**3.4**	**1.0** [b]	**8.9** [c]	**53.2** [d]

[a] Estimate of the costs relating to warranties issued on the sale of instruments that may be incurred over the remaining warranty period.

[b] Including provisions concerning the closure of the Portland site totaling €0.3 million (€1.8 million at December 31, 2011, and €3.1 million at December 31, 2010), and the Basingstoke site for €0.6 million.

[c] Including provisions for litigation in the amount of €6.8 million at December 31, 2012, including €1.7 million in additional provisions in respect of a dispute with a Chinese distributor, versus €4.9 million at December 31, 2011, of which €2.3 million in respect of a dispute with a Chinese distributor, and €5 million at December 31, 2010.

[d] Including short-term provisions totaling €11 million at December 31, 2012, versus €14 million at December 31, 2011 and €14.5 million at December 31, 2010.

[e] Including net additions of €6.7 million recorded within “Operating profit before non-recurring items" and net reversals of €0.5 million recognized in "Non-recurring income and expenses from operations, net”.

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* **Company**	**Type of obligation**	At December 31, 2012 Present value of obligation	Fair value of plan assets [a]	Deferred actuarial gains and losses [b]	Provision
U.S.	Pensions	149.7	83.8	55.5	**10.4**
bioMérieux SA	Contractual retirement payments	22.5	12.8	2.8	**6.9**
Germany	Pensions	7.7	1.9	2.4	**3.4** [c]
South Korea	Pensions	1.3		0.2	**1.1**
UK	Pensions	2.5	1.3	0.4	**0.8**
Japan	Termination benefits	0.7			**0.7**
AES	Contractual retirement payments	1.1	0.6	(0.1)	**0.5**
		185.4	100.4	61.2	**23.7**

PROVISIONS FOR POST-EMPLOYMENT BENEFIT OBLIGATIONS *In millions of euros* **Company**	**Type of obligation**	At December 31, 2011 Present value of obligation	Fair value of plan assets [a]	Deferred actuarial gains and losses [b]	Provision
U.S.	Pensions	121.1	74.4	39.9	**6.8**
bioMérieux SA	Contractual retirement payments	18.1	12.2	0.3	**5.6**
Germany	Pensions	6.4	1.7	1.4	**3.3** [c]
South Korea	Pensions	1.0			**1.0**
UK	Pensions	2.0	1.2	0.1	**0.8**
Japan	Termination benefits	0.8			**0.8**
AES & Argène	Contractual retirement payments	0.6	0.3		**0.3**
		149.9	89.8	41.7	**18.5**

[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 following table shows the change during the year in the main pension obligations:

In millions of euros	U.S.	France [a]	Germany	South Korea	UK	Japan	Total
Present value of defined benefit obligations							
At beginning of year	**121.1**	**18.7**	**6.4**	**1.0**	**2.0**	**0.8**	**149.9**
Net current service cost	7.8	1.1	0.0	0.2	0.1	0.1	9.3
Interest cost	5.7	0.7	0.3	0.1	0.1	0.0	6.9
Benefit payments	(1.6)	(0.2)	(0.3)	(0.2)		(0.1)	(2.4)
Impact of plan curtailments and settlements					(0.2)		(0.2)
Translation adjustments	(3.2)			0.1	0.0	(0.1)	(3.1)
Actuarial (gains) losses	19.8	2.4	1.2	0.2	0.4	0.0	24.0
Changes in Group structure		0.8					0.8
At end of year	**149.7**	**23.5**	**7.7**	**1.3**	**2.5**	**0.7**	**185.4**
Funded status							
At beginning of year	**74.4**	**12.5**	**1.7**	**0.0**	**1.2**	**0.0**	**89.8**
Employer contributions	6.9	0.2			0.1		7.2
Expected return on plan assets	5.6	0.5	0.1		0.1		6.3
Benefit payments	(1.6)	(0.2)	(0.1)				(1.9)
Impact of plan curtailments and settlements					(0.1)		(0.1)
Translation adjustments	(1.6)				0.0		(1.6)
Actuarial (gains) losses	0.1	0.0	0.1				0.3
Changes in Group structure		0.3					0.3
At end of year	**83.8**	**13.4**	**1.9**	**0.0**	**1.3**	**0.0**	**100.4**
Including scheduled payments for 2013							
Deferred actuarial gains or losses							
At beginning of year	**39.9**	**0.3**	**1.4**	**0.0**	**0.1**	**0.0**	**41.7**
Expenses recognized in 2012	(3.0)		(0.1)				(3.0)
New deferred items in 2012	19.7	2.3	1.1	0.2	0.4	0.0	23.7 [b]
Translation adjustments	(1.2)						(1.2)
At end of year	**55.5**	**2.6**	**2.4**	**0.2**	**0.4**	**0.0**	**61.2**

[a] Including bioMérieux SA and AES.

[b] Including €0.1 million in experience adjustments in 2012 (€3.4 million in 2011).

Sensitivity tests

As indicated in Note 13.2.2, the change in actuarial gains and losses reflects the sharp fall in discount rates at the end of 2012 to record low levels. For information, the discount rates used over the last 10 years have generally stood between 4.0% and 4.5%.

A 1% increase in the discount rate would have had a 13% (or €23.1 million) favorable impact on the Group's defined benefit obligations. In view of the application of the revised IAS 19 at January 1, 2013 (see Note 1), this increase would be recognized in "Other comprehensive income".

There were no material changes in benefit plans in 2012.

13.2.1.3 Net expense for the year

In millions of euros	**2012**	**2011**
Net current service cost	9.3	5.7
Interest cost	6.9	6.2
Expected return on plan assets	(6.3)	(5.1)
Curtailments and settlements	(0.1)	0.0
Amortization of actuarial gains and losses	3.0	2.0
Total	**12.9**	**8.8**

13.2.1.4 Information on plan assets

The Group's plan assets broke down as follows at December 31, 2012 and 2011:

In millions of euros	**Dec. 31, 2012**			
	Equities	Bonds	Other	**TOTAL**
France	0.9	10.7	1.2	**12.8** [(a)]
U.S.	33.8	34.6	8.5	**76.9** [(b)]
Germany			1.9	**1.9**
UK	0.7	0.4	0.2	**1.3**

In millions of euros	**Dec. 31, 2011**			
	Equities	Bonds	Other	**TOTAL**
France	0.9	10.3	1.0	**12.2** [(a)]
U.S.	0.0	58.3	9.1	**67.4** [(b)]
Germany			1.7	**1.7**
UK	0.6	0.4	0.2	**1.2**

[(a)] Excluding AES.
[(b)] Excluding scheduled payments.

The table below shows the actual return on plan assets in 2012 and 2011:

	2012 return	**2011 return**
France	4.3%	3.0%
U.S.	8.4%	7.4%
UK	6.3%	8.3%
Germany	11.5%	4.8%

13.2.1.5 Other information

The table below shows a five-year comparative analysis of certain data:

In millions of euros	2012	2011	2010 [(a)]	2009 [(a)]	2008 [(a)]
Present value of defined benefit obligation	185.4	149.9	122.1	97.2	81.9
Fair value of plan assets	93.5	82.8	75.7	58.3	47.3
Actuarial gains and losses as a % of the defined benefit obligation	12.9%	6.9%	8.2%	10.4%	-1.5%
Actuarial gains and losses as a % of plan assets	0.3%	-0.7%	0.4%	8.1%	-28.5%

[(a)] Excluding the UK and South Korea.

13.2.2 Other long-term employee benefits

OTHER LONG-TERM EMPLOYEE BENEFITS		At December 31, 2012			
In millions of euros		Present value of obligation	Deferred actuarial gains and losses [(b)]	Other	Provision
Company	**Type of obligation**				
France	Long service awards	9.7			9.7
France	Other obligations	0.1			0.1
U.S.	Post-employment health insurance	1.8	(0.5)		2.2
Other	Pensions and other benefits			4.2	4.2
TOTAL PROVISION FOR OTHER LONG-TERM EMPLOYEE BENEFITS		**11.5**	**(0.5)**	**4.2**	**16.2**

The increase in long-service awards is chiefly attributable to the decrease in the discount rate, which led to a 26% increase in the provision.

At December 31, 2012, a 1% increase in medical cost trend rates would not have significantly affected the value of the health insurance plan obligation in the U.S. or the corresponding income statement items.

OTHER LONG-TERM EMPLOYEE BENEFITS		At December 31, 2011			
In millions of euros		Present value of obligation	Deferred actuarial gains and losses	Other	Provision
Company	**Type of obligation**				
France	Long service awards	7.1			**7.1**
France	Other obligations	0.1			0.1
U.S.	Post-employment health insurance	2.1	(0.1)		2.2
Other	Pensions and other benefits			3.6	**3.6**
TOTAL PROVISION FOR OTHER LONG-TERM EMPLOYEE BENEFITS		**9.3**	**(0.1)**	**3.6**	**13.0**

13.3 Other provisions

13.3.1 Provisions for claims and litigation

The Company is involved in a certain number of claims arising in the ordinary course of business, the most significant of which is described below. bioMérieux believes that no claim or litigation will have a material adverse impact on its operations. When a risk is identified, a provision is recognized as soon as the risk can be reliably measured. The provision for claims and litigation covers all disputes in which the Group is involved and amounted to €6.8 million at December 31, 2012.

In particular, the Group is involved in a dispute with a distributor over the termination of its distribution contract and has set aside a provision for the probable amounts that it will have to pay based on the plaintiff's claims. A provision has also been booked for the return of unsold inventories based on the amount of customer credit notes due.

13.3.2 Restructuring provisions

13.3.2.1 Movements in restructuring provisions

As part of the ongoing plan to streamline the production base, manufacturing of culture media at the Basingstoke, UK plant will be discontinued in 2013. This activity currently employs eight people.

Accordingly, a provision in the amount of €0.6 million has been recognized in non-recurring items in March 2012 to cover the costs related to the discontinuation of this activity.

The Portland site in the U.S. (PML) was definitively closed in June 2012. The production of clinical culture media was discontinued, while the manufacturing of ready-to-use culture media for industrial applications was transferred to the Lombard and La Balme sites in 2011.

In view of the costs actually incurred in 2012, surplus provisions were reversed at end-December 2012 with a €0.3 million favorable impact on profit.

13.3.2.2 Balance of restructuring provisions

At December 31, 2012, restructuring provisions totaled €1 million, of which €0.6 million in respect of the Basingstoke site and €0.3 million in respect of the Portland site.

13.4 Contingent assets and liabilities

Contingent assets

Contingent assets at December 31, 2012 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.

Following a tax audit carried out on the Group's operations in Sweden, the Swedish authorities contested the royalty rate used to remunerate the transfer of AB bioMérieux's intellectual property rights. The Company rejects the tax reassessment and intends to use all possible means of recourse to defend its position.

No other significant contingent liabilities were identified at December 31, 2012.

14. Deferred tax

MOVEMENTS *In millions of euros*	Deferred tax assets	Deferred tax liabilities
December 31, 2010	**24.9**	**24.8**
Translation adjustments	0.3	0.3
Changes in Group structure	2.1	16.9 [(a)]
Movements recognized in profit	1.8	0.3
Recognition in reserves	0.2	0.0
Other movements	(1.1)	(1.1)
December 31, 2011	**28.2**	**41.2**
Translation adjustments	(0.5)	(0.2)
Changes in Group structure	0.0	(0.0)
Movements recognized in profit	1.9	21.4
Recognition in reserves	(3.2)	(0.0)
Other movements	(5.4)	(16.1)
December 31, 2012	**21.0**	**46.3**

[(a)] Including deferred taxes recognized in relation to the acquisitions of AES and Argene amounting to €9.3 million and €7.8 million respectively, and calculated based on the fair value of the acquired assets and assumed liabilities.

The majority of the Group's deferred tax assets were generated in the U.S., due to temporary tax differences arising as a result of certain provisions being non-deductible and the elimination of internal gains on inventories.

Breakdown of deferred tax assets *In millions of euros*	Provisions for pension benefit obligations	Elimination of internal gains on inventories and non-current assets	Other	**Total**
December 31, 2010	4.6	14.8	5.5	**24.9**
Movements during the period	(0.1)	0.0	3.0	**2.9**
Translation adjustments	0.1	0.3	0.0	**0.3**
December 31, 2011	4.6	15.1	8.5	**28.2**
Movements during the period	0.0	1.4	(8.2)	**(6.7)**
Translation adjustments	0.0	(0.2)	(0.2)	**(0.5)**
December 31, 2012	4.5	16.4	0.1	**21.0**

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 €3.2 million at December 31, 2012.

There were no deferred taxes arising on tax loss carryforwards at December 31, 2012.

No deferred tax assets were recognized on €21.5 million worth of tax losses carried forward, representing a potential tax saving of €6 million.

Furthermore, no deferred tax assets were recognized on consolidation adjustments for the entities concerned, which amounted to €9 million at December 31, 2012 and represented a potential tax saving of €2.6 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: AES (€7.3 million), Argene (merged with bioMérieux SA: €6.1 million), bioMérieux España (merged with Biomedics: €2.6 million), BTF (€2.6 million) and Bacterial Barcodes (€1.6 million). At December 31, 2012 deferred tax liabilities also include €4.1 million in provisions for taxes in respect of dividend payments planned for 2013.

15. Net debt/(Net cash)

15.1 Debt refinancing

At December 31, 2012, the Group's net debt stood at €48.4 million.

bioMérieux SA has a five-year syndicated loan of €350 million repayable in full at maturity (March 2017). The facility agreement contains default clauses (see Note 15.3).

At December 31, 2012, €60 million had been drawn under this facility.

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, 2011	Change in statement of cash flows	Unrealized foreign exchange gains [(a)]	Assets held for sale [(b)]	Dec. 31, 2012
Cash	42.3	8.3	(0.5)	(0.5)	49.5
Short-term investments	0.5	15.6	(0.1)		16.1 [(c)]
Cash and cash equivalents	**42.8**	**23.9**	**(0.6)**	**(0.5)**	**65.6**
Bank overdrafts and other uncommitted debt	**(62.0)**	**48.0**	**0.4**		**(13.6)**
Net cash and cash equivalents (A)	**(19.2)**	**71.9**	**(0.2)**	**(0.5)**	**52.0**
Committed debt (B)	**111.8**	**(11.4)**	**(0.2)**		**100.4**
o/w due beyond five years	*3.2*				*1.6*
1 to 5 years	*9.3*				*8.2* [(d)]
within 1 year	*99.2*				*90.6* [(e)]
Net debt (B) - (A)	**131.2**	**(83.3)**	**0.0**	**0.5**	**48.4**

(a) Impact of currency fluctuations and other movements.
(b) Including reclassification of cash at bank relating to bioTheranostics within assets held for sale.
(c) Including the balance of the current account with Institut Mérieux (€15 million).
(d) Including the balance of the employee profit-sharing account (€2.1 million), and finance lease liabilities of €3.9 million including €2.7 million concerning office buildings in Italy.
(e) Including the syndicated credit facility (€60 million), commercial paper (€10 million), and finance lease liabilities (€1.1 million).

At December 31, 2012 the Group had not breached any of its repayment schedules.
At end-December 2012, the Group has no liabilities in respect of borrowed securities or short sales.

No loan agreements were signed prior to December 31, 2012 concerning loans to be set up in 2012.

15.3 Debt covenants

The syndicated loan is subject to compliance with one financial ratio: net debt may not exceed three times EBITDA before depreciation/amortization and acquisition expenses. This ratio – which is tested twice per year – was respected at December 31, 2012.

The Group's other term borrowings at December 31, 2012 primarily corresponded to commercial paper, 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, 2012, all of the Group's gross borrowings were at floating rates (except for the employee profit-sharing account).

15.5 Borrowings corresponding to finance lease liabilities

15.5.1 Principal amount of the borrowings

In millions of euros	**Dec. 31, 2012**	**Dec. 31, 2011**
Due within 1 year	1.0	1.0
Due in 1 to 5 years	3.5	4.6
Due beyond 5 years	0.2	0.6
Total	**4.6**	**6.2**

15.5.2 Future lease payments (principal and interest)

In millions of euros	**Dec. 31, 2012**	**Dec. 31, 2011**
Minimum future payments	**5.1**	**7.0**
Due within 1 year	*1.1*	*1.2*
Due in 1 to 5 years	*3.8*	*5.1*
Due beyond 5 years	*0.2*	*0.7*
Less interest	*(0.5)*	(0.8)
Present value of future lease payments	**4.6**	**6.2**

15.6 Breakdown of net debt/(net cash) by currency

In millions of euros	**Dec. 31, 2012**	**Dec. 31, 2011**
Euro	30.1	139.5
Other		
Chinese yuan	(9.2)	3.3
Australian dollar	(1.9)	(0.9)
Polish zloty	(1.7)	(1.3)
Thai baht	(1.4)	(0.8)
South African rand	(1.3)	(1.6)
Pound sterling	1.2	2.9
Colombian peso	1.4	1.3
Canadian dollar	1.5	0.4
Indian rupee	2.0	0.4
Argentine peso	2.2	1.8
U.S. dollar	2.7	(28.6)
Japanese yen	7.8	7.5
Brazilian real	11.7	11.8
Other currencies	3.5	(4.4)
Total	**48.4**	**131.2**

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, 2012	Dec. 31, 2011
Trade payables	**145.1**	**142.6**
Advances and downpayments received	3.4	1.7
Accrued payroll and other taxes	152.0	144.7
Deferred income	44.8	37.0
Other	17.3	15.5
Other operating payables	**217.5** [(a)]	**198.9**
Current tax payables	**20.2**	**27.3**
Due to suppliers of non-current assets	22.4	18.2
Other	1.4 [(b)]	9.5
Non-operating payables	**23.8** [(c)]	**27.7**

(a) Operating payables are generally due within one year, except for certain deferred income.

(b) Including €1.1 million corresponding to the fair value of derivatives at December 31, 2012 versus €7.9 million at end-2011.

(c) The majority of non-operating liabilities are due within one year.

17. Personnel costs

In millions of euros	2012	2011
Wages and salaries	357.7 [a]	326.8
Payroll taxes	131.2	117.7
Employee profit-sharing [b]	12.1	11.6
Total	**501.0** [c] [d]	**456.2**
Average headcount	**6,787**	**6,535**
Headcount at year end	**7,285**	**7,014**

[a] Including a reversal of €3.1 million corresponding to the fair value of share-based payments (see Note 18.1).
[b] Relating to bioMérieux SA and AES.
[c] Including €0.6 million corresponding to restructuring charges recognized in "Non-recurring income and expenses from operations, net".
[d] Including €9.4 million in contributions to defined contribution pension plans.

18. Share-based payment

18.1 Share grant plans

Number of shares	Year in which plan opened				
	2008	2009	2010	2011	2012
Initial number of options granted	25,000	52,256	252,851	51,567	26,000
Forfeited shares		201	100,323	1,950	
Number of shares delivered in 2012		14	4,253	7	
Total number of vested shares	25,000	41,026	4,253	7	
Number of shares to be delivered as of Dec. 31, 2012	0	11,029	148,275	49,610	26,000

In 2008, 2009, 2010, 2011 and 2012, the Board of Directors granted free shares to certain employees and corporate officers.

Under the terms of the different plans, the shares are subject to a vesting period of between two and four years.

Moreover, the free shares will only vest if certain performance conditions are met. These conditions are used to calculate the variable compensation of the Group's main senior executives and they are based either on sales and operating profit or on other specific objectives. In addition to the vesting period, the free shares are subject to a two-year lock-up period. 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.

In 2012, the Group recognized net income of €3.1 million in personnel costs in respect of share-based payment (see Note 17), further to the projected failure to achieve the continuous employment and performance conditions through to the end of the vesting period (reversal of €3.4 million in cumulative expenses recorded since the plan grant date).

At December 31, 2012, bioMérieux SA held 3,714 of its own shares for allocation under the above-described share grant plans. The Company will have to purchase a further 231,200 shares to cover its commitments, the cost of which would be €16.6 million based on the share price at December 31, 2012. In view of the forecast achievement of performance conditions at that date, the Company will have to purchase 31,825 treasury shares amounting to a cost of €2.3 million based on the same market price.

18.2 Stock option plan

	Share grant plans
Company	bioTheranostics
Date of Shareholders' Meeting authorizing the plan	September 24, 2008
Maximum number of shares that may be granted	2,000,000
Beneficiaries	Corporate officers/employees/consultants
Vesting conditions	Continuous employment
Vesting period	Options vest over 4 years from the grant date – 25% at the end of each year (cliff vesting)
Option expiration date	10 years from the grant date
Subscription price per share	USD 3.00
Number of options granted in 2012	346,500
Total number of options granted at Dec. 31, 2012	2,512,800
Number of shares that may be subscribed at Dec. 31, 2012	822,600
Number of options exercised at Dec. 31, 2012	0
Number of shares subscribed at Dec. 31, 2012	10
Number of options forfeited in 2012	109,750
Total number of options forfeited at Dec. 31, 2012	669,240
Number of options outstanding at Dec. 31, 2012	156,440

bioTheranostics carried out a stock split in 2010. Consequently the number of stock options that may be granted pursuant to the authorization given by the Shareholders' Meeting of September 24, 2008 has been increased from 1 million to 2 million.

The expense recognized in personnel costs in 2012 in relation to the stock option plan amounted to €0.5 million.

The bioTheranostics' stock option plan has no material impact on the calculation of the Group's diluted earnings per share.

19. Other operating income and expenses

In millions of euros	2012	2011
Net royalties received	6.1	7.5
Research tax credits	17.9	13.8
Other	(0.1)	(0.6)
Total	**23.9**	**20.7**

20. Operating lease expenses

In millions of euros	2012	2011
Operating lease expenses	25.6	22.1

21. Depreciation, amortization, provisions and impairment

In millions of euros	2012	2011
Depreciation and amortization of non-current assets	117.7	83.6
Provisions	6.1	(3.6)
Impairment allowance for current assets	(1.2)	2.7
Impairment of non-current financial assets	(4.0)	5.4
Total	**118.6**	**88.0**

22. Financial income and expenses

22.1 Cost of net debt

In millions of euros	Income	Expenses	2012	2011
Finance costs	0.1 [(a)]	4.9	(4.7)	(4.1)
Foreign-exchange gains (losses)		1.7	(1.7)	(0.3)
Total	**0.1**	**6.6**	**(6.4)**	**(4.4)**

[(a)] Interest income on invested cash balances.

22.2 Other financial income and expenses

In millions of euros	Income	Expenses	2012	2011
Interest income on leased assets	3.5		3.5	3.8
Impairment/Disposals of shares in non-consolidated companies		3.9	(3.9)	(2.9)
Other	2.2	6.8	(4.5) [(a)]	(4.2) [(a)]
Total	**5.8**	**10.7**	**(4.9)**	**(3.3)**

[(a)] Including (in millions of euros):

Currency hedges on future commercial transactions (time value)	(6.4)	(5.7)
Late payment interest billed to customers	2.2	1.7

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 2011 and 2012:

In millions of euros	**2012**	**2011**
Sales	(10.4)	6.2
Purchases	(8.7)	0.7
Financial items	(1.7)	(0.3)
Total	**(20.9)**	**6.6**

23. Non-recurring income and expenses from operations

In millions of euros	Income	Expenses	**2012**	2011
Impairment of goodwill recognized on bioThernostics		21.0	(21.0)	
Brazilian tax dispute		2.3	(2.3)	
Impairment of Boxtel site	0.6	2.0	(1.4)	
Impairment of receivables owed by the Greek State	0.3		0.3	(6.1) [(a)]
Disposal loss on Greek State bonds	6.0	6.1	(0.1)	
Restructuring	1.4	2.3	(0.9)	(1.8)
Disposal gains (losses)	8.0	8.2	(0.2)	(0.1)
Acquisition-related costs: AES Laboratoire and Argène				(3.7)
Other	0.5	0.3	0.2	(0.5)
Total	**16.8**	**42.2**	**(25.4)**	**(12.2)**

[(a)] See Note 8.

24. Income tax

24.1 Analysis of income tax expense

In millions of euros	**2012**		**2011**	
	Tax	**Rate**	**Tax**	**Rate**
Theoretical tax at standard French tax rate [(a)]	**80.9**	**36.2%**	**85.9**	**36.2%**
- Impact of income tax at reduced tax rates and foreign tax rates	(6.8)	-3.0%	(4.9)	-2.0%
- Taxes on dividends	3.4	1.5%	3.2	1.3%
- Impact of permanent differences [(b)]	10.4	4.4%	0.3	0.1%
- Deferred tax assets not recognized on tax losses carried forward	8.3	3.7%	1.5	0.6%
- Utilization of deferred tax assets not previously recognized	0.0	0.0%	(3.3)	-1.4%
- Impact of presentating research tax credits in operating profit	(6.1)	-2.6%	(5.0)	-2.1%
- Tax credits (other than research tax credits)	(0.7)	-0.3%	(0.7)	-0.3%
Actual income tax expense	**89.4**	**40.0%**	**77.2**	**32.5%**

[(a)] Standard French tax rate applied to the pre-tax profit of consolidated companies.
The basic corporate income tax rate in France is 33.33%. Act no. 99-1140 of December 29, 1999 on social security funding created a surtax that raised the legal rate by 1.1%. The amended 2011 Finance Act introduced a 5% income tax surcharge payable on profits in 2012 and 2013, raising the income tax rate for 2011 and 2012.

[(b)] Including the impact of impairment losses recognized in 2012: bioTheranostics (2.7%) and Knome (3.5%).

24.2 Breakdown of income tax expense

In millions of euros	2012	2011
Income tax on operating profit before non-recurring items	100.9	84.1
Income tax on other income and expenses from operations	(8.6)	(4.3)
Income tax on net financial expense	(2.9)	(2.6)
Total	**89.4**	**77.2**
Net income tax expense		
of which current income tax expense	69.9	78.7
of which net deferred income tax expense (benefit)	19.6	(1.5)

25. Information by geographic area

The information by geographic area shown in the tables below has been prepared in accordance with the accounting principles used to prepare the consolidated financial statements.

Dec. 31, 2012 *In millions of euros*	Europe	North America	Asia-Pacific	Latin America	Intra-group transactions	Consolidated total
Sales						
Consolidated sales (based on end-customer's location)	**806.7**	**345.2**	**283.5**	**134.3**		**1,569.8**
Net export sales from the region	827.9	358.5	266.3	117.2		1,569.8
Inter-region sales	213.7	269.2	14.1	2.0	(499.0)	0.0
Net generated by the region	**1,041.6**	**627.7**	**280.5**	**119.1**	**(499.0)**	**1,569.8**
Non-current assets						
Allocated assets	604.7	196.6	57.8	27.4		886.5
Unallocated assets						55.7
Consolidated assets	**604.7**	**196.6**	**57.8**	**27.4**		**942.2**

Dec. 31, 2011 *In millions of euros*	Europe	North America	Asia-Pacific	Latin America	Intra-group transactions	Consolidated total
Sales						
Consolidated sales (based on end-customer's location)	**755.5**	**320.4**	**225.3**	**126.0**		**1,427.2**
Net export sales from the region	774.2	329.9	211.8	111.3		1,427.2
Inter-region sales	161.3	252.0	13.8	1.6	(428.8)	0.0
Net generated by the region	**935.5**	**581.9**	**225.7**	**112.9**	**(428.8)**	**1,427.2**
Non-current assets						
Allocated assets	584.6	246.6	58.1	27.8		917.1
Unallocated assets						55.1
Consolidated assets	**584.6**	**246.6**	**58.1**	**27.8**		**972.2**

The table below provides a breakdown of sales by technology.

Sales by technology *In millions of euros*	**2012**	**2011**	% change As reported	**% change** Like-for-Like
Clinical applications	**1,251**	**1,177**	+6.2%	**+2.9%**
Microbiology	801	737	+8.6%	**+4.5%**
Immunoassays	362	355	+2.0%	**+1.3%**
Molecular biology	73	69	+5.8%	**-4.1%**
Other lines	15	16	-6.3%	**-7.7%**
Industrial Applications	**319**	**250**	+27.7%	**+7.6%**
TOTAL	**1,570**	**1,427**	+10.0%	**+3.7%**

26. Auditors' fees

In thousands of euros	**2012**				**2011**			
	Ernst & Young	DRC	Other	**Total**	Deloitte & Associés	DRC	Other	**Total**
Audit	**1,069**	**133**	**70**	**1,273**	**815**	**132**	**432**	**1,379**
- bioMérieux SA	160	130		290	139	129		268
- fully consolidated subsidiaries	909	3	70	983	675	3	432	1,110
Related assignments	3	8		**11**			3	**3**
AUDIT	**1,072**	**141**	**70**	**1,283**	**815**	**132**	**435**	**1,382**
Legal, tax, labor-related services	18			18	9			9
Other	10			10				0
OTHER SERVICES	**28**	**0**	**0**	**28**	**9**	**0**	**0**	**9**
TOTAL	**1,100**	**141**	**70**	**1,312**	**824**	**132**	**435**	**1,391**

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 sales, earnings and assets and liabilities 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 26% of sales in 2012 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 U.S., are paid for in U.S. dollars, mitigating the impact of fluctuations of the U.S. dollar on operating income.

Other currencies represent 34% of the Company's sales. However, as costs denominated in other currencies are limited, the Company is exposed to the risk of a fall in these currencies. This exposure is spread over approximately 20 currencies, none of which accounts for more than 4% of the Group's activity. 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. Hedging contracts are purchased to cover transactions included in the budget and not for speculative purposes.

Distribution subsidiaries are currently billed in their local currencies by manufacturing subsidiaries (except where prohibited by law), so that currency risks can be managed at corporate level for manufacturing entities.

Whenever possible, the Group hedges currency risks arising on debt in currencies other than those of the country in which operations are located, so as to offset any foreign currency translation risks.

In addition to having an impact on the Company's earnings, exchange rate fluctuations can affect its equity. Due to its worldwide presence, many of the Group's assets and liabilities are recognized in dollars or in other currencies. To date, the Company does not hedge exchange rate risks on its net assets.

Hedges consist mainly of forward sales or purchases of foreign currencies (with maturities of less than 18 months at December 31, 2012). Detailed information on hedging transactions is provided in Note 27.1.3.

27.1.2 Currency exposure

Sales

The table below shows the currencies in which sales are generated by Group entities:

In millions of euros	2012	%	2011	%
Euro	**624**	***40%***	**596**	***42%***
Other				
U.S. dollar [(a)]	406	*26%*	384	*27%*
Japanese yen	55	*3%*	52	*4%*
Chinese yuan	54	*3%*	2	*0%*
Brazilian real	49	*3%*	52	*4%*
Pound sterling	46	*3%*	39	*3%*
Canadian dollar	38	*2%*	37	*3%*
Australian dollar	36	*2%*	33	*2%*
South Korean won	28	*2%*	25	*2%*
Other currencies	235	*15%*	207	*15%*
Sub-total	**946**	***60%***	**831**	***58%***
TOTAL	**1,570**	**100%**	**1,427**	**100%**
Sensitivity [(b)]	**-10**		**-8**	

(a) Dollar and pegged currencies include the U.S. dollar and Hong Kong dollar.
(b) Impact on sales of a 1% increase in the euro exchange rate against all currencies.

Consolidated equity

A 1% increase in the euro exchange rate against all currencies would have had the following effect:

In millions of euros	**2012**	**2011**
Profit for the year	**(0.8)**	**(1.1)**
Equity [(a)]	**(5.1)**	**(5.3)**

[(a)] Translated at the year-end rate.

Exposure of assets and liabilities

The table below shows the Group's exposure to foreign exchange risks at December 31, 2012:

In millions of currency units	**USD**	**JPY**	**BRL**	**KRW**	**PLN**
Assets denominated in foreign currencies	47.9	1,141	25.6	11,186	31.5
Liabilities denominated in foreign currencies	(8.1)	(52)	0.0	0	(0.1)
Net exchange exposure before hedging	**39.8**	**1,089**	**25.6**	**11,186**	**31.4**
Impact of hedging	2.5	293	12.6	7,100	11.7
Net exchange exposure after hedging	**37.3**	**796**	**13.0**	**4,086**	**19.7**

In millions of euros	**USD**	**JPY**	**BRL**	**KRW**	**PLN**
Sensitivity [(a)]	**-0.2**	**0.0**	**0.0**	**0.0**	**0.0**

[(a)] Impact of a 1% increase in the exchange rate on the net exchange rate exposure at December 31, 2012, taking into account fair value hedges.

27.1.3 Currency hedging instruments

bioMérieux uses hedging instruments to reduce currency risks that may have an impact on budgeted profit. Its general policy is to use global hedges covering similar risks. Hedge contracts are purchased to cover transactions included in the budget and not for speculative purposes.

Currency hedges in effect at December 31, 2012 were as follows:

Currency hedges at December 31, 2012 *In millions of euros*	Expiration date 2012		Notional amount 2012[(a)]	Market value 2012[(b)]
	<1 year	1-5 years		
Hedges of existing commercial transactions				
- Currency forward contracts	54.7	0.0	54.7	(0.1)
- Options	0.6	0.0	0.6	0.0
Total	**55.3**	**0.0**	**55.3**	**(0.1)**
Hedges of future commercial transactions				
- Currency forward contracts	177.1	37.1	214.2	3.5
- Options	31.4		31.4	1.0
Total	**208.5**	**37.1**	**245.6**	**4.5**
Hedges of net investments in foreign operations				
- Currency forward contracts for 2012	30.9	0.0	30.9	0.5
- Currency forward contracts for 2013	0.0		0.0	
Total	**30.9**	**0.0**	**30.9**	**0.5**

(a) All of the Group's currency hedging instruments in place at December 31, 2012 had maturities of less than 18 months.

(b) Difference between the hedging rate and the market rate at December 31, 2012, including premiums paid/received.

The positive €4.5 million market value of hedges of future commercial transactions recorded in the balance sheet at December 31, 2012 included €5.6 million in fair value gains recognized in other comprehensive income and €1.1 million in fair value losses recognized in profit.

The €0.5 million positive market value at December 31, 2012 of hedges of net investments in foreign operations corresponds to fair value gains recognized under other comprehensive income.

All of the currency forward contracts and options outstanding at December 31, 2012 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 €3.8 million in 2012 versus a negative €4.0 million in 2011.

27.2 Credit risk

The Group is not exposed to significant credit risk. The carrying amount of its receivables reflects the fair value of the expected net cash flows to be collected. However, at December 31, 2012 the Group is exposed to counterparty risk on €75 million worth of receivables it holds with Southern European sovereigns experiencing economic difficulties (Portugal, Italy, Spain and Greece). The impact of the related impairment losses taken in 2012 and the Group's net exposure to receivables owed by the Greek State are disclosed in Note 2 to the consolidated financial statements. None of the Group's customers represents more than 10% of consolidated sales.

27.3 Liquidity risk

Financial liabilities due in less than one year and in more than one year are classified in the balance sheet as current and non-current liabilities, respectively.

The Group is not exposed to liquidity risk since its total current financial assets far exceed its total current financial liabilities and seasonal fluctuations do not have a material impact on the business.

Accordingly, the only maturity schedule disclosed pertains to net debt (see Note 15.2).

27.4 Interest-rate risk

Given the Company's net debt position of €48.4 million at December 31, 2012, its exposure to interest rate risks is not deemed material and has not been hedged. A 100 basis-point change in interest rates in 2012 would not have had a material impact on net financial expense 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, 2012		December 31, 2011	
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			**34.7**	**34.7**	**26.9**	**26.6**
- Loans and receivables		C	N/A	6.8	6.8	8.4	8.7
- Available-for-sale financial assets		A	3	27.7	27.7	18.3	18.3
- 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)	5.4	C	N/A	29.6	29.6	31.5	31.5
Trade receivables:	8			**433.4**	**433.4**	**447.1**	**447.1**
- Trade receivables		D	N/A	418.0	418.0	431.6	431.6
- Short-term portion of finance lease receivables	5.4	C	N/A	15.4	15.4	15.5	15.5
Other receivables:							
- Advances and downpayments	9	D	N/A	4.9	4.9	3.3	3.3
- Derivative instruments	9	(*)	2	**6.8**	**6.8**	**0.0**	**0.0**
- Hedges of future commercial transactions	27.1.3			6.3	6.3	0.0	0.0
- Hedges of net investments in foreign operations	27.1.3			0.5	0.5		
Cash and cash equivalents	10	B	1	65.6	65.6	42.7	42.7
Liabilities:							
Trade payables	16	D	N/A	145.1	145.1	142.6	142.6
Other payables:	16						
- Advances and downpayments received		D	N/A	3.4	3.4	1.7	1.7
- Other operating payables		D	N/A	17.3	17.3	15.5	15.5
- Due to suppliers of non-current assets		D	N/A	22.4	22.4	18.2	18.2
- Derivative instruments		(*)	2	**1.8**	**1.8**	**(6.1)**	**(6.1)**
- Hedges of future commercial transactions	27.1.3			1.8	1.8	(5.0)	(5.0)
- Hedges of net investments in foreign operations	27.1.3					(1.1)	(1.1)
Borrowings (short term and long term)	15.2	C	N/A	**114.0**	**114.0**	174.0	174.0

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 2012.

Impairment losses recorded against financial assets in 2012 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 2012.

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 2011 and 2012:

MOVEMENTS *In millions of euros*	**Available-for-sale financial assets**
December 31, 2010	**17.7**
Gains and losses recognized in profit	
Gains and losses recognized in other comprehensive income	
Acquisitions	3.6
Disposals	(3.0)
Changes in Group structure, translation adjustments and other	0.0
December 31, 2011	**18.3**
Gains and losses recognized in profit	(3.7)
Gains and losses recognized in other comprehensive income	
Acquisitions	13.3
Disposals	(0.1)
Changes in Group structure, translation adjustments and other	0.0
December 31, 2012	**27.7**

In 2012 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 decline in their fair value.

28. Off-balance sheet commitments

Outstanding commitments given or received at December 31, 2012 are described below:

28.1 Off-balance sheet commitments relating to Group companies

- When AES Laboratoire Groupe sold its controlling stake in Agro Bio to Qualtech on May 17, 2011, it granted a seller's warranty for an amount of €1.6 million valid through March 31, 2014. The amount of this warranty declines by one-third every twelve months.

- 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 2012, 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-2012, it was not deemed probable that these clauses would be triggered, or the amount involved could not be reliably ascertained.

28.2 Off-balance sheet commitments relating to the Company's financing

Commitments related to borrowings are described in Note 15.3.

Commitments related to derivative instruments are described in Note 27.1.

28.2.1 Commitments given

Bank guarantees given by the Group in connection with bids lodged totaled €71.8 million at December 31, 2012.

28.2.2 Commitments received

bioMérieux SA has a syndicated credit facility for an amount of €350 million repayable in full at maturity in 2017 (see Note 15.1). At December 31, 2012, €60 million had been drawn under this facility, with a residual €290 million remaining undrawn.

28.3 Off-balance sheet commitments relating to the Company's operating activities

28.3.1 Commitments given

- bioMérieux SA participates in a research program coordinated by Institut Mérieux, together with bioMérieux, Transgène, Genosafe and the Genethon association. The aim of this program is to develop a new generation of diagnoses and therapies focusing on cancers, infectious diseases and genetic disorders. Known under the acronym "ADNA" (for "Advanced Diagnostics for New Therapeutic Approaches"), the program receives financing from the French government's Industrial Innovation Agency (*Agence de l'Innovation Industrielle*), which merged with OSEO ANVAR in 2007. The public financing agreement was approved by the European authorities on October 22, 2008. bioMérieux SA has agreed to carry out €86.8 million worth of research and development work as part of the program during the period from 2007 through 2017. In return, bioMérieux SA will receive subsidies and repayable grants of up to €16.1 million and €8.9 million, respectively. If a project is successful, bioMérieux SA will have to reimburse the repayable grants according to a payment schedule based on sales generated, and then pay 3.4% of sales until 2029. The financial terms and conditions described above were reviewed by the parties at end-2012, and will be subject to a further addendum in 2013.

- 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 (€28.3 million).

- Real estate rent commitments given by Group companies amounted to €19.8 million at December 31, 2012, of which €13.3 million was payable beyond one year.

- In 2012, bioMérieux acquired an €11.8 million interest in Quanterix and committed to acquiring a further interest of USD 10 million (€7.6 million) within two years, subject to validation of the platform.

- In the event that all of the shares allocated under share grant plans approved by the Board of Directors ultimately vested, bioMérieux SA would have to purchase 231,200 shares to cover its commitments, in addition to the 3,714 of its own shares already held in treasury, the cost of which would be €16.6 million based on the share price at December 31, 2012.

- bioMérieux SA entered into a ten-year partnership with Bioaster a technological research institute in Lyon, specialized in infectious diseases. The cost of its contribution to research activities, which will be put in place through partnership agreements with Bioaster, is estimated at €4 million over the next three years. This amount does not include the cost of internal bioMérieux resources which may be used in joint projects.

- Other commitments given (endorsements and guarantees other than real estate rent obligations) amounted to €2.3 million.

- At December 31, 2012, the Group's obligations to its employees in terms of the statutory training entitlement provided for under French law (*Droit Individuel à la Formation* – DIF) were estimated to represent a maximum of 299,918 hours (bioMérieux SA: 274,996 hours, AES Chemunex: 24,922 hours).

28.3.2 Commitments received

– Other commitments received amounted to €4 million.

29. Transactions with related parties

29.1 Directors' and officers' compensation

The Company's directors and members of the Executive Committee were paid an aggregate €6.1 million in compensation in 2012. This amount can be broken down as follows:

Compensation paid to senior executives *In millions of euros*	**2012**	2011
Fixed compensation	**3.2**	**3.7**
Variable compensation	**2.5**	**1.7**
Pension benefits		**0.1**
Benefits in kind	**0.1**	**0.1**
Free shares	**0.1**	**2.2**
Directors' fees	**0.3**	**0.3**
Termination benefits		**2.5**
TOTAL	**6.1**	**10.6**

29.2 Other transactions with non-consolidated affiliates

bioMérieux Japan – which is 34%-owned by Sysmex under a joint venture agreement – paid Sysmex €9.6 million in commission on sales generated in 2012. In addition, bioMérieux Japan provided Sysmex with €5.2 million worth of instruments and reagents during the year.

Institut Mérieux, which held 58.9% of bioMérieux SA's shares at December 31, 2012, provided consultancy and support services to bioMérieux SA and bioMérieux Inc. valued at €7.5 million for the year. Conversely, bioMérieux SA billed Institut Mérieux €0.5 million for expenses incurred on its behalf.

During 2012, the Group supplied €4.9 million worth of reagents and instruments to entities of the Mérieux NutriScience Corp. group, in which Institut Mérieux holds a majority interest.

ABL – which is wholly-owned by TSGH, itself 98.66%-controlled by Institut Mérieux – is a bioMérieux Inc. subcontractor and billed a total of €0.3 million in 2012 in relation to services rendered. bioMérieux Inc. also provided services to ABL, which were valued at €1.8 million for the year.

Also during the year, bioMérieux SA contributed €1.3 million to the Christophe and Rodolphe Mérieux Foundation and €0.1 million to the Mérieux Foundation for humanitarian projects.

Thera Conseil, which is 98.24%-owned by Institut Mérieux, billed bioMérieux SA €1.1 million for services in respect of 2012.

bioMérieux SA billed €0.3 million worth of services in 2012 to IMAccess, which is wholly-owned by Institut Mérieux.

A cash pooling system has been put in place for which bioMérieux and Institut Mérieux set up cash borrowing and lending facilities during the year. bioMérieux paid €0.1 million in interest charges in 2012 in connection with amounts borrowed from the cash pool.

bioMérieux SA has entered into a number of research and development agreements with Transgène (in which Institut Mérieux holds a 54.9% equity interest through TSGH) under which the Company received €0.1 million in fees for 2012.

30. Subsequent events

To the best of the Group's knowledge, no events have occurred since the reporting date that are likely to have a material impact on the consolidated financial statements for the year ended December 31, 2012.

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, 2012

		2012[(a)]	2011[(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%
AB Service SARL	Parc Technologique Delta Sud 09340 Verniolle – France	100%	100%
ABG Stella	1409 Foulk Road, Suite 102, PO Box 7108 Wilmington, DE 19803-0108 – U.S.	100%	100%
Adiagène SA	38 Rue de Paris 35170 Bruz – France	82%	56%
AES Canada Inc.	500 boul. Cartier Ouest, suite 262 H7V 5B7 Laval, QC - Canada	100%	100%
AES Chemunex GmbH	Zeiloch 20 - 76646 Bruschal – Germany	100%	100%
AES Chemunex Inc.	Eight-A Corporate Ctr.1 Corporate Dr. Cranbury NJ08512 – U.S.	100%	100%
AES Chemunex SA	Route de Dol 35270 Combourg – France	100%	100%
AES Laboratoire Groupe SAS	Route de Dol 35270 Combourg – France		100%
AES Laboratoire Italia SRL	Via Pana, 56/b 35027 Noventa padovana – Italy	100%	100%
AES Chemunex Espana SA	Pol. Ind. Santa Margarida II – C/ A. Einstein 08223 Terrassa – Spain	100%	100%
Argene	Parc Technologique Delta Sud 09340 Verniolle – France		100%
Argene SARL	Rue P.-E Brandt 4 2502 Bienne – Switzerland		100%
Argene SRL	via Maurizio Gonzaga n. 7 20123 Milano – Italy		100%
Argene Inc.	45 Ramsey Road Shirley, NY 11967 – U.S.	100%	100%
Bacterial Barcodes Inc.	425 River Road – Athens – GA 30602 – U.S.	100%	100%
Biolease SARL	Route de Dol 35270 Combourg – France		100%
bioMérieux South Africa	7 Malibongwe Dr, Cnr Aimee St. Fontainebleau, Randburg, PO Box 2316 Randburg 2125 – South Africa	100%	100%
bioMérieux West Africa	Avenue Joseph Blohorn - 08 BP 2634 - Abidjan 08 – Côte d'Ivoire	100%	100%
bioMérieux Algeria	Bois des cars 2 - Lot 11 1er étage - 16302 Dely Ibrahim Algiers - Algeria	100%	100%
bioMérieux Germany	Weberstrasse 8 – D 72622 Nürtingen – Germany	100%	100%
bioMérieux Argentina	Edificio Intecons - Arias 3751 3er piso - C1430CRG 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 95-B, A-1230 Vienna – Austria	100%	100%
bioMérieux Belgium	Media Square – 18-19 Place des Carabiniers – 1030 Brussels – Belgium	100%	100%
bioMérieux Benelux BV	Hogeweg 5 (2nd floor) - 5301 LB zaltbommel - Postbus 2104 5300 CC Zaltbommel – 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 boulevard Henri Bourassa – West – H4S 1P7 Saint Laurent (Quebec) – Canada	100%	100%
bioMérieux Chile	Seminario 131 – Providencia – Santiago – Chile	100%	100%

		2012[(a)]	2011[(a)]
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	1st and 2nd floor Yoo Sung Building #830-67, Yeoksam-dong, Kangnam ku – Seoul – South 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	Konalantie 47 C - FI-00390 Helsinki – Finland	100%	100%
bioMérieux Greece	Papanikoli 70 – 15232 Halandri – Athens – Greece	100%	100%
bioMérieux Hong Kong Investment	17/Floor, Yen Sheng Center, 64 Hoi Yuen Road, Kwun Tong – Kowloon – Hong Kong – China	100%	100%
bioMérieux Hungary	Vaci ut 175 - 1138 Budapest – Hungary	100%	100%
bioMérieux Inc.	100 Rodolphe Street – Durham NC 27712 – U.S.	100%	100%
bioMérieux India	A-32, MohanCo-operative Ind. Estate – New Delhi 110 044 – India	100%	100%
bioMérieux International SAS (formerly Stella SAS)	69280 Marcy l'Étoile – France	100%	100%
bioMérieux Italy	Via di Campigliano, 58 – 50126 Ponte a Ema – Florence – Italy	100%	100%
bioMérieux Malaysia	Menara Prima Avenue, Jalan PJU 1/39, Dataran Prima 47301 Petaling Jaya, Selangor darul Ehsan – Malaysia	100%	
bioMérieux Mexico	Chihuahua 88, col. Progreso – Mexico 01080, DF – Mexico	100%	100%
bioMérieux Middle East	DHCC Al Baker Building 26 – Office 107 – PO Box 505 201 Dubai – United Arab Emirates	100%	100%
bioMérieux Norway	Økernveien 145 – N-0513 Oslo – Norway	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 UK	Grafton Way, Basingstoke – Hampshire RG22 6HY – UK	100%	100%
bioMérieux Russia	Derbenevskaya ul. 20, str. 11 – Moscow 115 114 – Russia	100%	100%
bioMérieux Singapore	11 – Biopolis Way – Helios – # 10-04 – Singapore 138667	100%	100%
bioMérieux Sweden	Hantverksvagen 15 – 43633 Askim – Sweden	100%	100%
bioMérieux Switzerland	51 Avenue Blanc – Case Postale 2150 – 1202 Geneva – Switzerland	100%	100%
bioMérieux Thailand	3195/9 Vibulthani Tower, 4th floor – Rama IV Road – Klongton – Klongtoey – Bangkok 10110 – Thailand	100%	100%
bioMérieux Turkey	Isiklar Cad. N0 29, Atasehir - 34750 Istanbul – Turkey	100%	100%
bioTheranostics	9640 Towne Centre Dr., Ste 200 – San Diego CA 92121 – U.S.	100%	100%
bioMérieux Vietnam	Meconimex Building, no. 4, Vu Ngoc Phan Street, Lang Ha Ward Dong Da District, Hanoi – Vietnam	100%	
BTF Pty Limited	PO Box 599 - North Ryde BC - NSW 1670 – Australia	100%	100%
Dima Gesellschaft für Diagnostika mbH	Robert-Bosch-Breite 23 – 37079 Goettingen – Germany		100%
PML Microbiologicals	27120 SW 95th Avenue – Wilsonville, OR 97070 – U.S.	100%	100%

		2012[a]	2011[a]
RAS Lifesciences	Plot no. 13, 4-7-18/13/2, Raghavendra Nagar, Nacharam, Hyderabad – 500 076 – India	60%	
Shangai bioMérieux Bio-engineering	Unit 02 to 05, 28/F, Hai Tong Securities Tower – 689 Guang Dong Road – Huangpu District – Shanghai 200001 – China	60%	60%
Skiva SAS	9 avenue Matignon – 75008 Paris – France		100%
SSC Europe	ul. Zeromskiego 17 – Warsaw 01-882 – Poland	100%	100%
Sysmex bioMérieux (formerly bioMérieux Japan)	Central Tower 8th – 1 2 2 Osaki Shinagawa-ku – Tokyo 141-0032 – Japan	66%	66%
bioMérieux (Shanghai) Biotech Co. Ltd (formerly Meikang)	No. 4633 Pusan Road, Kangqiao Industrial Park – Pudong New District – Shanghai – 200335 – China	100%	100%
bioMérieux (Shangai) Company Ltd	No. 4633 Pusan Road, Kangqiao Industrial Park – Pudong New District – Shanghai – 200335 – China	100%	100%
bioMérieux (Shanghai) Biological Products Co. Ltd (formerly Zenka)	4/F Block 1 no. 74 – Qingchi Road – Changning District – 200335 Shanghai – China	100%	100%

[a] Percentage control is identical to percentage interest.

20.1.2 PARENT COMPANY FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2012

INCOME STATEMENT

In millions of euros	**2012**	**2011**
Sales of goods and finished products	699.4	669.7
Other income	83.2	73.7
Sales, net (Note 21)	**782.6**	**743.4**
Production included in inventories (work-in-progress and finished products)	2.1	4.1
Capitalized production	4.2	3.3
Total production	**788.9**	**750.8**
Cost of material supplies and other external charges	(284.8)	(270.7)
Change in raw material and instrument inventories	3.2	(0.4)
External charges	(189.4)	(174.5)
Added value	**317.9**	**305.2**
Taxes other than income tax	(12.8)	(12.2)
Payroll and benefits (Note 22)	(215.9)	(201.3)
Gross operating profit	**89.2**	**91.7**
Depreciation, amortization and provisions	(34.5)	(24.7)
Other operating income/(expense)	(36.4)	(29.1)
Operating profit	**18.3**	**37.9**
Net financial expense (Note 25)	(3.5)	(0.9)
Net investment income	137.4	68.3
Profit before non-recurring items and tax	**152.2**	**105.3**
Net non-recurring expense (Note 27)	(3.2)	(2.3)
Employee profit sharing	0.0	(0.6)
Income tax (Note 28)	13.2	1.1
Profit for the year	**162.2**	**103.5**
Earnings per share[(a)]	**4.11**	**2.62**

[(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, 2012**	**Net** **Dec. 31, 2011**
Fixed assets		
. Intangible assets (Note 3)	239.2	26.9
. Property, plant and equipment (Note 4)	161.4	150.0
. Non-current financial assets (Note 5)	280.8	429.9
Total fixed assets	**681.4**	**606.8**
Current assets		
. Inventories and work-in-progress (Note 6)	109.2	99.6
. Trade receivables (Note 7)	229.4	234.3
. Other operating receivables (Note 8)	23.7	21.8
. Non-operating receivables (Note 8)	35.5	18.6
. Cash and cash equivalents (Note 10)	67.9	83.1
Total current assets	**465.7**	**457.4**
Unrealized foreign exchange losses (Note 12)	**4.8**	**0.7**
Total assets	***1,151.9***	***1,064.9***
Shareholders' equity and liabilities	**Dec. 31, 2012**	**Dec. 31, 2011**
Shareholders' equity (Note 13.2)		
. Share capital (Note 13.1)	12.0	12.0
. Additional paid-in capital	63.5	63.5
. Retained earnings	499.4	434.8
. Statutory provisions and grants (Note 14)	35.8	32.7
. Profit for the year	162.2	103.5
Total shareholders' equity	**772.9**	**646.5**
Provisions (Note 15)	**17.4**	**19.7**
Liabilities		
. Borrowings (Note 16.2)	113.1	166.3
. Trade payables (Note 17)	127.7	123.9
. Other operating payables (Note 17)	98.2	91.1
. Non-operating payables (Note 17)	21.9	16.0
Total liabilities	**360.9**	**397.3**
Unrealized foreign exchange gains (Note 18)	**0.7**	**1.4**
Total shareholders' equity and liabilities	***1,151.9***	***1,064.9***

STATEMENT OF CHANGES IN NET DEBT

In millions of euros	**2012**		**2011**	
Profit for the year	162.2		103.5	
Depreciation, amortization and provisions, net	46.5		45.9	
Gains and losses on corporate actions	(0.5)		0.1	
Merger loss	(0.1)		0.0	
Cash flow from operating activities	**208.1**		**149.5**	
Increase in inventories	(5.4)		(3.8)	
Net change in trade receivables	6.3		(19.7)	
Net change in trade payables and other operating working capital	(0.4)		19.2	
Operating working capital requirement	**0.5**		**(4.3)**	
Net increase in receivables	(9.8)		(10.2)	
Other non-operating working capital	(1.4)		0.3	
Total change in working capital requirement	**(10.7)**		**(14.2)**	
Net cash generated from operating activities	**197.4**		**135.3**	
Capital expenditures	(43.6)		(35.4)	
Disposals of property, plant and equipment	5.8		1.4	
Decrease in payables on fixed assets	6.1		6.1	
Investments	(33.3)	(a)	(224.6)	(b)
Change in other non-current financial assets	(36.0)	(c)	11.0	(d)
Net cash used in investing activities	**(101.0)**		**(241.5)**	
Dividends paid	(38.6)	(e)	(38.7)	
Net cash used in shareholders' equity	**(38.6)**		**(38.7)**	
Change in net debt (excluding exchange rate impact)	**57.8**		**(144.9)**	
Breakdown of change in net debt				
Net debt at beginning of year	83.2		(61.7)	
Net debt from mergers	16.4		0.0	
Impact of changes in exchange rates on net debt	0.8		0.0	
Change in net debt:	**(55.2)**		**144.9**	
- Committed debt	*7.2*		*60.1*	
- Cash and bank overdrafts	*(65.0)*		*84.8*	
- Cash pooling impairment	*2.6*			
Net debt at end of year (Note 16.2)	**45.2**		**83.2**	

(a) Including the capital increase at bioMérieux Chine (€20 million) and acquisition of interests in Quanterix (€11.8 million) and Adiagène (€0.9 million).
(b) Including acquisition of interests in AES (€183.5 million) and Argene (€37.5 million).
(c) Including ABG Stella dividends receivable (€30.9 million) and long-term loan to Brazil (€9.9 million).
(d) Including ABG Stella dividends receivable (€11 million).
(e) Dividend approved by the Shareholders' Meeting of May 30, 2012.

1. Highlights of the year

1.1. Subsidiaries and related parties

On February 3, 2012, the Company issued a BRL 25 million (€11 million) loan to its Brazilian subsidiary. This amount was recorded as an increase in non-current financial assets.

In March 2012, the Company funded its new subsidiary in Malaysia, in an amount of €25,800.

In June 2012, the Company subscribed to a capital increase of bioMérieux China, its Chinese subsidiary for an amount of HKD 191.6 million (€20 million).

In November 2012, the Company acquired an interest in the capital of Mérieux Université, valued at €0.4 million. bioMérieux now holds a 40% interest in Mérieux Université.

In December 2012, the Company subscribed to shares in its new subsidiary in Vietnam, valued at VND 6,300 million (€0.2 million).

In December 2012, the Company purchased Adiagène shares from minority shareholders valued at €0.9 million.

Knome shares valued at €7.3 million were written down to €5 million at December 31, 2012.

International development continued apace with a new office opened in Egypt in May 2012 and another in Saudi Arabia in June 2012.

1.2. Acquisitions and partnerships

On November 15, 2012, the Company acquired an €11.8 million (USD 15 million) interest in Quanterix, bringing bioMérieux's interest in that company to 14%. bioMérieux and Quanterix also entered into a partnership agreement on the right to use Simoa™ technology.

1.3. Takeovers and mergers

AB Service, Argene's holding company, was merged into bioMérieux SA further to a full asset transfer effective for legal and accounting purposes from March 31, 2012 and effective retroactively for tax purposes from January 1, 2012.

Skiva, AES Laboratoire Groupe's holding company, was merged into bioMérieux SA further to a full asset transfer effective for legal and accounting purposes from September 30, 2012 and effective retroactively for tax purposes from April 1, 2012.

Argene was merged into bioMérieux SA further to a simplified merger procedure dated December 31, 2012, effective retroactively for tax and accounting purposes from January 1, 2012.

AES Laboratoire Groupe was merged into bioMérieux SA further to a simplified merger procedure dated December 31, 2012, effective retroactively for tax and accounting purposes from April 1, 2012. As a result of the merger, the shares of the following companies were transferred to bioMérieux SA:

- AES Chemunex valued at €11.7 million;
- AES Inc valued at €1.7 million sold to bioMérieux Inc. in December 2012 for €2 million (USD 2.6 million);
- AES GmbH valued at €0.9 million;
- AES Laboratorio valued at €0.3 million;
- Adiagène valued at €0.2 million.

The merger transactions generated a merger loss of €211.3 million recognized in intangible assets. The merger loss is primarily related to unrealized capital gains on:

- equity interests held in merged companies;
- acquired goodwill, intellectual property rights and company inventories.

Depreciation and amortization of these items (industrial property and inventories) resulted in a €1.7 million writedown of the merger loss.

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 Standards Board (*Comité de la Réglementation Comptable* – CRC) of April 29, 1999.

2.1. Investment grants

Investment grants are recognized in equity. The Company has elected to spread an investment grant in respect of an amortizable fixed asset over several periods. Investment grants are reversed over the same period and in the same pattern as the value of the asset acquired or created as a result of the grant.

2.2. Intangible assets

Intangible assets consist of patents and licenses, most of which are amortized over a period of five years, as well as software which is amortized over three to six years, depending on its expected useful life.

These assets are measured at cost (purchase price and incidental costs, excluding acquisition expenses).

Intangible assets acquired in exchange for the payment of indexed royalties are measured at the time of acquisition on the basis of estimated future royalties to be paid over the term of the contract. These estimates are subsequently adjusted based on royalties effectively paid.

2.3. Property, plant and equipment

Property, plant and equipment is shown on the balance sheet at purchase or production cost.

In accordance with rules concerning the recognition of assets in effect since January 1, 2005, components are separately recognized and depreciated whenever their cost represents a significant portion of the total cost of the asset of which they form a part and their useful life is not the same as that of the main asset.

The only Company assets to which this method is applied are buildings.

Items of property, plant and equipment are depreciated using the straight-line method over their useful lives as follows:

Machinery and equipment	3-10 years
Instruments*	3-5 years

* Instruments either installed at third-party sites or used in-house.

In the case of buildings, depreciation is calculated separately for each component as follows:

Shell	30-40 years
Finishing work, fixtures and fittings	10-20 years

At the time the new rule was applied to assets, in 2005, a retrospective calculation showed that there had been an overall excess depreciation, estimated at €4.4 million at the start of the period, which led to the following entries:

Net reversal of depreciation	€(4.4) million
Accelerated depreciation allowances	€7.7 million
Balance brought forward	€(3.3) million

Impairment tests are carried out for property, plant and equipment whenever events or market developments indicate that an asset may have suffered an impairment. If the carrying amount exceeds the recoverable amount, an impairment loss is recognized to reduce the assets to their market value.

2.4. Non-current financial 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 sales, borrowings and any technology and real estate assets owned by the entity concerned.

Other investments are written down whenever their market value falls below their cost. In particular, the market value of listed securities is their average trading price during the last month of the year.

Other financial assets include treasury shares purchased under a liquidity agreement with an investment firm, for the specific purpose of maintaining an orderly market in the Company's shares. Own shares held are measured at their average trading price during the last month of the year.

2.5. Inventories

Inventories are measured at the lower of cost and net market value.

Inventories of raw materials and consumables are measured at their purchase price plus related expenses using the FIFO method. Work-in-progress and finished products are measured at their actual production cost.

2.6. Receivables

Receivables are recognized at face value. An impairment loss is recognized when the receivables present a risk of non-recovery.

2.7. Cash pool

Changes in the cash pool are valued at the average monthly exchange rate. At the end of the month, cash pool accounts are remeasured at the closing rate with an offsetting entry to unrealized foreign exchange gains and losses. A provision for financial risk is set aside for any unrealized losses.

2.8. Cash and cash equivalents

Cash and cash equivalents includes available cash and short-term investments.

Short-term investments include 3,714 treasury shares purchased in connection with a share grant plan. As prescribed by the French National Accounting Board (*Commission des Normes Comptables* – CNC) in its November 6, 2008 notice, treasury shares allocated to existing plans are not written down to reflect market prices.

2.9. Provisions

Contingency and loss provisions are recognized in accordance with French accounting rules applicable to liabilities (CRC notice 2000-06).

2.10. 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.

2.11. Translation adjustments

Income and expenses in foreign currencies are recognized at their value in euros on the transaction date based on the average monthly exchange rate. 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.

2.12. Sales

Revenue from the sale of products (reagents and instruments) and related services (technical support, training, shipping, etc.) is reported as "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.

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 sales.

2.13. Dividends received

Dividends received are recognized net of withholding taxes applicable in the country of origin.

2.14. 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.

2.15. Research and development expenses

Research and development expenses are recognized in the year in which they are incurred.

2.16. 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.

2.17. 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.

2.18. 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 from operating activities 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.

2.19. 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).

2.20. Tax consolidation

Since January 1, 2005, bioMérieux SA has been the head of a tax consolidation group comprising bioMérieux SA and bioMérieux International SAS (formerly Stella).

3. Intangible assets

BREAKDOWN *In millions of euros*	**Gross value**	**Amortization and impairment**	**Carrying amount Dec. 31, 2012**	**Carrying amount Dec. 31, 2011**
R&D expenses	1.6	1.6		
Software	34.5	28.8	5.7	4.5
Acquired goodwill	222.9	1.7	221.2	11.3
Advances and downpayments	6.0		6.0	5.1
Other	39.2	32.9	6.3	6.0
Total	**304.2**	**65.0**	**239.2**	**26.9**

MOVEMENTS *In millions of euros*	**Gross value**	**Amortization and impairment**	**Carrying amount**
December 31, 2010	**77.3**	**51.6**	**25.7**
Acquisitions/Increases	8.7	6.4	2.3
Disposals/Decreases	(1.1)		(1.1)
December 31, 2011	**84.9**	**58.0**	**26.9**
Merger gain	2.0	0.9	1.1
Merger loss	211.3	1.7	209.6
Acquisitions/Increases	8.2	4.4	3.8
Disposals/Decreases	(2.2)		(2.2)
December 31, 2012	**304.2**	**65.0**	**239.2**

ALLOCATION OF MERGER GAINS AND LOSSES *In millions of euros*	**Argene**	**Skiva**	**AES Group Lab**	**Total**
Acquired goodwill	19.4			19.4
Immunotechnology	1.3			1.3
Molecular biology technology	11.5			11.5
Investments		10.1	168.2	178.3
Inventories	0.7			0.7
Total	**33.0**	**10.1**	**168.2**	**211.3**

4. Property, plant and equipment

BREAKDOWN *In millions of euros*	Gross value	Depreciation and impairment	Carrying amount Dec. 31, 2012	Carrying amount Dec. 31, 2011
Land	9.9	0.5	9.4	9.3
Buildings	176.2	95.3	80.9	76.4
Machinery and equipment	148.0	107.0	41.0	39.6
Capitalized instruments	37.1	30.8	6.3 [(a)]	5.9 [(a)]
Other fixed assets	27.8	21.7	6.1	5.6
Fixed assets in progress	17.8		17.8	13.2
Advances and downpayments				
Total	**416.7**	**255.3**	**161.4**	**150.0**

[(a)] Most instruments are installed at customers' sites outside the Group.

MOVEMENTS *In millions of euros*	Gross value	Depreciation and impairment	Carrying amount
December 31, 2010	**372.6**	**223.1**	**149.5**
Acquisitions/Increases	26.8	26.0	0.8
Disposals/Decreases	(11.8)	(11.5)	(0.3)
December 31, 2011	**387.6**	**237.6**	**150.0**
Merger gain	3.7	2.1	1.6
Acquisitions/Increases	35.6	27.1	8.5
Disposals/Decreases	(10.2)	(11.5)	1.3
December 31, 2012	**416.7**	**255.3**	**161.4**

5. Non-current financial assets

BREAKDOWN *In millions of euros*	Gross value	Provisions	Carrying amount Dec. 31, 2012	Carrying amount Dec. 31, 2011
Investments	353.5	115.3	238.3	421.8
Other non-current financial assets	7.7	7.5	0.1	0.1
Related receivables	40.2		40.2	6.1
Other	2.2 [(a)]	0.1	2.2	1.9
Total	**403.6**	**122.9**	**280.8**	**429.9**

(a) Including 8,600 treasury shares with a value of €0.6 million and 51 Sicav Amundi Tréso Insti fund shares with a value of €1.1 million held on December 31, 2012 under an agreement with Crédit Agricole Cheuvreux (see Note 2.4).

MOVEMENTS *In millions of euros*	Gross value	Provisions	Carrying amount
December 31, 2010	**330.5**	**98.1**	**232.4**
Acquisitions/Increases	224.6	16.2	208.4
Disposals/Decreases	(11.0)	(0.1)	(10.9)
December 31, 2011	**544.1**	**114.2**	**429.9**
Merger gain	138.4	0.1	138.3
Cancelation of shares following merger	(344.5)		(344.5)
Acquisitions/Increases	75.4 [(a)]	10.6	64.8
Disposals/Decreases	(9.7) [(b)]	(2.0)	(7.7)
December 31, 2012	**403.7**	**122.9** [(c)]	**280.8**

(a) Including acquisition of interests for €33.3 million and an increase in trade receivables for €40.8 million.
(b) Including Biomedics loan repayment of €6 million and the sale of shares for €3 million.
(c) Including impairment of bioMérieux BV shares for €53.3 million and of AB bioMérieux shares for €45.2 million.

5.1. Subsidiaries and investments at December 31, 2012

See table overleaf.

	Share capital (in millions of currency units)		Net equity except share capital (in millions of currency units)	Percentage ownership	Carrying amount of shares held before impairment (in millions of euros)	Carrying amount of shares held after impairment (in millions of euros)	Outstanding loans and advances granted by the Company (in millions of euros)	Prior year sales (in millions of currency units)	Prior year profit or loss (in millions of currency units)	Dividends received by the Company during the year (in millions of euros)	Notes
A – SUBSIDIARIES (More than 50%-owned by bioMérieux):											
. AB bioMérieux	SEK	0.2	85.9	100.0%	68.7	23.5	1.0		41.2	5.6	01/01/12 - 12/31/12
. ABG Stella	USD		521.6	100.0%	55.5	55.5			160.0	124.6	01/01/12 - 12/31/12
. Adiagène	EUR	0.3	2.4	81.9%	1.1	1.1		1.2	0.1		01/01/12 - 12/31/12
. AES Canada	CAD		(0.1)	100.0%			0.6	1.2	0.1		01/01/12 - 12/31/12
. AES Chemunex	EUR	2.4	58.9	100.0%	11.7	11.7		73.2	9.1		01/01/12 - 12/31/12
. AES GmbH (Germany)	EUR		0.5	100.0%	0.9	0.9			0.1		01/01/12 - 12/31/12
. AES Laboratorio (Spain)	EUR	0.2	0.4	100.0%	0.3	0.3		6.3	(0.3)		01/01/12 - 12/31/12
. bioMérieux West Africa	CFA	50.0	66.1	100.0%	0.1	0.1		187.0	17.8		01/01/12 - 12/31/12
. bioMérieux Algeria	DZD	58.0	(3.8)	100.0%	0.6	0.6			0.7		01/01/12 - 12/31/12
. bioMérieux Germany	EUR	3.5	9.0	100.0%	3.8	3.8	1.3	78.4	2.3		01/01/12 - 12/31/12
. bioMérieux Argentina	ARS	0.5	26.0	100.0%	5.4	4.8		97.5	(0.2)		01/01/12 - 12/31/12
. bioMérieux Austria	EUR	0.1	1.4	100.0%	0.1	0.1		18.3	1.2	0.5	01/01/12 - 12/31/12
. bioMérieux Belgium	EUR	0.3	1.5	100.0%	0.3	0.3	2.3	24.8	0.7	1.5	01/01/12 - 12/31/12
. bioMérieux Benelux BV	EUR		1.5	100.0%	0.1	0.1		36.4	0.8	1.0	01/01/12 - 12/31/12
. bioMérieux Brazil	BRL	48.8	(20.3)	100.0%	24.0	24.0	9.3	130.1	(12.8)		01/01/12 - 12/31/12
. bioMérieux BV	EUR	22.7	(24.8)	100.0%	53.3		12.2		(0.5)		01/01/12 - 12/31/12
. bioMérieux Chile	CLP	1,686.6	2,097.1	100.0%	3.1	3.1		9,294.7	174.7		01/01/12 - 12/31/12
. bioMérieux China	HKD	193.0	96.9	100.0%	24.6	24.6	5.7	636.4	(36.3)		01/01/12 - 12/31/12
. bioMérieux Colombia	COP	0.5	11.4	100.0%	2.2	2.2		40.8	0.9		01/01/12 - 12/31/12
. bioMérieux Korea	KRW	1,000.0	3,851.5	100.0%	0.7	0.7		40,885.7	2,159.9	1.0	01/01/12 - 12/31/12
. bioMérieux Denmark	DKK	0.5	4.7	100.0%	0.5	0.5		50.3	2.1	0.2	01/01/12 - 12/31/12
. bioMérieux Spain	EUR	0.2	26.4	100.0%	0.3	0.3	3.5	64.6	3.3		01/01/12 - 12/31/12
. bioMérieux Finland	EUR		0.4	100.0%	0.1	0.1	0.1	5.6	0.3	0.2	01/01/12 - 12/31/12
. bioMérieux Greece	EUR	2.0	(2.9)	100.0%	4.1			10.5	(0.9)		01/01/12 - 12/31/12
. bioMérieux HK Investment Ltd	HKD	68.8	(5.2)	100.0%	6.1	6.1			8.0		01/01/12 - 12/31/12
. bioMérieux Hungary	HUF	3.0	2.3	100.0%			1.4	498.0	(24.5)		01/01/12 - 12/31/12
. bioMérieux India	INR	60.8	188.8	100.0%	1.4	1.4		1,879.5	75.9		01/01/12 - 12/31/12
. bioMérieux International SAS	EUR		0.9	100.0%					0.1		01/01/12 - 12/31/12
. bioMérieux Italy	EUR	9.0	46.2	100.0%	12.8	12.8	4.3	111.4	8.7		01/01/12 - 12/31/12
. bioMérieux Japan	JPY	0.5	(0.6)	66.0%	3.9	3.9		5.6	0.2		01/01/12 - 12/31/12
. bioMérieux Malaysia	MYR	0.1		100.0%			0.1	0.1			03/08/12 – 12/31/12
. bioMérieux Middle East	AED	0.1	0.3	100.0%			0.5		0.4		01/01/12 - 12/31/12
. bioMérieux Norway	NOK	2.8	3.4	100.0%	0.3	0.3		47.5	3.2	0.2	01/01/12 - 12/31/12
. bioMérieux Poland	PLN	0.4	30.1	100.0%	1.5	1.5	0.2	110.1	3.6	1.0	01/01/12 - 12/31/12
. bioMérieux Portugal	EUR	1.6	8.8	100.0%	2.0	2.0	2.9	15.3	0.4		01/01/12 - 12/31/12
. bioMérieux Russia	RUB	55.7	(64.3)	100.0%	1.3	1.3		683.0	60.6		01/01/12 - 12/31/12
. bioMérieux Russia Old	RUB	0.3	(1.9)	100.0%	0.2				(0.1)		01/01/12 - 12/31/12
. bioMérieux Singapore	SGD	0.1	2.0	100.0%	0.1	0.1		5.3	0.3		01/01/12 - 12/31/12
. bioMérieux South Africa	ZAR	50.0	33.7	100.0%	5.4	5.4		165.9	11.9	1.4	01/01/12 - 12/31/12
. bioMérieux Sweden	SEK	0.5	6.4	100.0%	0.2	0.2		162.8	3.8	0.3	01/01/12 - 12/31/12
. bioMérieux Switzerland	CHF	0.4	2.7	100.0%	0.6	0.6	0.1	28.4	1.9	0.8	01/01/12 - 12/31/12
. bioMérieux Czech Republic	CZK	0.2	21.8	100.0%			0.8	114.8	8.4		01/01/12 - 12/31/12
. bioMérieux Thailand	THB	35.0	66.7	100.0%	0.9	0.9		218.1	13.3		01/01/12 - 12/31/12
. bioMérieux Turkey	TRY	3.3	34.6	100.0%	2.7	2.7		58.4	5.7	1.3	01/01/12 - 12/31/12
. bioMérieux UK	GBP		6.7	100.0%	1.2	1.2	1.2	42.2	1.2	0.6	01/01/12 - 12/31/12
. bioMérieux Vietnam	VND	6.3		100.0%	0.2	0.2					10/30/12 – 12/31/12
. BTF	AUD	4.1	4.5	100.0%	13.6	13.6		11.7	4.5	2.8	01/01/12 - 12/31/12
TOTAL SUBSIDIARIES					**316.0**	**212.6**					

	Share capital (in millions of currency units)		Retained earnings before appropriation of profit (in millions of currency units)	Percentage ownership	Carrying amount of shares held before impairment (in millions of euros)	Carrying amount of shares held after impairment (in millions of euros)	Outstanding loans and advances granted by the Company (in millions of euros)	Prior year sales (in millions of currency units)	Prior year profit or loss (in millions of currency units)	Dividends received by the Company during the year (in millions of euros)	Notes
B – INVESTMENTS (5%-50%-owned by bioMérieux)											
. Biocartis	CHF	0.8	32.8	4.5%	9.0	9.0		8.7	(41.4)		01/01/11 - 12/31/11
. GeNeuro	CHF	0.5	1.6	9.8%	0.1	0.1		0.3	5.4		01/01/11 - 12/31/11
. Inodiag	EUR	1.7	2.3	0.6%	0.9			0.1	3.1		01/01/11 - 12/31/11
. Knome	USD		8.5	12.2%	7.3	2.3		1.5	(5.1)		01/01/11 - 12/31/11
. Labtech Ltd	AUD	11.3	1.0	9.8%	1.3	0.5		1.0	(1.2)		07/01/11 - 06/30/12
. Mérieux Université	EUR			40.0%	0.4	0.4					Created end-2012
. Quanterix	USD		11.1	14.0%	11.8	11.8		1.3	(8.6)		01/01/11 - 12/31/11
. Relia Diagnostic Systems Inc.	USD	12.0	(14.7)	7.0%	6.8	1.7		2.6	(1.9)		01/01/11 - 12/31/11
. Théra Conseil	EUR	0.3	0.2	1.8%				1.2	(0.1)		01/01/11 - 12/31/11
TOTAL INVESTMENTS					**37.5**	**25.7**					
C – OTHER SECURITIES											
. Avesthagen	INR	74.3	(266.0)	3.6%	1.4			1.7	(371.3)		04/01/11 - 03/31/12
. Dynavax	USD		99.9	0.1%	0.7	0.1		21.6	(48.6)		01/01/11 - 12/31/11
. Europroteome AG	EUR			8.8%	2.0						In liquidation
. Oscient Pharma	USD			0.2%	3.5						In liquidation
TOTAL OTHER SECURITIES					**7.7**	**0.1**					
GRAND TOTAL					**361.2**	**238.4**					

6. Inventories and work-in-progress

In millions of euros	Dec. 31, 2012	Dec. 31, 2011
Raw materials	28.7	29.4
Work-in-progress	28.2	29.2
Finished products and goods held for resale	59.5	50.1
Total gross value	**116.4** [(a)]	**108.7**
Impairment losses	(7.2)	(9.1)
Total carrying amount	**109.2**	**99.6**

[(a)] 19.2% of which relating to instruments.

7. Trade receivables

In millions of euros	Dec. 31, 2012	Dec. 31, 2011
Gross trade receivables	236.1	235.6
Impairment losses	(6.7) [(a)]	(1.3)
Carrying amount	**229.4**	**234.3**

[(a)] Including €5 million in impairment of bioMérieux Greece receivables.

7.1. Receivables recognized in more than one asset item

Receivables represented by bills of exchange *In millions of euros*	Dec. 31, 2012	Dec. 31, 2011
Trade receivables	**0.0**	**0.1**

8. Other receivables

In millions of euros	Dec. 31, 2012	Dec. 31, 2011
Advances and downpayments	1.7	1.5
Pre-paid expenses	2.2	1.3
Other operating receivables	19.8	19.0
Total gross value	**23.7**	**21.8**
Carrying amount of operating receivables	**23.7**	**21.8**
Other non-operating receivables	35.5 [(a)]	18.6
Total gross value	**35.5**	**18.6**
Carrying amount of non-operating receivables	**35.5**	**18.6**

[(a)] Including research tax credits in the amount of €21.8 million.

8.1. Breakdown of deferred expenses

In millions of euros	Dec. 31, 2012	Dec. 31, 2011
Relating to purchases	1.1	0.7
Relating to external services and other	0.4	0.1
Relating to other operating expenses	0.7	0.5
Total	**2.2**	**1.3**

9. Maturities of trade and other receivables

Carrying amount (In millions of euros)	Dec. 31, 2012	Dec. 31, 2011
Trade receivables	**229.4**	**234.3**
- Due in less than 1 year	228.9	233.6
- Due in more than 1 year	0.5	0.7
Other operating receivables	**23.7**	**21.8**
- Due in less than 1 year	23.2	21.7
- Due in more than 1 year	0.5	0.1
Non-operating receivables	**35.5**	**18.6**
- Due in less than 1 year	35.5	18.6

10. Cash and cash equivalents

Cash and cash equivalents includes available cash and short-term investments.

In millions of euros	Dec. 31, 2012	Dec. 31, 2011
Short-term investments[(a)]	0.3	0.6
Cash pooling	65.4	77.1
Cash pooling impairment[(b)]	(2.6)	
Cash at bank and in hand	4.8	5.4
Total	**67.9**	**83.1**

[(a)] Short-term investments can be analyzed as follows:

	Dec. 31, 2012	Dec. 31, 2011
Investment	3,714 treasury shares	7,988 treasury shares
Net amount	€0.3 million	€0.6 million
Type	Equities	Equities
ISIN code	FR0010096479	FR0010096479

10.1. Share grant plan

	Share grant plans	
Company	bioMérieux SA	bioMérieux SA
Date of Ordinary and Extraordinary Shareholders' Meeting authorizing the plan	June 12, 2008	June 10, 2010
Maximum number of shares that may be granted	200,000	0.95% of capital (374,810)
Beneficiaries		
Vesting conditions		
Lock-up period		
Number of shares granted in 2012		26,000
Total number of shares granted at Dec. 31, 2012	114,507	278,167
Number of shares delivered in 2012	742	3,532
Total shares delivered at Dec. 31, 2012	51,754	3,532
Number of shares forfeited in 2012	261	226
Total number of shares forfeited at Dec. 31, 2012	5,324	97,150
Number of shares to be delivered as of Dec. 31, 2012	57,429	177,485
Number of shares outstanding as of Dec. 31, 2012	0	96,643

In 2012, income of €0.9 million, net of subsidiaries' rebilling, was recognized in respect of share grant plans under personnel costs.

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, 2012, bioMérieux SA held 3,714 of its own shares for allocation under the above-described share grant plans. The Company will have to purchase a further 231,200 shares to cover its commitments, the cost of which would be €16.6 million based on the share price at December 31, 2012. In view of the forecast achievement of performance conditions at that date, the Company will have to purchase 31,825 treasury shares amounting to a cost of €2.3 million based on the same market price.

11. Valuation of fungible current assets

There is no material difference between the estimated 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, 2012	Dec. 31, 2011
On operating payables	0.2	0.1
On payables and borrowings	1.6	0.1
On operating receivables	3.0	0.5
Total	**4.8**	**0.7**

13. Shareholders' equity

13.1. Share capital

The Company's share capital amounted to €12,029,370 at December 31, 2012 and was divided into 39,453,740 shares with a total of 64,953,873 voting rights (i.e., 25,500,133 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, 2012.

At December 31, 2012, the Company held:

- 8,600 treasury shares under a liquidity agreement with an independent investment firm (see Note 5). During 2012, the Company bought back 17,830 of its own shares and sold 28,830.

- 3,714 treasury shares set aside for free share grants. During 2012, the Company did not purchase any shares and delivered 4,274.

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, 2010	**12.0**	**63.5**	**473.5**	**30.4**	**0.1**	**579.5**
Profit for the year			103.5			103.5
Dividends paid			(38.7)			(38.7)
Other movements				2.2		2.2
December 31, 2011	**12.0**	**63.5**	**538.3**	**32.6**	**0.1**	**646.5**
Profit for the year			162.2			162.2
Dividends paid			(38.6)			(38.6)
Other movements			(0.3)	2.8	0.2	2.7
December 31, 2012	**12.0**	**63.5**	**661.6**	**35.4**	**0.3**	**772.8**

14. Statutory provisions

In millions of euros	**Accelerated amortization**	**Provisions for price increases**	**Total**
December 31, 2010	**28.9**	**1.5**	**30.4**
Additions	7.9	0.1	8.0
Reversals	(5.6)	(0.2)	(5.8)
December 31, 2011	**31.2**	**1.4**	**32.6**
Additions	8.5	0.2	8.7
Reversals	(5.8)	(0.1)	(5.9)
December 31, 2012	**33.9**	**1.5**	**35.4**

15. Provisions

In millions of euros	Other employee benefits	Product warranties[(a)]	Other provisions	Total
December 31, 2010	**7.4**	**0.6**	**14.3**	**22.3**
Additions	0.8	0.7	8.8	10.3
Reversals (utilizations)	(1.1)	(0.6)	(10.4)	(12.1)
Reversals (surplus)			(0.9)	(0.9)
Net additions (reversals)	(0.3)	0.1	(2.5)	(2.7)
December 31, 2011	**7.1**	**0.7**	**11.8**	**19.6**
Additions	3.1	0.7	6.4	10.2
Reversals (utilizations)	(0.5)	(0.7)	(11.0)	(12.2)
Reversals (surplus)			(0.2)	(0.2)
Net additions (reversals)	2.6	0.0	(4.8)	(2.2)
December 31, 2012	**9.7**	**0.7**	**7.0** [(b)]	**17.4**

(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 foreign exchange losses in the amount of €4.8 million and a provision for free share grants of €0.9 million.

15.1. Provisions for pensions and other post-employment benefits

These provisions include €9.7 million for long service awards. 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% and a discount rate of 3%.

15.2. Provisions for claims and litigation

The Company is involved in a certain number of claims and litigation arising in the ordinary course of business. bioMérieux believes that no claim or litigation will have a material adverse impact on its operations. When a risk is identified, a provision is recognized as soon as the risk can be reliably measured. The provision for claims and litigation amounted to €0.3 million at December 31, 2012.

16. Net debt

16.1. Debt refinancing

bioMérieux SA has a five-year syndicated loan of €350 million, repayable in full at maturity (2017). The syndicated loan is subject to compliance with one financial covenant: net debt may not exceed three times EBITDA before depreciation/amortization and acquisition expenses. The Group complied with this ratio at December 31, 2012.

At December 31, 2012, €60 million had been drawn under this credit facility.

16.2. Maturities of borrowings

In millions of euros	Dec. 31, 2012	Dec. 31, 2011
Due beyond 5 years	0.4	
Due in 1 to 5 years	2.1	3.2
Total long-term borrowings	**2.5**	**3.2**
Due within 1 year	110.6 [(a)]	163.1
Total borrowings	**113.1**	**166.3**
Short-term investments	(0.3)	(0.7)
Cash at bank and in hand	(67.6) [(b)]	(82.5)
Net debt	**45.2**	**83.1**

(a) Including cash pooling in the amount of €34.4 million.
(b) Including cash pooling in the amount of €62.8 million after impairment.

17. Trade and other payables

In millions of euros	Dec. 31, 2012	Dec. 31, 2011
Trade payables	**127.7**	**123.9**
Accrued payroll and other taxes	85.2	76.9
Deferred income	2.8	2.7
Other	10.2	11.5
Other operating payables	**98.2**	**91.1**
Due to suppliers of fixed assets	21.9	16.0
Non-operating payables	**21.9**	**16.0**

17.1. Payables recognized in more than one balance sheet item

The amount of liabilities represented by bills of exchange is not material for 2011 and 2012.

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, 2012	Dec. 31, 2011
Trade payables		
Due within 1 year	127.7	123.9
Total	**127.7**	**123.9**
Other operating payables		
Due within 1 year	98.2	91.1
Total	**98.2**	**91.1**
Non-operating payables		
Due within 1 year	21.9	16.0
Total	**21.9**	**16.0**

17.4. Breakdown of accrued expenses

In millions of euros	Dec. 31, 2012	Dec. 31, 2011
Miscellaneous borrowings	0.7	0.6
Trade payables	40.5	47.6
Accrued payroll and other taxes	68.2	61.2
Other operating payables	5.1	5.5
Due to suppliers of fixed assets	6.1	5.1
Total	**120.6**	**120.0**

18. Unrealized foreign exchange gains

In millions of euros	Dec. 31, 2012	Dec. 31, 2011
On operating payables	0.3	
On operating receivables	0.2	1.3
On borrowings	0.1	0.1
On financial receivables	0.1	
Total	**0.7**	**1.4**

19. Balance sheet items relating to affiliated companies

In millions of euros	Dec. 31, 2012	Dec. 31, 2011
Total non-current financial assets	**395.8**	**536.3**
Operating receivables	161.6	157.7
Non-operating receivables	2.0	
Total receivables	**163.6**	**157.7**
Total cash and cash equivalents[(a)]	**65.4**	**77.1**
Operating payables	70.8	65.9
Borrowings[(b)]	34.4	100.7
Total payables	**105.2**	**166.6**

[(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, 2012	Dec. 31, 2011
Endorsements and guarantees, of which affiliated companies for €61.3 million	63.3	77.8
Finance and capital leases	0.7	0.3
Total	**64.0**	**78.1**

20.2. Commitments received

In millions of euros	Dec. 31, 2011	Dec. 31, 2010
Endorsements and guarantees, of which affiliated companies for €0 million	0.4	0.7
Credit facilities of €350 million with a syndicate of banks of which €60 million had been drawn at December 31, 2011	290.0	240.0
Total	**290.4**	**240.7**

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, 2012, are recognized in the balance sheet whenever they are in a hedging relationship with receivables or payables.

Hedges in effect at December 31, 2012 were as follows:

- Forward sales of €13.9 million to hedge trade receivables.
- Forward sales of €31.5 million to hedge financial receivables.
- Forward purchases of €12.3 million to hedge borrowings.

In addition, the Company entered into currency hedges to cover its 2013 budget positions, with an aggregate net value of €168.3 million.

Based on their market value at December 31, 2012, 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 €30.9 million and gave rise to the recognition of an unrealized gain of €0.5 million at December 31, 2012.

The table below shows the currencies in which sales are generated:

	2012		2011	
	In €m	%	In €m	%
Euro	**454.5**	**58%**	**453.6**	**61%**
Other				
U.S. dollar	133.5	*17%*	110.0	*15%*
Pound sterling	22.1	*3%*	20.1	*3%*
Rupee	16.6	*2%*	14.2	*2%*
Swedish krona	15.6	*2%*	16.3	*2%*
Swiss franc	15.5	*2%*	15.7	*2%*
Polish zloty	15.1	*2%*	17.0	*2%*
Turkish lira	13.4	*2%*	13.3	*2%*
Other currencies	96.3	*12%*	83.1	*11%*
Total	**782.6**	***100%***	**743.4**	***100%***

20.3.2. Interest rate risk

There were no interest rate swaps outstanding at December 31, 2012.

20.4. Information concerning finance leases

In millions of euros	Gross	Royalties		Amortization and depreciation	
		2012	Accumulated	2012	Accumulated
Land	0.3				
Buildings	2.3	0.2	2.4	0.1	0.9
Other property, plant and equipment	0.8	0.2	0.5	0.2	0.6
Total	**3.4**	**0.4**	**2.9**	**0.3**	**1.5**

In millions of euros	Outstanding royalties				Residual value
	<1 year	1-5 years	Beyond 5 years	Total	
Land					
Buildings	0.2	0.5		0.7	
Other property, plant and equipment	0.1	0.1		0.2	
Total	**0.3**	**0.6**	**0.0**	**0.9**	**0.0**

Finance leases relate to Argene and AES Laboratoire Groupe.

20.5. Supplementary pensions, severance and related benefits

The Company's projected benefit obligation at December 31, 2012 was valued by actuaries, based on:

- expected employee turnover and mortality rates;
- estimated annual salary increases of 3%;
- an assumed retirement age of 64 to 65 for employees with sufficient service to entitle them to full pension benefits;
- a discount rate of 3%.

The benefit obligation can be analyzed as follows at December 31, 2012:

Contractual retirement payments	€22.5 million
Other obligations	€0.1 million

The Company's projected benefit obligation was measured at €22.6 million. A portion of the obligation is covered by an insurance fund into which the Company pays annual premiums. No provision has been recognized in the annual financial statements for the unfunded balance of €9.8 million.

20.6. Material off-balance sheet commitments and transactions

20.6.1. Commitments

In 2012, bioMérieux acquired an €11.8 million interest in Quanterix and committed to acquiring a further interest of USD 10 million (€7.6 million) within two years, subject to validation of the platform.

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 2012, no incentive payment was due.

As part of the share grant plan set by the Board of Directors, the Company will have to purchase 231,200 shares to cover its commitments, the cost of which would be €16.6 million based on the share price at December 31, 2012.

The Company is subject to a number of earn-out clauses relating to acquisitions and disposals that it has carried out. At end-2012, it was not deemed probable that these clauses would be triggered, or the amount involved could not be reliably ascertained.

When AES Laboratoire Groupe sold its stake in Agro Bio to Qualtech on May 17, 2011, it granted a seller's warranty for an amount of €1.6 million valid through March 31, 2014. The amount of this warranty declines by one-third every twelve months.

20.6.2. Other off-balance sheet transactions

At December 31, 2012, commitments given in respect of various research agreements amounted to €27.1 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. The public financing agreement was approved by the European authorities on October 22, 2008. bioMérieux SA has agreed to carry out €86.8 million worth of research and development work as part of the program during the period from 2007 through 2017. In return, bioMérieux SA will receive subsidies and repayable grants of up to €16.1 million and €8.9 million, respectively. If a project is successful, bioMérieux SA will have to reimburse the repayable grants according to a payment schedule based on sales generated, and then pay 3.4% of sales until 2029. The financial terms and conditions described above were reviewed and validated by the parties at end-2012, and will be finalized through a new addendum in early 2013.

At December 31, 2012, 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 271,955 hours and 3,041 hours for Argene.

bioMérieux SA entered into a ten-year partnership with Bioaster, a technological research institute in Lyon, specialized in infectious diseases. The cost of its contribution to research activities, which will be put in place through partnership agreements with Bioaster, is estimated at €4 million over the next three years. This amount does not include the cost of internal bioMérieux resources which may be used in joint projects.

20.7. Transactions with related parties

Institut Mérieux, which held 58.9% of bioMérieux SA's shares at December 31, 2012, provided consultancy and support services to bioMérieux SA valued at €4.8 million for the year. Conversely, bioMérieux SA billed Institut Mérieux €0.5 million for expenses incurred on its behalf.

A cash pooling system has been put in place for which bioMérieux SA and Institut Mérieux set up cash borrowing and lending facilities during the year. bioMérieux SA paid €0.1 million in interest charges in 2012 in connection with amounts borrowed from the cash pool.

During 2012, the Company supplied €0.7 million worth of services and reagents 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 €1.1 million for services in 2012.

bioMérieux SA billed €0.3 million worth of services in 2012 to IMAccess, which is wholly-owned by Institut Mérieux.

Also during the year, bioMérieux SA contributed €1.3 million to the Christophe and Rodolphe Mérieux Foundation and €0.1 million to the Mérieux Foundation for humanitarian projects.

bioMérieux SA has entered into a number of research and development agreements with Transgène (in which Institut Mérieux holds a 54.9% equity interest through TSGH) under which the Company received €0.1 million in fees for 2012.

21. Breakdown of sales

In millions of euros	**France**	**Export**	**Total 2012**	**Total 2011**
Sales of goods for resale	7.6	74.4	82.0	80.5
Sold production (goods)	144.8	460.0	604.8	576.9
Sold production (services)	15.9	79.9	95.8	86.0
Total	**168.3**	**614.3**	**782.6**	**743.4**

21.1. Sales by geographic area

In millions of euros	**2012**	**2011**
France	170.2	171.4
Europe	333.9	328.4
Latin America	41.5	40.5
North America	71.8	68.5
Asia-Pacific	100.8	77.2
Other	64.4	57.4
Total	**782.6**	**743.4**

22. Personnel costs

In millions of euros	**2012**	**2011**
Wages and salaries	135.8	126.3
Incentive plan	9.1	9.4
Payroll taxes	71.0	65.5
Total	**215.9**	**201.3**
Employee profit sharing	0.0	0.6
Total	**215.9**	**201.9**
Average headcount	**2,860**	**2,725**
Headcount at year end	**2,896**	**2,784**

22.1. Breakdown of headcount

In FTE	2012	2011
Average headcount		
Managers	1,270	1,179
Supervisors	50	46
Employees	48	58
Technicians	1,018	985
Workers	474	457
Total	**2,860**	**2,725**
Headcount at year end		
Managers	1,288	1,199
Supervisors	51	50
Employees	37	53
Technicians	1,029	1,007
Workers	491	475
Total	**2,896**	**2,784**

23. Directors' and officers' compensation

Compensation paid to Company officers and directors for 2012 consisted of directors' fees of €0.3 million paid to the members of the Board of Directors, and fixed and variable compensation in the amount of €1.4 million.

24. Research and development expenses

Research and development expenses for 2012 amounted to €110.9 million.

25. Net financial expense

25.1. Breakdown of net financial expense

In millions of euros	2012	2011
Net finance costs	(0.5)	0.1
Impairment of investments and other	(8.8) [(a)]	(16.1) [(b)]
Debt waiver	(0.1)	
Provisions for contingencies and losses	5.8	(5.8)
Cash pool impairment	(2.6)	
Dividends	143.1	90.1
Foreign exchange gains (losses)	(3.1)	(0.9)
Total	**133.8**	**67.4**

(a) Including net additions to impairment on shares of subsidiaries and on other investments for €5.8 million and €3 million, respectively.
(b) Including net additions to impairment on shares of subsidiaries and on other investments for €14.3 million and €1.8 million, respectively.

25.2. Foreign exchange gains and losses

Foreign exchange gains and losses result from variations between the transaction exchange rate and the settlement rate (or the year-end rate if the payment has not yet been made). These differences only partially reflect the impact of currency fluctuations.

Translation gains and losses on commercial transactions are recognized under the relevant headings in the income statement. The table below shows their income statement impact in 2011 and 2012:

In millions of euros	**2012**	**2011**
Sales	(10.2)	5.5
Cost of material supplies and other external charges	(0.1)	(1.8)
Financial items	(3.1)	(0.9)
Total	**(13.4)**	**2.8**

26. Affiliated companies: financial income and expenses

In millions of euros	**2012**	**2011**
Impairment of investments	(4.1)	(14.3)
Financial expenses[(a)]	(7.8)	(6.6)
Dividends received	143.1	90.0
Revenues from receivables on investments	2.1	1.4
Other financial income[(b)]	7.0	0.9
Total	**140.3**	**71.4**

(a) Financial expenses include a provision for debt waivers in the amount of €5.7 million in 2011.
(b) Financial expenses include a reversal of a provision for debt waivers in the amount of €5.8 million in 2012.

27. Non-recurring income and expenses

In millions of euros	**Income**	**Expenses**	**Net 2012**	**Net 2011**
Disposals of fixed assets	5.8	5.3	0.5	(0.1)
Statutory provisions	5.8	8.7	(2.9)	(2.2)
Other non-recurring income and expenses	1.0	1.9	(0.9)	
Total	**12.6**	**15.9**	**(3.3)**	**(2.3)**

28. Income taxes

At December 31, 2012, the Company recognized various tax benefits totaling €15.7 million, including a research tax credit for an estimated €14 million. The net income tax benefit totaled €13.2 million in 2012, versus €1.1 million one year earlier.

28.1. Breakdown of corporate income tax

In millions of euros	2012			2011
	Before tax	Tax	After tax	
Recurring income	152.2	10.4	162.6	105.2
Non-recurring expense	(3.2)	1.4	(1.8)	(3.4)
Employee profit sharing		0.3	0.3	0.8
Prior-year tax adjustment and other		1.1	1.1	0.9
Profit for the year	**149.0**	**13.2**	**162.2**	**103.5**

28.2. Profit for the year excluding valuation allowances

In millions of euros	**2012**	**2011**
Profit for the year	162.2	103.5
Income tax	13.3	1.2
Profit before tax	148.9	102.3
Accelerated depreciation and statutory provisions (+ allowances - reversals)	2.8	2.2
Total valuation allowances	(2.8)	(2.2)
Profit before tax and excluding valuation allowances	**151.7**	**104.5**
Income tax	13.3	1.2
Income tax on valuation allowances at 36.10%	(1.0)	(0.8)
Net tax income (expense)	**12.3**	**0.4**
Profit for the year excluding valuation allowances	**164.0**	**104.9**

28.3. Change in future tax liabilities

In millions of euros	**2012** Tax rate 36.10%	**2011** Tax rate 36.10%
Accelerated depreciation, amortization and statutory provisions	12.8	11.8
Investment grants	0.1	
Provision for accrued receivables, treasury shares	0.3	0.3
Total deferred tax liabilities	**13.2**	**12.1**
Non-deductible provisions and expenses	(1.4)	(3.9)
Unrealized foreign exchange gains	(0.2)	(0.5)
Amortization of acquisition costs		(1.2)
Total deferred tax assets	**(1.6)**	**(5.6)**
Total deferred tax expense	**11.6**	**6.5**

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, 2011 and December 31, 2010 are respectively presented in section 20.4.1 of the Registration Document filed with the AMF on April 26, 2012 under number D.12-0421 and section 20.4.1 of the Registration Document filed on April 26, 2011 under number D.11-0361.

The Statutory Auditors' reports on the parent company financial statements for the years ended December 31, 2011 and December 31, 2010 are respectively presented in section 20.4.2 of the Registration Document filed with the AMF on April 26, 2012 under number D.12-0421 and section 20.4.2 of the Registration Document filed on April 26, 2011 under number D.11-0361.

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, 2012:

- 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, 2012 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Justification of our assessments

In accordance with the requirements of article L.823-9 of the French Commercial Code (*Code de commerce*), relating to the justification of our assessments, we bring to your attention the following matters:

- As described in Notes 1.12 and 13.2 to the consolidated financial statements, the provisions intended to cover the Group's pension benefits obligations are calculated based on actuarial estimates made by experts appointed by Group companies. Our work consisted in examining the financial information used, assessing the assumptions adopted and verifying that Notes 1.12 and 13.2 to the consolidated financial statements provide appropriate disclosure.

- As described in Notes 1.8 and 4 to the consolidated financial statements, the Company carries out annual impairment tests on goodwill and other intangible assets with an indefinite useful life. 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.

- As described in Notes 2 and 27.2 to the consolidated financial statements, the Company measured the risk of non-recovery of receivables owed by Southern European governments experiencing economic difficulties (Portugal, Italy, Spain and Greece). Our work consisted in examining the financial information used, assessing the assumptions adopted and verifying that Notes 2 and 27.2 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, April 15, 2013

The Statutory Auditors

DIAGNOSTIC REVISION CONSEIL	**ERNST & YOUNG et Autres**
Hubert de Rocquigny du Fayel	Marc-André Audisio

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, 2012, 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, 2012 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 carrying amount exceeds their value in use. Our work consisted in assessing the assumptions and financial information used by the Company to value these investments, reviewing the calculations made and assessing the reasonableness of these estimates.
- As described in Note 1.3 to the financial statements and as a result of different mergers and transfers of assets and liabilities carried out during the year, the Company recorded an aggregate merger loss of €211.3 million under intangible assets. We verified that the accounting treatment of these transactions was appropriate and assessed the consistency of the allocation of these losses to underlying assets as described in Note 3 to the financial statements. We also verified the reasonableness of the impairment of the loss recorded at the year-end based on the current value of these underlying assets.

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 information used to prepare these financial statements and, where applicable, with the information obtained by your Company from companies controlling it or controlled by it. Based on this work, we attest to the accuracy and fair presentation of this information.

In accordance with French law, we have verified that the required information concerning the purchase of investments and controlling interests, reciprocal shareholdings and the identity of shareholders and holders of voting rights has been properly disclosed in the management report.

Lyon, April 15, 2013

The Statutory Auditors

ERNST & YOUNG et Autres	DIAGNOSTIC REVISION CONSEIL
Marc-André Audisio	Hubert de Rocquigny du Fayel

20.5 AGE OF LATEST FINANCIAL INFORMATION

December 31, 2012

20.6 INTERIM FINANCIAL INFORMATION

20.6.1 QUARTERLY FINANCIAL INFORMATION

Quarterly financial information for the three months ended March 31, 2013

20.6.2 OTHER INTERIM FINANCIAL INFORMATION

N/A

20.7 DIVIDEND POLICY

20.7.1 DISTRIBUTION POLICY

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

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

At the Annual General Meeting to be held on May 29, 2013, 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 2013.

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.

Year	Total dividend (in euros)[(a)]	Dividend per share (in euros)[(a)]
2011	38,664,665.20	0.98
2010	38,664,665	0.98
2009	36,297,441	0.92

(a) The Company did not receive any dividends on treasury shares held on the ex-dividend date and the corresponding amounts were allocated to “Retained earnings”. Individuals domiciled in France for tax purposes in accordance with paragraph 2 of article 158.3 of the French Tax Code (*Code général des impôts*) benefit from a tax deduction on the annual dividend.

20.8 LEGAL AND ARBITRATION PROCEEDINGS

The Company is involved in a certain number of claims and litigation arising in the ordinary course of business. bioMérieux believes that no claim or litigation will have an adverse impact on its operations. The Company is not involved in litigation considered to be material, with the exception of the proceedings described in Notes 13.3.1 and 13.4 to the 2012 consolidated financial statements (section 20.1.1) and in section 4.1.2.4 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 2012, with the exception of the information described in section 12.1 of this Registration Document.

21 ADDITIONAL INFORMATION

21.1 SHARE CAPITAL 243

21.1.1 Issued capital 243
21.1.2 Shares not representing capital 243
21.1.3 Share buyback program 243
21.1.4 Other securities 245
21.1.5 Acquisition rights 245
21.1.6 Option on the share capital of any Group member 247
21.1.7 History of share capital 247
21.1.8 Pledging of shares 247
21.1.9 The bioMérieux share in 2012 247

21.2 ARTICLES OF INCORPORATION AND BYLAWS 248

21.2.1 Corporate purpose 248
21.2.2 Provisions relating to the administrative, management and supervisory bodies 248
21.2.3 Rights and privileges attached to shares 249
21.2.4 Changes in shareholders' rights 250
21.2.5 Convening of Shareholders' Meetings 250
21.2.6 Provisions delaying a change of control 251
21.2.7 Disclosure threshold 252

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 15, 2011 and May 30, 2012 authorized the Board of Directors to buy back shares of the Company in accordance with articles L.225-209 *et seq.* of the French Commercial Code.

Under the authorizations given, 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 in accordance with applicable regulations. No restriction applies to the portion of buybacks carried out through block trades, which may account for the entire program, subject to the share ownership limit of 10%.

In accordance with these authorizations, the Company can purchase its shares, 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 AMF; (ii) deliver shares upon the exercise of rights attached to the issue of securities giving 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 share capital by canceling shares.

Pursuant to the eleventh resolution of the Ordinary and Extraordinary Shareholders' Meeting of May 30, 2012, the Board of Directors was also authorized to reduce the share capital by canceling all or some of the shares purchased under the share buyback program.

At December 31, 2012, the Company held 12,314 shares, i.e., 0.03% of the share capital.

Summary of transactions in treasury shares from January 1, 2012 through December 31, 2012 under a liquidity agreement

Pursuant to the authorizations given by the Ordinary and Extraordinary Shareholders' Meetings of June 15, 2011 and May 30, 2012, 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, 2012 through December 31, 2012:

Shares purchased	17,830
Average purchase price	€65.20
Shares sold	28,830
Average selling price	€62.32
Fees and commissions	0
Treasury shares held at December 31, 2012	8,600
Value of shares held at the end of the year based on their average purchase price	€560,720
Carrying amount at December 31, 2012	€598,082
Nominal value of shares	N/A
Purpose of transactions	Maintaining an orderly market
Percentage of treasury shares held at year-end	0.02%

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, 2012 and December 31, 2012 under an agency agreement entered into with Natixis with the sole objective of delivering shares upon the exercise of rights in connection with share grants to employees of the Company or companies within the Group, pursuant to the authorizations granted by the Annual General Meeting.

Shares purchased	N/A
Average purchase price	N/A
Shares sold	0
Average selling price	N/A
Treasury shares held at December 31, 2012	3,714
Value of shares held at the end of the year based on their average purchase price	N/A
Carrying amount at December 31, 2012	€301,969
Nominal value of shares	N/A
Purpose of transactions	Delivery of shares upon the exercise of rights in connection with share grants to employees
Percentage of treasury shares held at year-end	0.01%

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 granted (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

Most of the authorizations presented in table below are set to expire at the Annual General Meeting held in May 2013. They will be submitted to the shareholders for renewal.

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)	278,167 shares[(a)] (0.70% of share capital)
Stock options	AGM of June 10, 2010 38 months, i.e., until August 10, 2013	10% of share capital (as of the implementation of the authorization)	N/A
Issue with pre-emptive subscription rights Capital increase with pre-emptive subscription rights through the issue of shares or securities	AGM of June 15, 2011 26 months, i.e., until August 15, 2013	35% of share capital as of the date of the 2011 AGM, including a maximum of €500 million for debt securities	N/A
Issue without pre-emptive subscription rights Capital increase without pre-emptive subscription rights through the issue of shares or securities	AGM of June 15, 2011 26 months, i.e., until August 15, 2013	35% of share capital as of the date of the 2011 AGM[(b)], including a maximum of €500 million for debt securities[(c)]	N/A
Capital increase without pre-emptive subscription rights as part of an offer provided for in article L.411–2 II of the French Monetary and Financial Code (*Code monétaire et financier*)	AGM of June 15, 2011 26 months, i.e., until August 15, 2013	20% of share capital as of the date of the 2011 AGM[(b)], including a maximum of €500 million for debt securities[(c)]	N/A
Capital increase through the capitalization of additional paid-in capital, reserves, profits or other items	AGM of June 15, 2011 26 months, i.e., until August 15, 2013	Within the limit of the amount of additional paid-in capital, reserves and profits at the date of issue	N/A
Increase in the number of shares issued in the event of a capital increase	AGM of June 15, 2011 26 months, i.e., until August 15, 2013	15% of the initial issue decided within the framework of authorizations granted of up to 35% of share capital	N/A
Capital increase without pre-emptive subscription rights as remuneration for contributions in kind made to the Company	AGM of June 15, 2011 26 months, i.e., until August 15, 2013	10% of share capital as of the date of the 2011 AGM[(b)]	N/A
Capital increase reserved for employees enrolled in a company savings plan (PEE)	AGM of June 15, 2011 26 months, i.e., until August 15, 2013	5% of share capital (as of the implementation of the authorization)	N/A

(a) Board of Directors' meetings of June 10, 2010, March 8, 2011, June 15, 2011, March 13, 2012, May 30, 2012 and December 18, 2012.

(b) This percentage must be offset against the total authorized capital increase of 35%.

(c) This amount must be offset against the aggregate capital increase through the issue of debt securities totaling €500 million.

Other securities granting access to the share capital

There are currently no other securities granting access to the Company's share capital.

21.1.6 OPTION ON THE SHARE CAPITAL OF ANY GROUP MEMBER

N/A

21.1.7 HISTORY OF SHARE CAPITAL

There have been no changes to the share capital over the last three years.

21.1.8 PLEDGING OF SHARES

The Company had not been notified of any pledged shares at the filing date of this Registration Document.

21.1.9 THE BIOMÉRIEUX SHARE IN 2012

bioMérieux equity market

bioMérieux shares have been traded publicly since July 6, 2004 on the CAC Mid 60®, SBF 120®, CAC Mid & Small®, CAC All-Tradable® and CAC All-Share® French market indices. They are listed on compartment "A" of the Eurolist market and are eligible for deferred settlement service (*Service de Règlement Différé* – SRD).

bioMérieux is also included in the Gaia Index 2012/2013, the FTSE4Good Index and the ASPI Eurozone® index.

At end-December 2012, the closing share price for bioMérieux was €72 and the Company's market capitalization was €2.8 billion. In 2012, 9,875,761 of the Company's shares were traded on NYSE Euronext.

bioMérieux share price (Code: BIM - ISIN Code: FR0010096479)

Period	High (in €)	Low (in €)	Closing price (in €)
2008	80.00	45.97	60.00
2009	84.30	52.60	81.68
2010	92.40	66.95	73.82
2011	84.00	53.25	55.24
January 2012	65.21	54.50	64.29
February 2012	67.20	61.60	62.66
March 2012	64.02	57.25	59.07
April 2012	62.80	58.58	61.96
May 2012	65.78	59.80	61.43
June 2012	65.00	59.50	64.88
July 2012	69.20	63.52	69.10
August 2012	73.10	66.86	69.39
September 2012	73.10	67.60	72.23
October 2012	75.00	67.78	74.70
November 2012	75.79	68.49	72.04
December 2012	74.13	68.51	72.00
January 2013	77.30	70.00	70.32
February 2013	75.15	70.32	74.47
March 2013	77.45	70.56	73.57

Source: Euronext

21.2 ARTICLES OF INCORPORATION AND BYLAWS

21.2.1 CORPORATE PURPOSE (ARTICLE 2 OF THE BYLAWS)

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

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

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

- participate, either directly or indirectly, in all business and manufacturing transactions related in any way whatsoever to the abovementioned purposes or likely to promote them, either through the creation of new companies, the contribution, subscription or purchase of securities or company rights, through mergers, alliances, joint holdings, or by any other means;

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

- generally, perform all business, manufacturing, financial or other transactions directly or indirectly related to the above purposes or to any similar purposes, including the development of ways to expand, promote, advertize, trade or transport raw materials, semi-finished or finished products, as well as the ability to purchase, acquire, hold, transfer, lease, mortgage or dispose of goods, whether movable or immovable, tangible or intangible, related to the above purposes or likely to develop them.

21.2.2 PROVISIONS RELATING TO THE ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES (ARTICLES 11 TO 17 OF THE BYLAWS AND INTERNAL RULES OF THE BOARD OF DIRECTORS)

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

The Board of Directors elects a Chairman from among its members. The Chairman must be a natural person, failing which his/her appointment will be deemed invalid. The Board of Directors sets the Chairman's compensation.

The Board of Directors may also appoint one or more Vice-Chairmen from among its members.
The Chairman of the Board of Directors organizes and coordinates the Board of Directors' work and reports thereon to the Shareholders' Meeting.

The members of the Board of Directors are elected for terms of four years, expiring at the end of the Ordinary Shareholders' Meeting called during the year in which the term of the director in question expires to approve the financial statements for the year then ended. All directors are eligible for reelection.

The internal rules of the Board of Directors require each member of the Board of Directors to hold a minimum of ten Company shares for the duration of his/her term of office.

The Shareholders' Meeting may decide to allocate a fixed annual sum to the Board of Directors as directors' fees, until a later Shareholders' Meeting decides otherwise.

Directors' fees are allocated among the members of the Board as the latter deems appropriate. Directors who are members of Board committees receive higher fees than other directors.
The Company's Chief Executive Officer is the Chairman of the Board of Directors.

For more information see the Chairman's Report in Appendix 1 of the Registration Document.

21.2.3 RIGHTS AND PRIVILEGES ATTACHED TO SHARES

Appropriation of profits (articles 10, 22 and 23 of the bylaws)

Each share entitles its holder to a proportionate share of profits corresponding to the percentage of capital it represents.

Profit for the year, less any accumulated losses, is subject to a deduction of (i) at least five percent allocated to the legal reserve, a deduction which ceases to be mandatory once the reserve represents one-tenth of the share capital but becomes mandatory again if the legal reserve falls to below one-tenth of the share capital for any reason, and (ii) any amount to be set aside as reserves as required by law.

The balance, plus any retained earnings, represents distributable profit that the Shareholders' Meeting may, on recommendation of the Board of Directors, distribute in whole or in part as dividends, or allocate to reserve accounts, capital amortization or retained earnings.

The Shareholders' Meeting may allow shareholders the option to receive all or part of dividends or interim dividends distributed in either cash or shares, in accordance with the law. The Shareholders' Meeting may decide to use the reserves at its disposal to pay a dividend on shares. If this occurs, the relevant resolution must expressly state from which accounts funds are to be withdrawn.

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

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

Attendance at Shareholders' Meetings (article 19 of the bylaws)

All shareholders are entitled to take part in Ordinary and Extraordinary Shareholders' Meetings and in deliberations, either in person or by proxy, as provided by law.

Shareholders may be represented at all meetings, in accordance with applicable laws and regulations. They may also vote by mail by way of a form, which can be obtained under the conditions outlined in the convening notice, in accordance with applicable laws and regulations. Proxy or voting forms of shareholders attending meetings in person will be declared null and void.

Shareholders may take part in meetings by videoconference or by other means of telecommunication in accordance with the terms of applicable laws and regulations referred to in the published notice of meeting or the convening notice.

The Annual General Meeting of May 29, 2013 will vote on an amendment to article 19 of the Company's bylaws in order to allow voting by electronic means at Shareholders' Meetings in the future.

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 allocated 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* (French administrative division) 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 May 30, 2012 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 giving 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;

  - holding shares for subsequent delivery as payment or exchange in connection with external growth transactions; and

  - reducing the Company’s share capital by canceling shares.

  In particular, the Board of Directors is authorized to buy back the Company’s own shares, subject to the statutory cap of 10% of its share capital, it being specified that the maximum percentage of shares bought by the Company with a view to holding and subsequently delivering same as payment or exchange in connection with a merger, spinoff or contribution 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 is presented in section 21.1.5.

  The Annual General Meeting of May 30, 2012 authorized the Board of Directors to use these authorizations during public offers.

- Voting rights

  Article 20 of the Company's bylaws provides that all paid-up shares, given the proportion of share capital they represent and irrespective of their class, which have been held in registered form by the same shareholder for five years or more, are entitled to twice the voting rights of other shares.

- Termination benefits payable to the Chairman and Chief Executive Officer in the event of a forced departure resulting from a change of strategy or control: see section 15.1.

– Change-of-control clauses

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

Nature of agreement	Contracting party	Purpose
Loan agreement	Eight banks	Syndicated loan of €350 million, maturing in 2017
License agreement	Roche Diagnostics	NT-pro-BNP
License agreement	Paul Sabatier University/Pr. Serre	Filaggrin
Cross-licensing agreement	Knome Inc.	Sequencing
License agreement	Biocartis SA	New PCR Apollo platform
License agreement	Wellcome Trust Limited	B-Raf genetic mutations associated with cancer

bioMérieux is not aware of any other factors likely to have an impact in the event of a public offer of its securities, as provided for in article L.225-100-3 of the French Commercial Code.

21.2.7 DISCLOSURE THRESHOLD

Crossing of thresholds (article 10 of the bylaws)

Shareholders have a legal obligation to notify the Company and the AMF when a legal threshold is crossed, specifying in particular their fractional ownership of the Company's shares and voting rights, within the legal deadline.

Furthermore, article 10 of the Company's bylaws requires individuals or legal entities, acting alone or in concert, who directly or indirectly own (within the meaning of articles L.233-7 *et seq.* of the French Commercial Code) 1% of the Company's capital or voting rights, and thereafter for each additional 1%, to report to the Company by registered letter with acknowledgment of receipt, within five trading days of the date the threshold was crossed, the total number of shares and voting rights held, as well as the number of securities carrying an immediate or future entitlement to shares and the potential voting rights attached thereto.

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

In the event of failure to comply with these requirements, the shares in excess of the relevant threshold will be stripped of voting rights for all Shareholders' Meetings held within the two-year period from the date when the omission is remedied, at the request of one or more shareholders holding at least 5% of the Company's capital or voting rights, as evidenced in the minutes of the Shareholders' Meeting.

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

22 MATERIAL CONTRACTS

The Company has not entered into any material contracts over the last two years other than those entered into in the ordinary course of business.

23 THIRD-PARTY INFORMATION

23.1 EXPERT STATEMENT OR REPORT

N/A

23.2 INFORMATION FROM A THIRD PARTY

N/A

24 DOCUMENTS ON DISPLAY

During the period of validity of this Registration Document, the Company's articles of incorporation and bylaws, as well as the minutes of Shareholders' Meetings, the Company's historical financial information for each of the two years preceding the publication of this Registration Document, the Statutory Auditors' reports and all other Company documents may be consulted at the Company's registered office in Marcy l'Étoile, Rhône, France.

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

25 INFORMATION ON INVESTMENTS

The list of subsidiaries and investments is presented in Note 5.1 to the 2012 parent company financial statements.

APPENDICES

APPENDIX 1: REPORT OF THE CHAIRMAN OF THE BOARD OF DIRECTORS 258

APPENDIX 2: STATUTORY AUDITORS' REPORT ON THE REPORT PREPARED BY THE CHAIRMAN OF THE BOARD OF DIRECTORS 273

APPENDIX 3: GLOSSARY OF SCIENTIFIC TERMS 275

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 12, 2013.

1. COMPOSITION OF THE BOARD OF DIRECTORS AND APPLICATION OF THE PRINCIPLE OF GENDER EQUALITY

1.1 - Composition and organization

The Company is incorporated as a French joint stock company (*société anonyme*) with a Board of Directors.

The Board of Directors has chosen to entrust the general management to the Chairman of the Board of Directors who also holds the position of Chief Executive Officer of the Company and to appoint a Chief Operating Officer who is also a director.

Jean-Luc Belingard has held the position of Chairman and Chief Executive Officer since January 1, 2011. Alexandre Mérieux holds the position of Chief Operating Officer. They will remain in office until the expiration of their terms of office as directors, i.e., at the close of the Annual General Meeting to be held in 2014 to approve the financial statements for the year ending December 31, 2013.

During the year, the terms of office of Groupe Industriel Marcel Dassault and Christian Bréchot expired and two new directors were appointed by the Annual General Meeting of May 30, 2012: Marie-Hélène Habert and Harold Boël, whose terms of office expire in 2016.

At December 31, 2012, the Board of Directors comprised nine directors, including four independent directors. Seven terms of office expire in 2014. A breakdown of each directorship is provided in Chapter 7 of the Company's management report included in the 2012 Annual Financial Report.

The Company's bylaws provide that the Board of Directors may be assisted by up to three non-voting members (*censeurs*). Harold Boël was a non-voting member until he was appointed as a director at the 2012 Annual General Meeting. The Board of Directors is therefore no longer assisted by any non-voting members.

Four representatives of the Works Council may attend Board of Directors' meetings.

On March 15, 2004, the Company's Board of Directors adopted internal rules defining its operating procedures, in addition to legal and regulatory requirements and the provisions of the Company's bylaws. These internal rules were updated in 2007, 2009 and 2010 to reflect new legal provisions and the recommendations of the AFEP-MEDEF Corporate Governance Code. All Board members have agreed to comply with the internal rules.

The internal rules provide that directors must first ensure that they are fully informed of the general and specific obligations attached to their duties and are familiar with securities regulations pertaining to breaches of exchange regulations before accepting their duties. They must familiarize themselves and comply with the laws and regulations, the bylaws, the Board of Directors' internal rules and any additional information that the Board of Directors may provide to them.

The internal rules provide that directors:

(i) represent all the shareholders, even though they are shareholders themselves holding at least ten shares, and must act in the Company's interests in all circumstances;

(ii) must inform the Board of any actual or potential conflict of interest and abstain from voting on the issues concerned;

(iii) undertake to devote the necessary time and attention to their duties;

(iv) must be diligent and participate in all meetings of the Board of Directors and, if applicable, of the committees on which they serve;

(v) are bound by a strict duty of confidentiality beyond the exercise of discretion required by law with respect to non-public information acquired in connection with their role as directors;

(vi) are bound by a duty of loyalty; and

(vii) must trade in the Company's shares only in compliance with the Code of Conduct adopted by the Company.

1.2 - Independent directors

The Board of Directors' internal rules provide that directors are deemed to be independent when they have no direct or indirect relationship of any kind with the Company, the Group or the Management, which could impair their freedom of judgment.

In light of this definition, at December 31, 2012, the Board of Directors comprised four independent directors out of nine members:

- Marie-Hélène Habert;
- Michele Palladino;
- Michel Angé;
- Harold Boël.

1.3 - Application of the principle of gender equality in the board room

Marie-Hélène Habert was appointed as a director for a four-year term at the Annual General Meeting of May 30, 2012. The Board of Directors will continue to progressively propose the appointment of women directors at the next Shareholders' Meetings.

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.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 renewal in 2010 of seven of the current nine directors, the staggering of directors' terms of office is difficult to apply.

Board of Directors' assessment of General Management

The Board of Directors assesses the performance of General Management independently and collectively.

Given that (i) the general management is exercised by the Chairman, in his capacity as Chief Executive Officer, who is present at Board of Directors' meetings, and (ii) Alexandre Mérieux in his capacity as director and Chief Operating Officer is also present at Board meetings, the performance of General Management is assessed by the Board of Directors in the presence of General Management.

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 2012, the Board of Directors of the Company met six times. All directors were present or represented at each meeting, apart from two absences, as evidenced by the attendance register. In 2012, 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, 2011, prepared the Annual General Meeting, approved the various reports required by law and the description of the share buyback program;
- recommended that the Annual General Meeting appoint two new directors: Marie-Hélène Habert and Harold Boël;
- approved the interim financial statements and the related report;
- approved the proposed budget for 2013;
- reclassified certain related-party agreements as ordinary agreements;
- assessed the way in which the Board of Directors operates and its composition;
- approved the Chairman and Chief Executive Officer's compensation for the previous year (achievement of objectives) and set compensation objectives for the coming year;
- discussed the Company's policy in terms of compensation and equality in the workplace;
- submitted to the shareholders for approval the appointment of a new Statutory Auditor (Ernst & Young et Autres) and deputy Statutory Auditor (Auditex);
- granted powers concerning sureties, endorsements and guarantees to the Chairman and Chief Executive Officer for 2013;
- authorized acquisitions of interest and cooperation agreements (e.g., RAS, Quanterix);
- decided on the merger of certain Group entities including Argene and the AES group's holdings;
- granted free shares to Group employees;
- examined and authorized the renewal of the syndicated line of credit;
- changed the composition of the Audit Committee;
- 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 March 12, 2013, the Board of Directors carried out a self-assessment using a questionnaire in which each director was able to state his opinion. The analysis of the responses received, which were discussed by the Board of Directors, showed that a large majority of directors believe that the Board's responsibilities and duties were fulfilled and that the quality, frequency and effectiveness of its meetings were adequate. The directors consider that their access to information concerning the Group and its environment is sufficient. The information that they receive to discuss topics is deemed to have been presented with sufficient internal or external analyses on which to base decisions. Some directors consider that they could be better informed by receiving fuller written information at an earlier stage before the meeting. Directors believe they are fully independent vis-à-vis general management and able to speak freely.

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, 2012, the Audit Committee comprised the following three members: Michel Angé, Harold Boël and Georges Hibon. Michel Angé and Harold Boël are independent directors within the meaning of the Board of Directors' internal rules. The Audit Committee is chaired by Michel Angé and two-thirds of its members are independent.

In light of his training and professional experience in banking, Michel Angé qualifies as the member of the Audit Committee "with financial or accounting expertise" as set out in article L.823-19 of the French Commercial Code (*Code de commerce*) and in the AMF working group report on audit committees (July 22, 2010). On account of their professional experience in the general management of major pharmaceutical groups and industrial groups, respectively, Georges Hibon and Harold Boël also possess the required expertise.

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 or other position as corporate officer within the Company or the Group. The Audit Committee invites members of the Finance Department, General Management, Internal Audit, Investor Relations or the Statutory Auditors depending on agenda items to be considered. External experts may be called upon as required. In consultation with the Chairman of the Board of Directors, the Audit Committee is provided with the resources it considers necessary to properly perform its duties.

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, (iv) the independence of the Statutory Auditors, and (v) the review of draft financial press releases in particular relating to the interim financial statements and quarterly sales.

The Audit Committee meets around four days before the Board of Directors' meeting on the approval of the annual and interim financial statements and prepares a report on its meeting. The committee met six times in 2012, with all members present at each meeting. As of May 30, 2012, Harold Boël replaced Benoît Habert whose term as director (representing Groupe Industriel Marcel Dassault) had expired.

It reviewed press releases relating to fourth-quarter 2011 sales, the annual financial statements for 2011, the 2012 interim financial statements and first-, second- and third-quarter 2012 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 provided its observations on the negotiation and conclusion of the syndicated line of credit. It oversaw the selection process for the new Statutory Auditors and deputy Statutory Auditors. Finally, it conducted a summary review of internal control and risk management procedures, primarily through discussions with the heads of internal audit on engagements carried out during the year and on the schedule for the following year. The Chief Financial Officer presented the annual and interim financial statements including the notes to the financial statements and off-balance sheet commitments. The Statutory Auditors issued a detailed report on their audit engagement relating to these financial statements.

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.

At December 31, 2012, the Human Resources, Appointment and Compensation Committee members were Michel Angé, Michele Palladino and Alain Mérieux. Michele Palladino and Michel Angé are independent directors within the meaning of the Board of Directors' internal rules. Two-thirds of the Human Resources, Appointment and Compensation Committee are independent members. Alain Mérieux chairs this committee.

Role and operation of the Human Resources, Appointment and Compensation Committee

The Human Resources, Appointment and Compensation Committee meets at least once a year. Meetings are called by the Chairman of the Board of Directors.

With respect to appointments, the committee is responsible for making recommendations on the composition of the Board after considering all relevant information before making a decision, i.e., balanced Board membership to reflect the Company's shareholding structure, identifying possible candidates, renewal or non-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, where 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 free 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, where applicable, the Chief Operating Officer, and makes recommendations on the different categories of beneficiaries. The options granted to corporate officers are examined on a case-by-case basis by the committee.

In 2012, the Human Resources, Appointment and Compensation Committee met twice, with all its members attending. The main topics discussed at these meetings were the compensation policy, the selection of new directors, free share grants, the Chairman and Chief Executive Officer's compensation and the rules governing the distribution of directors' fees.

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 in the name 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, compromises, granting of security interests, financing by any means, etc.) of more than €30 million not provided for in the strategic plan or the budget.

Three committees assist bioMérieux's General Management in the performance of its duties.

2.4.2 - General Management committees

Strategy Committee

This committee currently comprises three members (Alain Mérieux, Alexandre Mérieux and Jean-Luc Belingard). It proposes medium- and long-term strategic objectives for the Group, focusing in particular on (i) business development objectives, (ii) scientific and technological options, (iii) geographical expansion policies, (iv) strategic alliances and partnerships, and (v) communication and management policies relating to the Group's image.

Management Committee

This committee, chaired by Jean-Luc Belingard (Chairman and Chief Executive Officer), is comprised of Alexandre Mérieux (Corporate Vice-President, Microbiology Unit), Michel Baguenault (Corporate Vice President, Human Resources), Thierry Bernard (Corporate Vice President, Global Commercial Operations), Jean-Marc Durano (Corporate Vice President, Industrial Microbiology Unit), Steve Harbin (Corporate Vice President, Manufacturing and Supply Operations, Quality Management, Regulatory Affairs and Information Systems), François Lacoste (Corporate Vice President, Immunoassay Unit), Marc Mackowiak (Chief Executive Officer, bioMérieux, Inc.), Mark Miller (Chief Medical Officer), Alain Pluquet (Corporate Vice President, Innovation and Systems Unit), Henri Thomasson (Chief Financial Officer), and Stefan Willemsen (Corporate Vice-President, Business Development, Legal Affairs and Industrial Property).

The committee is responsible for implementing decisions made by the Board of Directors regarding the Company's general strategy. It meets once every three months. At each meeting, the committee reviews the Company's operations, financial position, sales, human resources issues, strategy implementation and research and development portfolio management. The committee is responsible for overseeing strategic projects, deciding on priorities and implementing the necessary resources within the Company's various departments, such as deciding on significant capital expenditure (property, plant and equipment or intangible assets).

In parallel, a select committee meets once a month on matters requiring more urgent decision-making.

The Management Committee is kept up-to-date by the Global Compliance Officer on the progress of the Ethics and Compliance Program (see section 3.3.1).

The Management Committee is assisted by the Research and Development Committee for R&D matters.

R&D Committee

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

- identifying, assessing and coordinating innovative scientific strategies to put forward to the Management Committee;
- optimizing operational tools, methods and exchanges to enable the research and development network to best meet the needs of the Units.

It chooses new projects, selects project teams and allocates resources. It oversees the progress of the projects up to the marketing of the relevant product.

2.5 - Compensation and information governed by article L.225-100-3 of the French Commercial Code

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 the management report published in the 2012 Annual Financial Report.

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 published in the 2012 Annual Financial Report.

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.

However, internal control does not provide absolute assurance that these objectives will be achieved.

The Group's internal control system is based on:

- the Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO);
- the AMF's Reference Framework on internal control and risk management systems;
- recommendations published by the AMF.

The internal control system applies to all the companies included in the Group's scope of consolidation.

3.2 - Persons and departments in charge of internal control

General Management

General Management and the Board of Directors, through the Audit Committee, oversee and supervise the internal control system. For this purpose, General Management relies on audits as described below (see section 3.4 – Implementation and monitoring of the internal control system).

Finance Department

Under the authority of the Chief Financial Officer, who is a member of the Management Committee, the Finance Department directly oversees Group-level functions (management control, reporting and consolidation, cash management, finance and tax) and indirectly oversees the administrative and financial functions of each Group entity.

Quality Management System Department

The Quality Management System Department (Global QMS), which reports to the Global Operations 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 widely documented, is discussed with and validated by several operational departments (Marketing, R&D, Manufacturing, Customer Service).

Health, Safety and Environment (HSE) Department

The HSE Department prepares, supports and monitors the application of the health, safety and environmental policy.

A health, safety and environmental policy has been drawn up as part of bioMérieux's quality strategy. It provides for several measures relating in particular to (i) the prevention of occupational accidents and illnesses which are monitored through specific indicators, (ii) improving energy efficiency and the preservation of natural resources and the environment, (iii) restricting access to various sites, as well as sensitive premises and information. This policy is implemented by the management of each entity which, within its scope of responsibility, ensures the protection of persons and assets and minimizes the impact of bioMérieux's activities on the environment.

Information Systems Department

The Information Systems Department is responsible for:

- supporting bioMérieux's business strategy and systems by providing services and products that meet the needs of users of information systems in compliance with applicable laws and regulations;
- ensuring the availability, continuity and quality of the applications provided;
- managing and protecting information in terms of confidentiality and integrity, in accordance with security levels; and
- providing technical and functional support to customers within the Group.

In order to achieve these objectives, the department operates out of two facilities in France and the United States and relies on a network of IT correspondents in certain Group subsidiaries and an external service provider for service desk user support (a call center for computer incidents).

The Company has devised a security policy which protects it against major IT risks.

An IT governance procedure is used to define the responsibilities in the day-to-day use and IT management of existing applications. The main systems are reviewed by the Management Committee.

Legal Affairs and Industrial Property Department

The Legal Affairs and Industrial Property Department oversees bioMérieux's relations with external third parties (suppliers, customers, partners, governments, etc.) and the management of corporate governance, while ensuring compliance with applicable rules and regulations and the protection of the Company's interests. It organizes the protection and valuation of scientific innovations created by bioMérieux, in liaison with the departments concerned. In order to achieve these objectives, the department operates from two main centers in France and the United States and relies on a network of consultants in other parts of the world. It is organized by business function and by geographic area.

Global Compliance Officer

The Global Compliance Officer reports to the Chairman and Chief Executive Officer, and is responsible for establishing, promoting and monitoring the implementation of all compliance and ethical standards in accordance with applicable laws and the Company's Code of Conduct (see section 3.3.1).

The Global Compliance Officer also leads the Ethics and Compliance Program (see section 3.3.1).

3.3 - Internal control process

3.3.1 - Internal control environment

bioMérieux's internal control environment is based on the following:

Ethics and Compliance Program

The objective of this program is to ensure that policies and practices clearly convey, both internally and publicly, bioMérieux's commitment to an organizational culture of ethics and integrity. The program strives to promote ethical conduct in all business dealings; provide training for employees on ethical standards and the laws that apply to them; and, provide an opportunity for employees to voice their concerns and ask questions.

The Global Compliance Officer (GCO), leads the Ethics and Compliance Program, supported by the Ethics and Compliance Committee made up of representatives from several functions across the organization including: Global Operations, Commercial Operations, Finance, HR, Regulatory and Legal Affairs, R&D, IS, Communications and Audit.

The GCO and the Ethics and Compliance Committee report on the Company's compliance with and implementation of the program to the Management Committee.

The Ethics and Compliance Program is based on:

bioMérieux's values

The Group's values take the form of convictions and rules of conduct aimed at guiding 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 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. Online training has also been given to a large number of employees throughout the world.

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 in order to ensure operating efficiency, reliability of financial and accounting information, optimal use of resources, while safeguarding assets and combating fraud.

In early July 2012, it came to light that certain checks, issued to pay the State value added tax (ICMS) due by bioMérieux Brazil and deposited with the bank responsible for transferring them to the tax authorities, had been misappropriated. The company had to repay this amount and is continuing its investigations. The company has stepped up the use of payments by bank transfer and has appointed a Chief Financial Officer responsible for Brazil, Russia, India and China.

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 Quality Manual describes the global 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 corporate Quality Manual, each subsidiary, production site and R&D site has a local Quality Manual describing provisions that are specific to its activities.

These manuals are used as permanent reference documents for the implementation, management and improvement of the Quality Management System, as well as for relations between bioMérieux and its customers.

Regulatory standards

All bioMérieux products are designed, manufactured and delivered in accordance with applicable quality standards.

The quality management system for the design, manufacture and delivery of products is designed in conformity with ISO 9001 certification, and ISO 13485 certification for *in vitro* diagnostics, implemented voluntarily or as required by regulations.

All products for clinical applications are designed and manufactured on ISO 13485 certified sites.

The US Food and Drug Administration (FDA) could perform audits on sites manufacturing products for the North American market. Following an inspection in the first quarter of 2012 at the Durham site (North Carolina, USA), the FDA issued the Company a warning letter dated August 23, 2012. The letter notified seven points related to the quality system, which the Company is committed to resolving quickly.

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 the management report on the parent company financial statements.

The Group has set up a Risk Forum under the authority of the Manufacturing and Supply Operations, Quality Management, Regulatory Affairs and Information Systems Department. This Risk Forum meets on a quarterly basis for the purposes of:

- validating the Group's risk mapping process;
- implementing overall risk management and risk assessment procedures;
- monitoring these risks and the corresponding action plans;
- defining a crisis management process;
- informing the Management Committee of any significant risk for the Company.

3.3.3 - Control activities

Control activities are put in place by the corporate and operational departments based on Group procedures.

The persons and departments in charge of internal control (see section 3.2 – Persons and departments in charge of internal control) play a decisive role in control activities.

3.3.4 - Information and communication

The Group has various written procedures (project management, investment management, processing of financial information, etc.), in French and in English which are accessible via its intranet and/or specific servers.

3.4 - Implementation and monitoring of the internal control system

General Management and the Board of Directors, through the Audit Committee, manage and monitor the internal control system (their roles and operations are detailed in the first part of this report).

For this purpose, they rely on audits as described below.

Internal Audit Department

The Internal Audit Department is made up of a core team of three individuals who rely on internal resources (about thirty employees). The Internal Audit Department conducts audits to ensure that the procedures defined by the Group are properly applied by the subsidiaries and Group-level departments, thereby contributing to continuously improve operating processes through risk analyses, internal audits and advisory services.

This department is governed by an Internal Audit Charter that sets out its role and duties, the scope of its authority and powers and the methodology used. The methodology complies with professional standards.

The Internal Audit Department draws up an annual audit plan, which is updated each quarter, based on a risk map.

The Internal Audit Department prepares a summary of the audits conducted, which is then presented to the Audit Committee every year and to the Management Committee on a regular basis.

Quality Management System (QMS) Department

The quality assurance departments, which are integrated into functions and business lines, conduct periodic audits to assess the implementation of good practices and ensure compliance with procedures and regulations in their field of expertise.

These audits are conducted at the Company’s sites or at its subsidiaries’ premises by internal quality auditors, based on a program drawn up each year.

External audits

The Company is subject to various types of external audits as described below.

The Statutory Auditors, i.e., Ernst & Young et Autres and its network and Diagnostic Révision Conseil (DRC), audit the consolidated financial statements and the parent company financial statements as well as the individual financial statements of the vast majority of Group companies. For the other subsidiaries, the Statutory Auditors rely on the work carried out by these companies’ external auditors.

In addition to the reports required by law, the audits by the independent auditors are summarized in a report that covers material audit findings and the manner in which they have been resolved, as well as recommendations regarding the Group's internal control procedures. These recommendations are reviewed with the management of the subsidiaries concerned and their implementation is monitored.

The analysis and assessment of the Company's internal control systems are carried out in consultation with the Statutory Auditors, who are informed of the results of the work carried out by the internal audit team.

The regulatory authorities carry out audits and inspections at the Company's sites, as described in section 6.3.5 of the 2012 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 financial and accounting information

3.5.1 - Definition and objectives

Financial and accounting internal control is a key component of the internal control process. It applies to all Group processes relating to the preparation and reporting of financial and accounting 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.

Financial and accounting 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 financial and accounting information;
- the reliability of information circulated and used internally for monitoring or control purposes, insofar as it contributes to the preparation of the published financial and accounting information; and
- the reliability of the published financial statements and of other information provided to the market.

3.5.2 - Organization and parties involved

Finance Department

Accounting/Finance

bioMérieux has issued a "Manual of accounting and consolidation principles" for use by the Group's entities. It lists the principal items in the consolidated financial statements and specifies their contents, as well as the valuation methods to be used.

For bioMérieux SA and its principal subsidiaries, the accounting procedures required by the application of those principles and local regulations when recognizing ordinary and recurring transactions are incorporated in the accounting software, in order to render data processing secure and automatic. A limited number of manual entries are made at those entities.

The Administrative and Finance Department of each entity performs credit management functions. The administrative and financial departments are responsible for defining and periodically reviewing the amount of credit allowed for customers, and anticipating risks of insolvency, by using the services of credit-rating companies.

Management control

Each year, the annual budget is prepared on the basis of the five-year corporate strategic plan and is validated by the Board of Directors. The budget serves as a basis to track the performance of each process and Group entity.

bioMérieux and its subsidiaries all have management controllers whose duties include verifying compliance with the budget. In addition, each function has a dedicated management control unit in charge of drawing up its annual budget and liaising with the legal entities of the Group.

Consolidation

The consolidation process is centralized within the bioMérieux Group. The consolidation unit checks that the financial statements of the subsidiaries are prepared in accordance with the Group's accounting principles, as set forth in procedure manuals provided to all Group entities. It has a consolidation software package which includes all the financial statements of the subsidiaries and processes them in accordance with the Group's chart of accounts.

The consolidation process includes an in-depth analysis of the financial statements, e.g., net cash position is reconciled with the statements prepared by Cash Management. A quarterly analysis report is prepared and provided to the Group's General Management.

Cash Management

In light of the large number of countries in which bioMérieux operates, Cash Management also plays a key role in the accounting and financial internal control system. It is mainly responsible for:

– maintaining a balance between the finances of Group entities, by way of:
  - annual cash forecasts revised monthly on the basis of schedules included in reporting guidelines,
  - a cash pooling arrangement with bioMérieux as pool leader. Most of the subsidiaries are involved in this arrangement which enables optimal use of the Group's cash resources,
  - careful and prudent investment practices for temporary cash surpluses, which are invested exclusively in money-market instruments;

– managing exchange rate risks so as to minimize the impact of fluctuations on budgeted profit, through:
  - a policy of billing export sales to third parties exclusively in strong currencies,
  - hedging, whenever possible, a large portion of net cash flows,
  - monthly adjustments to hedges depending on actual transactions.

Nevertheless, residual risk exposures exist, due in part to the volume of business and debt in emerging countries.

In addition to having an impact on the Company's profit, exchange-rate fluctuations can affect its equity. The Company does not hedge the risks to which its assets are exposed in this respect.

Control of subsidiaries

Operational control of subsidiaries is achieved through:

- regional management departments (in Europe, North America, Latin America and Asia) which, with the assistance of support functions, verify the relevance of the appropriate human, financial and business resources available locally;
- the presence of members of certain operational and/or financial functions on the boards or committees (board of directors or its equivalent) overseeing the activities of subsidiaries;
- a financial and administrative function in each subsidiary;
- a monthly review of the subsidiaries' main performance indicators, pertaining primarily to their sales and financial structure, are compared to the same indicators of the previous year and the budget's indicators.

Investor Relations Department

The Company's publications (annual and interim reports, press releases, etc.) are drafted on the basis of specific discussions. They are submitted to a working group, which includes the Global Sales Department and the Chief Financial Officer. Press releases relating to results and sales are reviewed by the Audit Committee.

The Chairman of the Board of Directors
Jean-Luc Belingard

APPENDIX 2

STATUTORY AUDITORS' REPORT PREPARED IN ACCORDANCE WITH ARTICLE L.225-235 OF THE FRENCH COMMERCIAL CODE (*CODE DE COMMERCE*) ON THE REPORT PREPARED BY THE CHAIRMAN OF THE BOARD OF DIRECTORS

This is a free translation into English of the Statutory Auditors' special report issued in French and is provided solely for the convenience of English speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Shareholders,

In our capacity as Statutory Auditors of bioMérieux and in accordance with article L.225-235 of the French Commercial Code, we hereby report to you on the report prepared by the Chairman of your Company in accordance with article L.225-37 of the French Commercial Code for the year ended December 31, 2012.

It is the Chairman's responsibility to prepare, and submit to the Board of Directors for approval, a report describing the internal control and risk management procedures implemented by the Company and providing the other information required by article L.225-37 of the French Commercial Code in particular relating to corporate governance.

It is our responsibility:

- to report to you our observations on the information set out in the Chairman's report on internal control and risk management procedures relating to the preparation and processing of financial and accounting information, and

- to attest that the report sets out the information required by article L.225-37 of the French Commercial Code, it being specified that it is not our responsibility to assess the fairness of this information.

We conducted our work in accordance with professional standards applicable in France.

Information concerning the internal control and risk management procedures relating to the preparation and processing of financial and accounting information

Professional standards require that we perform procedures to assess the fairness of the information on internal control and risk management procedures relating to the preparation and processing of financial and accounting information set out in the Chairman's report. These procedures mainly consisted of:

- obtaining an understanding of the internal control and risk management procedures relating to the preparation and processing of financial and accounting information on which the information presented in the Chairman's report is based, and of the existing documentation;

- obtaining an understanding of the work performed to support the information given in the report and of the existing documentation;

- determining if any material weaknesses in the internal control procedures relating to the preparation and processing of financial and accounting information that we may have identified in the course of our work are properly described in the Chairman's report.

On the basis of our work, we have no matters to report on the information given on internal control and risk management procedures relating to the preparation and processing of financial and accounting information, set out in the Chairman of the Board's report, prepared in accordance with article L.225-37 of the French Commercial Code.

Other information

We attest that the Chairman's report sets out the other information required by article L.225-37 of the French Commercial Code.

Lyon, April 15, 2013

The Statutory Auditors

DIAGNOSTIC REVISION CONSEIL	**ERNST & YOUNG et Autres**
Hubert de Rocquigny du Fayel	Marc-André Audisio

APPENDIX 3

GLOSSARY OF SCIENTIFIC TERMS

- **Acute coronary syndrome**: decreased blood flow in the coronary arteries resulting in reduced circulation rate and inadequate oxygenation of the myocardial muscle.
- **Amplification**: a technique, usually using enzymes, for multiplying nucleic acids in order to increase the sensitivity of detection methods.
- **Antibiotic**: a substance of natural or synthetic origin capable of stopping the multiplication of bacteria.
- **Antibiotic susceptibility test**: an analysis to determine the sensitivity of a bacterium to antibiotics.
- **Antibody**: a molecule produced by the immune system to detect and neutralize pathogens, in particular viruses.
- **Antigens**: a foreign substance in an organism which triggers the production of an antibody (immune reaction).
- **Bacterium**: a unicellular microorganism lacking chlorophyll and visible only under a microscope. Bacteria do not belong to either the plant or the animal kingdom.
- **Biochemistry**: an area of science which studies the correlation between the structure of natural molecules and the consequences for their activity.
- **Blood culture**: an essential blood test in infectious disease, carried out by taking a sample of venous blood which is then cultured to reveal the presence or absence of germs.
- **Chromogen**: a substance that is colored under certain conditions. Incorporated in a culture medium, it reveals the presence of an enzyme and thereby identifies the cultured bacterium.
- **Commensal bacteria**: the skin and mucous membranes are continuously colonized by commensal bacteria that do not cause disease unless the subject is weakened.
- **Consumable**: a single-use accessory, generally employed in an analysis instrument.
- **Contaminant**: a substance present where it should not be.
- **Culture medium**: a simple or compound nutrient composition in liquid or solid form, used to maintain or increase the development of a microbial species under appropriate biological conditions.
- **Cytology** (or cellular biology): an area of biology concerning the study of cells and their organelles, the vital processes taking place therein as well as the mechanisms allowing for their survival (reproduction, metabolism).
- **Cytomegalovirus**: a virus responsible for infections, usually undetected. It becomes pathogenic especially in patients with weak immune defenses. Member of the herpes virus family, which includes *inter alia* herpes simplex virus (HSV) or herpes virus hominis (HVH), cytomegalovirus (CMV), varicella-zoster virus (VZV) and Epstein-Barr virus (EBV).
- **Cytometry**: the counting of cells.
- **DNA**: the acronym of "deoxyribonucleic acid". These nucleotides consist of a sugar (deoxyribose), a phosphate group and one of the following nitrogen-containing bases: adenine (A), cytosine (C), guanine (G) or thymine (T), and serve as a medium for genetic information.
- **DNA sequencing**: method used to determine the order of the nucleotide bases in a molecule of DNA.

- **Enterobacteria**: a family of aerobic or anaerobic (requiring or not requiring oxygen to live and reproduce) bacilli (bacteria), revealed by Gram-negative staining.
- **Enterococcus**: oval-shaped bacterium of the group D of the Streptococcus family, usually resident in the intestine of healthy humans.
- **Enzyme**: a protein macromolecule which speeds up a biochemical reaction.
- **Extraction**: term applied to the steps which extract nucleic acids from the cells that contain them and process them so they can be used in molecular biology techniques such as amplification.
- **Flow cytometry**: technique of passing a stream of cells, particles or molecules at high speed through a laser beam. The light re-emitted (by diffusion or fluorescence) enables the population to be classified and sorted according to several criteria.
- **Functionalized polymer**: an organic or inorganic macromolecule formed by a chain of repeating units to which chemical groups are grafted in order to give the macromolecule a particular function.
- **Fungal**: that which relates to fungi.
- **Genotyping**: determination of all the genes contained in the cells of an organism.
- **Gram staining**: staining which reveals the properties of the bacterial wall so that they can be used to distinguish and classify bacteria. The main distinction is between Gram-positive and Gram-negative bacteria.
- **Healthcare-associated infection:** a disease contracted in a hospital or other healthcare establishment by a patient who did not have this disease on admission.
- **Histology**: the study of tissue in order to research tissue composition, structure and renewal and cellular exchanges within themselves.
- **Immunoassay**: detection of pathology markers using an antigen-antibody reaction.
- ***In vitro* diagnostics**: tests performed outside the human body using diagnostic tools such as antibodies.
- ***In vivo* diagnostics**: tests or research performed on a living organism.
- **IVD**: abbreviation for *in vitro* diagnostics.
- **Listeria**: a genus of bacteria which can cause listeriosis, an infectious disease which is potentially serious in new-born babies, pregnant women or individuals with low resistance.
- **Marker**: a reagent used to detect the substance to which it is bound. A biological marker (biomarker) is a substance that is assayed to help diagnose a pathology.
- **Mass spectrometry**: a technique used to identify and determine the chemical structure of multiple molecules simultaneously, analyzing the mass and charge of their ions.
- **Methicillin**: a semi-synthetic penicillin used primarily against non-resistant Staphylococcus aureus.
- **Microbiology**: the study of microorganisms, including *inter alia* viruses, bacteria and fungi.
- **Microorganism**: a living organism of microscopic size.
- **Molecular biology**: technology based on the detection of genetic sequences of DNA or RNA that are characteristic of a bacterium, virus, protein or cell.
- **MRSA**: methicillin-resistant Staphylococcus aureus bacterium.
- **Multiplex**: the ability to transmit multiple data on a single physical medium.

- **Multi-resistant bacteria**: bacteria are said to be multi-resistant to antibiotics when they are sensitive only to a small number of the antibiotics customarily used in therapy, as a consequence of the accumulation of natural and acquired resistances.
- **Mycobacteria**: rod-shaped bacillus-type bacteria. Some species of mycobacterium are pathogenic: M. leprae responsible for leprosy; M. tuberculosis, responsible for tuberculosis.
- **Nucleic acid**: a naturally-occurring molecule found in most cells. It has the ability to hold and transmit coded hereditary instructions allowing for an organism's development. There are two types of nucleic acids: DNA and RNA.
- **Oncology** (or cancerology): the medical specialty of the study, diagnosis and treatment of cancers.
- **Parasite**: an organism that feeds off, lives or reproduces itself by establishing a lasting interaction with another organism (the host).
- **Pathogen**: biological agent responsible for infectious disease. Infectious agents can be viruses, bacteria or parasites.
- **POC (Point-of-Care) – POCT (Point-of-Care Testing)**: services offered “at the bedside”, including in particular the analysis of the diagnosis.
- **Protein**: a basic constituent of all living cells. A biological macromolecule is composed of one or more amino acid chains linked by peptide bonds.
- **Pulmonary embolism**: obstruction of one of the branches of the pulmonary artery or of the pulmonary artery itself by a blood clot.
- **Quality indicator**: term used in food processing to define the microorganisms responsible for visual or taste alterations (e.g., mold or bacterial contamination). Quality indicator counts are used to assess product hygiene.
- **Rheumatoid arthritis**: the most frequent chronic inflammatory rheumatism. Its cause is not fully known, but it is one of the autoimmune diseases (the body produces antibodies against its own tissues).
- **RNA**: the acronym of "ribonucleic acid". A polymer similar to DNA which, like DNA, has a role as a vector of genetic information. The sugar in RNA is a ribose.
- **Sepsis**: an excessive reaction of an organism's immune system and coagulation system to an infection. This reaction is characterized by systemic inflammation and by blood coagulation problems, which can rapidly lead to organ failure (severe sepsis) and, in many cases, death.
- **Septicaemia**: serious systemic infection of the organism by pathogenic germs, indicated by the presence of microorganisms in the blood.
- **Staphylococcus**: a genus of Gram-positive bacteria, usually observed in clusters resembling bunches of grapes.
- **Substrate**: a molecule used as a starting product which binds to the active site of an enzyme and is converted into one or more products.
- **Theranostics**: a diagnostic test that allows clinicians to take the most suitable therapeutic decision for each patient, thereby favoring more personalized treatment.
- **Typing**: a method which can help in the assessment of the compatibility between two individuals, their organs, tissues or blood. A technique used to characterize bacteria.
- **Venous thrombosis**: the formation of a blood clot in a vein. It usually occurs in a vein of the lower limbs, in the leg or hip, rarely in the upper limbs.

– **Virus**: a rudimentary infectious microorganism, containing a single type of nucleic acid encaged in a protein capsid, which uses the materials of the cell that it parasitizes to synthesize its own constituents. It reproduces using just its own genetic material.

bioMérieux S.A.
69280 Marcy l'Etoile
France
Tél. : 33 (0)4 78 87 20 00
Fax : 33 (0)4 78 87 20 90
www.biomerieux.com

BIOMÉRIEUX