PIONEERING DIAGNOSTICS

REGISTRATION DOCUMENT AND ANNUAL FINANCIAL REPORT 2014

BIOMÉRIEUX

PIONEERING DIAGNOSTICS

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

The French version of this Registration Document (*document de référence*) was filed with the French financial markets authority (*Autorité des marchés financiers* – AMF) on April 27, 2015 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

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, 2013:

- the consolidated financial statements and the corresponding Statutory Auditors' report on pages 161 to 224 and 257 to 258, respectively;
- the parent company financial statements and the corresponding Statutory Auditors' report on pages 225 to 256 and 259 to 260, respectively;
- financial information on pages 104 to 112;
- investments on page 62,

appearing in the 2013 Registration Document filed with the AMF on April 29, 2014 under number D.14-0443.

Other information in this Registration Document is irrelevant to investors or covered by another section in the 2014 Registration Document.

For the year ended December 31, 2012:

- the consolidated financial statements and the corresponding Statutory Auditors' report on pages 146 to 208 and 237 to 238, respectively;
- the parent company financial statements and the corresponding Statutory Auditors' report on pages 209 to 236 and 239 to 240, respectively;
- financial information on pages 91 to 99;
- investments on pages 35 to 36,

appearing in the 2012 Registration Document filed with the AMF on May 17, 2013 under number D.13-0542.

Other information in this Registration Document is irrelevant to investors or covered by another section in the 2014 Registration Document.

INVESTOR CALENDAR

Date	Event
January 22, 2015	Fourth-quarter 2014 business review (before start of trading)
March 11, 2015	2014 results (before start of trading)
April 23, 2015	First-quarter 2015 business review (before start of trading)
May 28, 2015	Annual General Meeting
July 17, 2015	Second-quarter 2015 sales (before start of trading)
August 31, 2015	First-half 2015 results (before start of trading)
October 22, 2015	Third-quarter 2015 sales (before start of trading)

The Company reserves the right to modify this calendar at any time.

INTRODUCTION: GENERAL PRESENTATION

A world leader in the field of *in vitro* diagnostics for 50 years, bioMérieux is present in more than 150 countries through 42 subsidiaries and a large network of distributors. In 2014, sales reached €1,698 million, with 88% of sales outside of France.

bioMérieux provides diagnostic solutions (reagents, instruments, software) which determine the source of disease and contamination to improve patient health and ensure consumer safety. Its products are used for diagnosing infectious diseases and providing high medical value results for cancer screening and monitoring and cardiovascular emergencies. They are also used for detecting microorganisms in agri-food, pharmaceutical and cosmetic products.

	2014
2014 sales (in billions of euros)	1,698
Sales by Region	
. Europe – Middle East – Africa	48%
. Americas	34%
. Asia-Pacific	18%
Sales by Application	
. Clinical applications	~ 80%
. Industrial applications	~ 20%
Workforce (full-time equivalent employees)	8,935 at December 31, 2014
Installed base (number of instruments)	79,500 systems

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

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

Historical financial information for the years ended December 31, 2013 and December 31, 2012, as well as their respective Statutory Auditors' reports, are referenced herein as indicated on page 8.

The consolidated financial statements and the parent company financial statements for the year ended December 31, 2013, covered by the Statutory Auditors' reports, contained an emphasis of matter on the impact on employee benefits of the application from January 1, 2013 of revised IAS 19 (in the consolidated financial statements) and on the change of accounting method for post-employment benefits as of January 1, 2013 (in the parent company consolidated financial statements).

The consolidated financial statements and the parent company financial statements for the year ended December 31, 2014, presented in the Registration Document, are covered by the Statutory Auditors' reports in sections 20.4.1 and 20.4.2. The consolidated financial statements contain a note on the new operating performance indicator, contributive operating income before non-recurring items (Note 3.3 to the consolidated financial statements)."

Marcy l'Étoile, April 27, 2015

Chairman and Chief Executive Officer
Jean-Luc Belingard

Chief Operating Officer
Alexandre Mérieux

2 STATUTORY AUDITORS

2.1 IDENTITY OF THE STATUTORY AUDITORS

Statutory Auditors	Deputy Statutory Auditors
Ernst & Young et Autres 1-2 place des Saisons, Paris-La Défense 1 92400 Courbevoie France Ernst & Young et Autres 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. Ernst & Young et Autres is a registered audit firm, member of *Compagnie régionale des Commissaires aux comptes de Versailles*. Ernst & Young et Autres is represented by Marc-André Audisio.	**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*.
Diagnostic Révision Conseil (DRC) 20 rue Garibaldi, 69006 Lyon France Diagnostic Révision Conseil (DRC) 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. Diagnostic Révision Conseil (DRC) is a registered audit firm, member of *Compagnie régionale des Commissaires aux comptes de Lyon*. Diagnostic Révision Conseil (DRC) is represented by Hubert de Rocquigny du Fayel.	**Commissariat Contrôle Audit (CCA)** 20 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 STATUTORY AUDITORS' FEES

In thousands of euros	Dec. 31, 2014							Dec. 31, 2013						
	Ernst & Young		PwC		Other		TOTAL	Ernst & Young		DRC		Other		TOTAL
Audit	**1,208**	***89%***	**153**	***47%***	**39**	***100%***	**1,400**	**1,042**	***88%***	**143**	***100%***	**53**	***100%***	**1,239**
- bioMérieux SA	187	*14%*	147	*45%*			333	160	*13%*	130	*91%*			290
- Fully consolidated subsidiaries	1,022	*75%*	6	*2%*	39	*100%*	1,067	882	*74%*	13	*9%*	53	*100%*	949
Related assignments	**156**	***11%***	**2**	***0%***			**156**	**142**	***12%***					**142**
AUDIT	**1,364**	***100%***	**154**[(a)]	***48%***	**39**	***100%***	**1,557**	**1,184**	***100%***	**143**	***100%***	**53**	***100%***	**1,380**
Legal, tax, labor-related services			168[(b)]	*52%*			168							
Other								4	*0%*					4
OTHER SERVICES	**0**	***0%***	**168**	***52%***	**0**	***0%***	**168**	**4**	***0%***	**0**	***0%***	**0**	***0%***	**4**
TOTAL	**1,364**	***100%***	**322**	***100%***	**39**	***100%***	**1,725**	**1,188**	***100%***	**143**	***100%***	**53**	***100%***	**1,384**

(a) Engagement carried out by DRC, a member of PricewaterhouseCoopers' international network.
(b) Engagement carried out by law firm Landwell & Associés, a member of PricewaterhouseCoopers' international network.

3 SELECTED FINANCIAL INFORMATION

3.1 SELECTED HISTORICAL FINANCIAL INFORMATION

CONSOLIDATED INCOME STATEMENT

Consolidated income statement *In millions of euros*	2014	2013	% change as reported
Sales	**1,698**	1,588	+7.0%
Gross profit	**844**	825	+2.4%
Contributive operating income before non-recurring items[(1)]	**227**	262	-13.6%
Operating income	**204**	257	-20.9%
Net income for the year	**136**	165	-17.7%

CONSOLIDATED BALANCE SHEET

Assets *In millions of euros*	Net Dec. 31, 2014	Net Dec. 31, 2013
Non-current assets	1,528	950
Current assets	991	1,196
Assets held for sale	61	51
Total assets	**2,580**	**2,197**
Equity and liabilities	**Dec. 31, 2014**	**Dec. 31, 2013**
Equity	1,389	1,267
Non-current liabilities	556	414
Current liabilities	611	503
Liabilities related to assets held for sale	24	13
Total equity and liabilities	**2,580**	**2,197**

(1) Contributive operating income before non-recurring items corresponds to operating income, before non-recurring BioFire acquisition and integration costs and before accounting entries relating to the company's purchase price allocation. Operating income before non-recurring items corresponds to operating income before “material, extraordinary and non-recurring” items, which are included in “Other non-recurring operating income and expenses”.

CONSOLIDATED STATEMENT OF NET CASH FLOWS AND CHANGES IN NET DEBT

Consolidated statement of net cash flows and changes in net debt *In millions of euros*	2014	2013
EBITDA[a] (before non-recurring items)	**332**	**353**
Net cash from operating activities	**298**	**241**
Net cash used in investing activities	**(144)**	**(128)**
Other cash flows	**4**	**(2)**
Free cash flow[b]	**158**	**111[c]**
Net cash used in acquisitions	**(369)**	**(3)**
Dividends	**(40)**	**(39)**
Change in net cash (net debt)	**(251)**	**69**
Net cash and cash equivalents (net debt) at beginning of year	(25)	48
Change in net cash and cash equivalents (net debt) and currency impact	274	(73)
Net cash and cash equivalents (net debt) at year-end	**249**	**(25)**

[a] Contributive operating income before non-recurring items, depreciation and amortization.
[b] Before financial investments and dividends.
[c] Excluding BioFire acquisition costs.

3.2 INTERIM FINANCIAL INFORMATION

None.

4 RISK FACTORS

The Company has conducted a review of risks that could have a material adverse impact on its business, financial position, earnings or ability to meet its objectives. It is not aware of any material risks other than those presented below. Since April 2014 and the deployment of its new operating structure (see section 5.1.5), bioMérieux has extended the functions of the Internal Audit Department to include risk management and has placed General Management in charge of this newly renamed Internal Audit and Risk Department.

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 and new products

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 with the expected commercial success.

The Company invests significant amounts in research and development (systems, instruments, reagents, software, services, etc.) in order to remain competitive. At the start of an R&D project, it is uncertain whether the product under development will be commercially launched. Also, it is possible that bioMérieux will not invest in the most promising technology or in biomarkers that will rise to predominance, and consequently will be unable to launch new products or build a strong product portfolio to meet customer needs. In addition, the Company's growth and profitability could be impacted if these products encounter technical, manufacturing, regulatory or commercial setbacks. In particular:

- research and development 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 certain 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. For instance, certain IVD tests based on innovative biomarkers 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 "Lab Efficiency" offering for the automation and enhanced operational efficiency of clinical microbiology labs 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;

- the Company launched and continues to broaden its "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;

- 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.

There is a material risk that the Company may back out of an R&D project in which significant human and financial resources have been invested, even at a development stage close to the commercial launch date.

Risk management: The Company places particular emphasis on selecting and developing its R&D projects. It has set up a Strategy Committee as described in the internal control report in Appendix 1. The Company is organized into two units (clinical and industrial applications) in order to reinforce the integration between R&D and marketing. The Company also has an Innovation Department and has created the position of Chief Medical Officer in order to develop its portfolio of biotechnologies 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, and the Company's technologies include some that are currently complementary, but which could one day compete with each other. Certain technologies currently used by the Company, moreover, may be threatened by other more effective technologies. 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.), or the genetic sequencing application for identifying infectious pathogenic agents, assessing their virulence and resistance, and measuring quantities of specific molecules. In addition, certain technological advances could pave the way for the identification of microorganisms and the testing of their antibiotic resistance without the need for prior culture samples. Allowing for very rapid test results, these new diagnostic solutions could compete with the Company's current offering.

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 continue to 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 a special technological intelligence department that tracks emerging technologies and anticipates their potential and speed of take-up by laboratories. It has also 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™. The Company has set up an Innovation Department to identify new technologies and assess the most relevant from a technical, medical and business point of view with the assistance of the Chief Medical Officer. Furthermore, in November 2014 the Company signed a sequencing agreement with Illumina. The collaboration is a first step that will enable bioMérieux to identify opportunities and fields of application that sequencing can bring to infectious disease diagnostics (see section 5.1.5).

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 POCT.

The Company's competitors include major international companies, such as Roche, Abbott and Danaher, which are bigger and more experienced, and have larger financial resources and market shares, enabling them to invest more heavily in research and development and marketing and/or to set more competitive prices as a result of greater economies of scale. 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 grow 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;
- 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.

Moreover, the Company's business depends on certain products whose growth could be impacted by the development of competing offers. In particular, the VIDAS® B.R.A.H.M.S. PCT™ test (see section 6.1.3.2.2) is bioMérieux's best-selling parameter, with sharply rising sales reaching €103 million in 2014. The Company is preparing for a possible increase in competition as from 2016 and is therefore working to broaden the marker's diagnostic indications and enhance its menu of high medical value VIDAS® tests for emergency applications.

Risk management: The Company has set up a Strategy Committee as described in the internal control report in Appendix 1. The Company also has a Competitive Intelligence Department. Its Clinical Unit, with the assistance of the Chief Medical Officer, develops clinical trials to extend the scope of its tests to other applications. Lastly, the company has a Business Development Department that communicates with pharmaceutical companies that could identify new innovative biomarkers to enhance its test pipeline, particularly through licensing agreements.

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 rebilling of services);
- 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 risks (see Note 27.1 to the consolidated financial statements in section 20.1.1 and the discussion of emerging countries in section 4.1.1.6 below);
- 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, Turkey and Africa;
- risks linked to the complexity of decision-making processes at Group level;
- 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;
- risks linked to the emergence of new regulations relating to the restriction of exports to countries in which certain Group customers are based and to any non-compliance with regulations concerning countries in which the Group operates. These regulations are generally specific, fast-changing and complex, particularly in Europe, the United States and China.
- management of a network of external distributors;

- risks linked to violations of the Company's Code of Conduct in terms of business practice, working conditions and recruitment;
- 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 generating significant exchange rate losses, 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.) and are therefore likely to have a negative impact on the Company's business, financial position or results.

Risk management: The Company has a wide geographical base and has deployed a regional organization that enables it to make decisions close to operating centers and to adapt its sales policy to the economic environment of every country in which it operates. Its Regulatory Affairs Department allows it to verify compliance with current obligations and applicable regulations (see section 6.3). In addition, its Export Compliance Department monitors compliance with export control obligations and regulations. The Company also has a Global Compliance program, developed in each region, whose aim is to oversee compliance with applicable legislation (concerning corruption, control of exports and anti-competitive practices), observance of the ethical standards set out in the Code of Conduct, and the implementation of a Group training program.

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 United States, the healthcare reform is expected in particular to meet the demand of a part of the population that does not currently have sufficient social security coverage. However, this demand for medical care might not rise at the pace expected. At the same time, the tax on diagnostic products introduced by the reform has affected the Group's financial statements as from 2013 and reimbursement thresholds for tests performed by the Group's customers in the United States could decrease.

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, some emerging economies have become strained, their local currencies have depreciated against the euro and their local prices are highly inflated.

In addition, demand in these countries can also be subject to significant geopolitical tensions, for example in the Middle East since the second half of 2014 and in certain Eastern European countries.

Protectionist measures or regulatory barriers may be introduced in these countries, particularly in order to promote the emergence of local competitors.

The Company may be unable to devise an appropriate sales policy and its growth in these countries would be slower than expected. Alternatively, it may have to recognize exchange losses on its reported sales (in euros), which would affect its operating profit before non-recurring items, as an often limited proportion of the Group's expenses are in the billing currency for its products and services in these countries.

Customer consolidation

There is a growing consolidation of customers, particularly in France (since application of the "Bachelot Act") and the United States, for *in vitro* diagnostic products, which has led to the creation of 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.

Increasing pressure on prices

This consolidation trend also allows customers to exert greater influence on product prices. In the United States in particular, hospitals' central purchasing offices pursue an assertive 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 reimbursement thresholds for healthcare products and services provided by the Group's customers (see section 4.1.1.5.).

Heightened pressure on prices could prevent the Company from reaching its price objectives for innovative and high medical value solutions.

Lower sales prices could have repercussions on the Company's sales and profitability and could therefore have a negative impact on the Company's business, financial position or results.

Risk management: The Company is 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 Southern Europe, the Company is pursuing its strict management of trade receivables.

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 growth of the Company depends partly on targeted acquisitions of small companies and external partnerships that enrich its technology portfolio, product offering and global positions. Nevertheless, the Company may not be able to find or retain partners willing to provide it with the technologies, rights, products or market access it may need.

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

Acquisitions may be delayed by the complexities of finalizing agreements, especially in the validation of regulatory authorizations.

If the Company is unable to leverage this strategy, 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 its offering. 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 may take 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 3.3.1.3 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 Quanterix ultrasensitive immunoassay system);
- manufacture certain products (particularly microplate immunoassays in China with Shanghai Kehua Bioengineering Ltd as part of a 60%-owned joint venture);
- market its products in certain countries. In Japan, for example, the Company's products are distributed by a 66% joint venture co-owned by Sysmex, and in China the Company sells its products through distributors. In the United States, the reagents it produces or buys from other Group companies to sell on the market are stocked and sold by a third party.

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. Any incident affecting these third parties or cessation of their activity would affect the Company's activity and its operating income.

Risk management: The Company endeavors to work closely with its partners. Projects are managed by joint steering committees comprising the teams of both partners. In the United States, the Company periodically monitors the activities and financial health of the third party responsible for its distribution.

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 5.2.1.7). The Company endeavors to offer fairly competitive compensation packages. Each year, the Executive Committee reviews succession plans for the Group's main senior executives, alongside the Human Resources, Appointment and Compensation Committee.

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.

On the other hand, certain suppliers are highly dependent on their business relationship with the Company, which could prove to be costly should these relationships come to an end.

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

Some Company product components could become obsolete, forcing the Company either to overstock these components if suppliers were to discontinue their production or to partially or completely redevelop some instruments.

The Company uses an extensive network of suppliers. The process of qualifying all the materials, components and supplies it uses is often quite long and limits the number of authorized suppliers. 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, certain suppliers' quality defects could negatively impact the Group's products, despite all of the Group's efforts to control quality.

Risk management: The Company has set up a global purchase department and maps the risks associated with key suppliers. This department looks to secure supplies by maintaining close relationships with strategic suppliers and using as many as possible, 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 21 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 that is generally close to the research and development, marketing and customer support teams in charge of these products. Duplicating production of these product lines at other sites would require a significant technological, regulatory and financial investment in terms of time spent and resources used.

Any industrial, economic, political, labor, regulatory or 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 and image. For example, the BacT/ALERT® blood culture bottles are exclusively manufactured at the Durham site (North Carolina, U.S.). For the past two years, production at this site has been hindered by problems encountered in setting up a new production line and at the same time by the boosting of the site's Quality system in response to the seven points raised by the FDA in its warning letter of August 2012.

This kind of event could also affect the Company's profitability, either permanently with the structural reinforcement of its organization, or temporarily with advisory and assistance missions.

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 impact of the production stoppage on the Company's sales, financial position or results.

In France, the Group has an international logistics center. As above, any economic, political, labor, regulatory or environmental incident causing a temporary or permanent interruption of operations at this center 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 and logistics

In order to optimize production and logistics, the Company may have to shut down certain facilities or logistics centers and transfer their activity to other sites. The transfer could be lengthier and more costly than originally expected, and even cause a production and distribution 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. This risk is covered by the Company's insurance policy (see section 4.2). Transfers of operations are managed by special project teams boasting the requisite skills.

4.1.1.11.3. Risks related to capital expenditure

Production facilities, as described above, as well as the amount and growth of reagents and consumable product volumes require significant industrial capital expenditure.

In addition, returns on invested capital could be slower than expected.

If the Group is unable to finance its new manufacturing needs to maintain and renew its production facilities or increase its production capacities, it could be forced to limit its growth in certain product lines, allocate its available resources differently or even abandon certain projects under development.

Risk management: The Company works to ensure that its cash flow from operating activities is sufficient to cover its industrial capital expenditure. It endeavors to retain medium-term credit facilities with banks, allowing it to maintain adequate cash reserves. The Company has also created a Capex Committee, which is in charge of authorizing industrial capital expenditure according to specific financial and operating criteria.

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.

The launch of *in vitro* diagnostic solutions is subject to the Company obtaining regulatory clearance. The conditions for clearance vary from country to country and are often fast-changing. 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). The Company's single-site organization (see section 4.1.1.11.1) reduces its exposure to the risk of non-compliance that a third party could identify in an audit. For example, in July 2014 the FDA audited the St. Louis site (Missouri, U.S.) specialized in the manufacture of VITEK® cards and certain microbiology instruments. Following this audit, in October 2014 a warning letter was sent to the Company concerning nine deviations from the Quality System Regulations for medical devices, Title 21 Code of Federal Regulations, Part 820.

The Company also received a letter of injunction in February 2015 from France's ANSM drug regulatory agency concerning the Craponne site (France), following an inspection by the ANSM in late September 2014. This letter enjoins bioMérieux to complete, within 12 months, all of the works required to bring into compliance the production units where ANSM inspectors found discrepancies.

In addition, the rewritten EU RoHS (Reduction of Hazardous Substances) Directive removes the exemption for *in vitro* medical diagnostic systems from 2016. For compliance purposes, the Company will have to list the instruments concerned by this development and draw up the requisite technical documents. Compliance with the RoHS Directive will also require establishing the compliance of components and sub-assemblies of the Company's instruments bought from suppliers. To obtain EC marking, products covered by the Directive must prove compliance. Ensuring the compliance of the Company's instruments with the RoHS Directive may generate significant costs for the Company, which may also have to redesign some instruments to replace non-compliant parts. It may also have to terminate the sale of any instruments containing parts whose suppliers cannot provide sufficient guarantees of compliance.

New regulations concerning unique medical device identification are gradually entering into force and could lead to major changes in product labels and product information management in a single database. The Company set up a special project team to handle these new regulatory requirements in a timely manner.

As a result, new applicable regulations or audits performed at the Company's manufacturing sites 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 new European regulation for clinical diagnostic tests expected to enter into force at the end of 2015, with a three- to five-year transition period, replacing the CE marking) 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.

Risk management: The Company has put together a special project team to reach the expected level of compliance with the deadlines set by the RoHS Directive. This team sets priorities, defines the compliance action plan and ensures the viability of the solutions selected for current products and for future developments.

In addition, the Group complies with the EU WEEE Directive on waste electrical and electronic equipment, and as such sets aside provisions to cover the removal of equipment from customer sites located within the European Union and the safe removal of heavy metals in some equipment. These provisions totaled approximately €675,000 as of December 31, 2014.

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.

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 noncompliance, (v) in exceptional cases, the closure of a manufacturing site, if significant risks are caused by non-compliant results obtained when using the Company's products, and/or (vi) the Company being ordered to pay potentially significant fines.

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

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, the communication network, particularly the Global ERP system, or the electronic messaging system could adversely affect the Company's business and cause it financial losses.

Risk management: To prepare for the eventuality of a major incident, the Company has set up disaster recovery procedures in order to quickly return to a satisfactory level of business. In addition, critical applications and networks are duplicated according to clearly defined criteria. The Company also set up a procedure to manage and authorize any changes made to the IT system and closely monitors access rights to this system.

The Company may have to carry out major IT upgrades.

IT tools and requirements are constantly changing, and the Company may have to make significant changes to its information systems. These changes may make the Company's tools more complex in terms of technology and functionality, potentially leading to significant additional set-up costs. The Company may also be unable to develop and deploy these changes quickly enough.

Risk management: The Company pays close attention to the functionality and security of the IT solutions it deploys.

The Company could be the target of cyber attacks.

Cybercrime is on the rise, and the security of its information systems is a top issue for the Company, especially the protection of data on its R&D and production expertise, customers, staff and patients involved in clinical trials. A cyber attack could affect the development of new products or production facilities, and it could affect the Company's rights and competitive advantages.

Risk management: The Company has a dedicated team in the IT department that pays close attention to cybersecurity. This team works with internal experts and external partners to implement and maintain a security program based on a system of risk analysis that combines governance and processes, control, training and awareness-raising among end users with the use of the right technologies for reducing exposure to cybercrime.

The development of social media and mobile phone technologies comes with new risks

The use of social media websites and mobile phone technologies, particularly to promote products or certain Group events, requires special attention. Negative comments could tarnish the Company's image. In addition, the Company could be held liable should bioMérieux employees or partners misuse social media and mobile phone technologies via their personal accounts.

The misuse of social media or mobile phone technologies could have a negative impact on the Company's business, financial position, operating result or reputation.

Risk management: The Company has drawn up a list of persons authorized to manage its accounts in social media websites and use mobile phone technologies. Only these persons can represent the Company on social media websites and mobile phone technologies. The Company has also set up a system to monitor comments.

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 around 530 patent families and 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 United States and Europe. In addition, systems marketed by the Company process patient data on a daily basis and the Company must ensure that the confidentiality of this data is maintained. The Company may fail to comply with these regulations or to protect the confidentiality of patient data.

Risk management: The Company appointed a Global Data Privacy Officer to the Ethics and Compliance Department to monitor regulatory compliance.

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 14.4 and 14.5 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).

Risk management:

- 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 11.6.1). 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).

- The Company has also created the position of data privacy manager reporting to the Global Compliance Officer in order to ensure the use of patient data in compliance with the regulations in force and to protect their confidentiality.

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 and occupational health and safety 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.

The amount of the provision related to this risk is given in section 4.1.1.12 above.

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 5.2.1.5). The department ensures that employees are aware of and comply with applicable regulations.

4.1.4 MARKET RISKS

4.1.4.1 Borrowing risks

See Note 27 to the consolidated financial statements in section 20.1.1.

4.1.4.2 Exchange rate risks

See Note 27 to the consolidated financial statements in section 20.1.1.

4.1.4.3 Credit risks

See Note 27 to the consolidated financial statements in section 20.1.1.

4.1.4.4 Liquidity risks

See Note 27 to the consolidated financial statements in section 20.1.1.

4.1.4.5 Counterparty risks

See Note 27 to the consolidated financial statements in section 20.1.1.

4.1.4.6 Interest rate risks

See Note 27 to the consolidated financial statements in section 20.1.1.

4.1.4.7 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.

4.1.4.8 Pension risks

See Note 14.3 to the consolidated financial statements in section 20.1.1.

4.1.4.9 Share price volatility and liquidity risks

See Note 27 to the consolidated financial statements in section 20.1.1.

4.1.4.10 Risks related to investments in listed companies

The portfolio of listed assets held by the Company (Labtech and Dynavax Technologies) is presented in Note 7.2 to the consolidated financial statements in section 20.1.1. The Company believes that it is not exposed to risks related to these investments due to the portfolio's low value.

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. As of December 31, 2014, BioFire is included in the Company's insurance programs.

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, and computer damage in particular) which may occur at Company facilities, as well as consequential business losses over a 24-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 and batch manufacturing processes that reduce the likelihood of multiple risks). 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 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 2014, no loss incurred exceeded the deductible amounts set in property and casualty or civil liability policies.

5 INFORMATION ABOUT BIOMÉRIEUX

5.1 HISTORY AND DEVELOPMENT OF THE COMPANY

5.1.1 COMPANY NAME

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

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

5.1.2 REGISTRATION DETAILS

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

The Company's APE industry code is 2059 Z.

5.1.3 DATE OF INCORPORATION (ARTICLE 5 OF THE BYLAWS)

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

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

5.1.4 REGISTERED OFFICE AND LEGAL FORM

The Company's registered office is located in Marcy l'Etoile (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.
The investor website is www.biomerieux-finance.com

Social media:

Facebook	https://www.facebook.com/biomerieux
Twitter	https://twitter.com/biomerieux
YouTube	https://www.youtube.com/user/bioMerieuxTV https://www.youtube.com/user/biomerieuxdiagnostic https://www.youtube.com/user/biomerieuxindustry
LinkedIn	https://www.linkedin.com/company/biomerieux

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'Etoile (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: 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 range of technologies and products 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[2].

In response to the trend towards automation in the *in vitro* diagnostics market, bioMérieux 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, bioMérieux 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, especially in the molecular biology field with, in particular, the BOOM® detection technology which the Company uses in its NucliSENS® easyMAG® system;

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

– 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, and VIDAS® EBV in 2009.

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;

(2) 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 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 (Sweden), 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. Since early 2013, bioMérieux has been seeking 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,

  - 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 in France:

  - 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 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; AES Chemunex (France) has since been merged into bioMérieux SA,

  - Argene, a company specializing in the molecular diagnosis of infectious diseases for immunocompromised patients, has extended bioMérieux's infectious disease product portfolio. Argene has since been 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. 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.

The Company also entered into a strategic agreement in 2012 with the American company Quanterix giving 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.

In 2013, bioMérieux entered into three strategic partnerships:

- In March, Veolia Environnement and bioMérieux 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;

- In October, bioMérieux signed an exclusive agreement with Gilead Sciences Inc., a biopharmaceutical company focusing on innovative therapeutics for unmet medical needs, to co-develop an assay that may be a potential companion diagnostic of a Gilead drug candidate, currently under development;

– In December, bioMérieux selected Life Technologies (Applied Biosystems® 7500, 7500 Fast and 7500 Fast Dx instruments) as the preferred thermocyclers for its comprehensive automation solution for centralized or benchmark molecular biology laboratories.

Furthermore, in November, bioMérieux announced the end of its collaboration with Biocartis for the development and commercialization of an integrated molecular biology system. After returning its rights to use Biocartis technology, especially in microbiology molecular diagnostics, bioMérieux nevertheless remains a Biocartis shareholder.

In 2014, bioMérieux reached several structural milestones that were essential to its operating organization and strategy, with the deployment of its new operating structure, the acquisition of BioFire and two industrial applications companies, the signature of two sales agreements in clinical microbiology and molecular biology, and the conclusion of three R&D partnerships.

New operating organization

On April 15, 2014, the Company announced the deployment of a new organization led by Alexandre Mérieux.

Three regional organizations with expanded responsibilities were created: a Europe-Middle East-Africa region, an Americas region and an Asia-Pacific region. At the same time, two business units were established for bioMérieux's customer segments: a Clinical Unit and an Industry Unit.

The new organization will enable the Company to intensify the deployment of its strategic plan and to pursue its international expansion while serving customers even more efficiently.

Acquisition of BioFire (based in Salt Lake City – Utah – United States)

On January 16, 2014, bioMérieux acquired all outstanding shares of BioFire, a privately held North American company. Specialized in the molecular and syndromic diagnosis of infectious diseases, BioFire developed, manufactures and markets the FilmArray® solution. FilmArray® is a CE-marked and FDA-cleared multiplex PCR molecular biology system that makes it easy to quickly and accurately identify, in a single reagent or panel, the disease-causing organisms responsible for a syndrome, whether they are viruses, bacteria, fungi or parasites. The FilmArray® menu currently comprises three panels – respiratory, blood culture ID and gastrointestinal – all of which are CE-marked and FDA-cleared.

The two companies present strong strategic synergies, especially in marketing, manufacturing and innovation.

BioFire continued to enjoy rapid, promising growth in 2014. An R&D strategy has been defined for the coming years, providing a collaborative framework for BioFire and bioMérieux's molecular biology teams.

To meet the expectations of BioFire's biodefense customers in the United States, a wholly owned subsidiary dedicated to this business was created. All of the "Defense" unit's employees, programs and equipment have been transferred to a separate, secure facility in Salt Lake City, UT. During 2014, the U.S. Department of Defense (DoD) awarded BioFire Defense the USD 240 million Next Generation Diagnostic System (NGDS) Technology Development contract. In the fourth quarter, the legal complaint initiated by a competing company was dismissed and the related work is now back underway.

Financial highlights: The transaction includes the USD 450 million acquisition price and the company's net financial debt (around USD 40 million), for a total consideration of €354 million. The acquisition costs amounted to some €10 million. The acquisition was mostly financed by bioMérieux's first bond issue, comprising €300 million worth of seven-year bonds.

BioFire's rapid development is expected to act as a major growth driver for the Group's sales in the area of infectious disease diagnostics.

Acquisition of two industrial applications companies to enhance the bioMérieux product line-up

In October 2014, bioMérieux acquired all outstanding shares in Alsace-based Advencis, an industrial microbiology start-up with seven employees. Advencis has developed an incubator whose innovative, proprietary technology rapidly detects microbial contaminants in water used in production, particularly by pharmaceutical companies. The easy-to-use, modular system is expected to become commercially available in 2015.

In late December 2014, bioMérieux acquired the entire share capital of Ceeram, a French company specialized in molecular virology solutions for the food industry. Ceeram and its workforce of nine serve the food and environmental industries with a comprehensive range of reagents that use RT-PCR molecular biology technology to detect and identify pathogenic viruses (particularly noroviruses and the hepatitis A and E viruses).

Two sales agreements, in automated clinical microbiology and molecular biology

bioMérieux and Copan, a leading manufacturer of innovative pre-analytic solutions, signed a strategic partnership in clinical microbiology laboratory automation. Under the terms of the agreement, Copan granted bioMérieux distribution rights effective January 1, 2015 for its automated platforms, including the WASP® Walk-Away Specimen Processor and the WASPLab™ solutions, which automate microbiology laboratory tasks and provide digital imaging and analysis. The agreement allows bioMérieux to speed up deployment of its "Lab Efficiency" vision for the automation and enhanced operational efficiency of clinical microbiology labs. In this field, the two companies also plan to collaborate with a specific focus on developing innovative clinical microbiology diagnostic solutions.

In the fourth quarter of 2014, bioMérieux renewed and expanded its distribution agreement with Hain Lifescience, a company specializing in molecular biology. This ten-year agreement makes bioMérieux the exclusive distributor of Hain's current mycobacteria molecular tests in most countries. These tests enable the rapid and accurate diagnosis of tuberculosis (TB), one of the world's deadliest diseases. They also provide rapid results on antibiotic resistance in TB, thereby proving a key tool in achieving tuberculosis control.

Three research and development agreements to drive innovation and medical value

In the fourth quarter of 2014, bioMérieux and Illumina, a world leader in genomics, signed an exclusive partnership agreement to launch a next-generation sequencing (NGS) solution for epidemiological monitoring of bacterial infections for service labs. The collaboration is a first step that will enable bioMérieux to identify opportunities and fields of application that sequencing can bring to infectious disease diagnostics.

In December 2014, bioMérieux and Astute Medical, a company dedicated to improving the diagnosis of high-risk medical conditions and diseases through the identification and validation of protein biomarkers, signed a global, semi-exclusive agreement regarding the development of a test for the early risk assessment of acute kidney injury (AKI). This innovative test, known as the NEPHROCHECK® Test, detects the presence of two biomarkers. Through this worldwide agreement, Astute Medical grants bioMérieux a license to develop, produce and market the NEPHROCHECK® Test for use on its immunoassay system range VIDAS®, mini VIDAS® and VIDAS® 3. AKI is a major public health threat that is common, costly and potentially fatal in hospitalized patients.

In October 2014, bioMérieux signed an agreement with Novartis to validate and potentially market the bioMérieux assay, THxID™-BRAF, as a companion diagnostic for Novartis compounds currently in phase III development for patients with melanoma and a mutation of the BRAF gene.

5.2 CORPORATE SOCIAL RESPONSIBILITY

The information provided in this section is consolidated information for the Group as a whole, unless otherwise stated.

5.2.1 HUMAN RESOURCES

5.2.1.1 Workforce

The Company had 8,935 full-time-equivalent employees and temporary employees as of December 31, 2014. This compares with 8,145 employees, excluding BioFire, at December 31, 2013, based on the same method of calculation.

Expressed as employees on the payroll, the workforce comprised 8,695 employees as of December 31, 2014 (59% of which outside France).

The indicators presented below are based on employees on the payroll.

Breakdown of workforce by gender

	Women	Men	Total workforce
2012	3,715	3,819	7,534
2013	3,893	3,969	7,862
2014	4,168	4,527	8,695

Women account for 48% of the Group's workforce.

Breakdown of the workforce by gender and time worked

	Women		Men	
	Part time	Full time	Part time	Full time
2012	14%	86%	1%	99%
2013	13%	87%	2%	98%
2014	13%	87%	2%	98%

Note: more than 7% of the Group's workforce works part time.

Number of departures by type of contract and departure

Departures	2014	2013	2012
Permanent			
Voluntary	544	433	374
Involuntary	166	131	163
Sub-total	*710*	*564*	*537*
Temporary			
Voluntary	94	101	
Involuntary	313	420	
Sub-total	*407*	*521*	*418*
Total	**1,117**	**1,085**	**955**

Number of new hires by type of contract

New hires	2014	2013	2012
Permanent	1,487	665	651
Temporary	463	748	543
Total	**1,950**	**1,413**	**1,194**

The "New hires" column of this table includes the integration of BioFire's workforce after the company was acquired on January 16, 2014.

Breakdown of departures and new hires by gender in 2014

2014	Men		Women		Total
Departures	Number	%	Number	%	
Permanent					
Voluntary	299	54.9%	245	45.1%	**544**
Involuntary	93	56.0%	73	44.0%	**166**
Sub-total	*392*	*55.2%*	*318*	*44.8%*	***710***
Temporary					
Voluntary	45	47.8%	49	52.2%	**94**
Involuntary	124	39.6%	189	60.4%	**313**
Sub-total	*169*	*41.5%*	*238*	*58.5%*	***407***
Total departures	**561**	**50.2%**	**556**	**49.8%**	**1,117**

New hires	Number	%	Number	%	
Permanent	932	62.6%	555	37.4%	**1,487**
Temporary	187	40.4%	276	59.6%	**463**
Total new hires	**1,119**		**831**		**1,950**

Breakdown of workforce by age

Age	2014	2013	2012
< 25	4%	4%	5%
25-34	27%	27%	27%
35-44	32%	31%	32%
45-54	26%	27%	27%
> 54	11%	11%	10%

Breakdown of workforce by age and gender in 2014

Age	2014 workforce	Women	Men
< 25	4%	5%	4%
25-34	27%	28%	26%
35-44	32%	30%	32%
45-54	26%	26%	26%
> 54	11%	11%	12%

Breakdown of workforce by region

Region	2014	2013	2012
France	41%	45%	45%
EMEA[3]	15%	16%	16%
North America	*29%*	*23%*	*23%*
Latin America	*4%*	*4%*	*5%*
Americas	33%	27%	28%
Asia-Pacific	11%	12%	11%

Breakdown of workforce by region and gender in 2014

Region	2014 workforce	Women	Men
France	41%	47%	35%
EMEA[1]	15%	14%	15%
North America	*29%*	*25%*	*34%*
Latin America	*4%*	*4%*	*5%*
Americas	33%	29%	39%
Asia-Pacific	11%	10%	11%

[3] EMEA: Europe, Middle East, Africa, excluding France

Absenteeism: value/theoretical working hours – France only

ABSENTEEISM: value/theoretical working hours	2014		2013		2012	
	Hours	%	Hours	%	Hours	%
Theoretical working hours	6,076,204		5,441,530		5,127,522	
Sick leave	183,742	*3.02%*	168,791	*3.10%*	165,219	*3.22%*
Occupational accidents and commuting accidents	7,116	*0.12%*	9,957	*0.18%*	14,049	*0.27%*
Maternity/Paternity leave	66,802	*1.10%*	58,539	*1.08%*	54,085	*1.05%*
Total hours	**257,660**	***4.24%***	**237,287**	***4.36%***	**233,353**	***4.55%***

Disability indicators

Region	% people with disabilities/2014 workforce	% women with disabilities/2014 female workforce	% men with disabilities/2014 male workforce
France	4.3%	4.5%	4.0%
EMEA	1.4%	1.8%	1.2%
North America	*4.0%*	*3.8%*	*4.2%*
Latin America	*0.8%*	*0.6%*	*1.0%*
Americas	4.8%	4.4%	5.2%
Asia-Pacific	0.2%	0.0%	0.4%

5.2.1.2 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 regulatory profit-sharing plan, the Company's French 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. Caps on employee contributions to the plan were revised upwards in 2013.

At December 31, 2014, total personnel costs (salaries and wages, payroll taxes, incentive and employee profit-sharing plans) amounted to €594 million compared to €525 million at December 31, 2013 (see section 20.1.1, note 19, of the Registration Document).

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, 2014, 0.52% of the share capital of bioMérieux was held by its personnel directly or through mutual funds.

Incentive and regulatory profit-sharing plan

bioMérieux SA has a regulatory profit-sharing plan calculated on the basis of the legal formula.

An incentive plan was also negotiated for 2013, 2014 and 2015 for the employees of bioMérieux SA. The amount distributable under the plan is calculated by reference to consolidated operating income. An amendment to the incentive plan was signed in 2014 to ensure the benefits were divided more fairly among employees.

Employee profit sharing, including the corporate social contribution (*forfait social*), amounted to €8,786,400 in 2014.

5.2.1.3 Work organization

bioMérieux SA has signed several agreements on work organization, including the "35-hour week/working time arrangements" agreement, the "Gender equality" agreement, the "Health in the workplace" agreement, the agreement on forward looking skills, career management and the time savings account and the "Travel and working hours" agreement.

Within the Group, the organization of working hours took form in 2000 with the signing of the "35-hour week/working time arrangements" agreement ensuring more flexibility and a better work-life balance:

– flextime was introduced alongside the fixed-schedule working day;

– staggered alternating morning/evening work and the night shift have changed, with benefits including rest days in recognition of the difficulty of these schedules; on September 1, 2014, the Company introduced new staggered working hours and night shifts, which led to the affected employees' compensation being revised upwards;

– Saturday-Sunday substitution teams and working from home have been introduced;

– stepping up the Company’s international expansion, increasing the need for long trips to subsidiaries and customers, has resulted in the establishment of compensation for business travel outside working hours.

An amendment to this agreement was signed in December 2013 to equip the Company with production and logistic abilities that are suited to a competitive international environment.

The "Gender equality" agreements, renegotiated every three years (see section 5.2.1.4), were first and foremost instrumental in the introduction of measures designed to ensure equal pay, especially by correcting and later preventing pay gaps that can occur following maternity and parental leave. These agreements also helped improve the work-life balance. Special attention is given to pregnant women, who are offered paid leave every other Wednesday immediately after declaring their pregnancy and every Wednesday after the sixth month of pregnancy. They are also provided with the tools needed to work from home. Moreover, part-time work has grown in popularity.

These agreements all state the principle of non-discrimination and prevention of bullying and/or sexual harassment, and the associated disciplinary actions.

Employees and particularly managers receive training on these principles.

The "Health in the workplace" agreement, aimed at improving the health and welfare of employees at work, pays particular attention to workstations, organization, night shifts and the prevention of psychosocial risks and harassment, in accordance with the non-discrimination principle. In addition, the agreement harmonizes methods for preventing and assessing risk in all of bioMérieux SA's French sites, introduces alternate telecommuting for some autonomous personnel and creates a Central HSWC (Health, Safety and Working Conditions) Committee. This Committee, headed by a site director and a Human Resources representative and comprising secretaries from the various HSWC Committees, aims to address all HSE issues at all sites and bring all sites in line with best Health, Safety and Environment (HSE) practices, for example concerning the job hazard assessment, a single set of guidelines and harsh working conditions.

This agreement is also related to the agreement on forward looking skills, career management and the time savings account for the compensation of senior employees for arduous working hours. Three years before retiring after 20 years of working staggered hours or night shifts, older employees have the option of working 80% of their workload, while being paid 90% of their salary and 100% of their pension contributions. In addition to this recognition of harsh working conditions over the long term, these employees also receive an additional contribution to their time savings account of up to 40%.

The Group's Italian and Spanish companies have their own equivalent of the HSWC Committee.

5.2.1.4 Employee relations

In its opinion, 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 2014, 13 company-wide agreements or amendments were signed in France for bioMérieux SA, including:

- an agreement for harmonizing the status of employees at AES-Chemunex, which was merged with bioMérieux SA on December 31, 2013. The legal status of bioMérieux SA provides the employees of AES-Chemunex with considerable improvements, such as an annual salary paid over 13 months, improved health and insurance coverage, access to PERCO (supplementary pension savings plan), various matching contributions, reassessment of compensation for blue-collared workers and a supplementary pension fund for managers;

- a new agreement on the employment of workers with disabilities for the 2014-2017 period. This follows on from previous agreements dating back to 2003.

  The agreement allowed bioMérieux SA to overcome the difficulties encountered in recruiting workers with disabilities, who accounted for 4.3% of total workers in 2014. Further to the mandatory contribution, the agreement provides for a voluntary contribution for the prevention of disabilities, in particular within the framework of the Company's policy of preventing musculoskeletal disorders. This will go towards funding for adapting workstations. The Company will continue its efforts to outsource work to sheltered-sector workshops (*Etablissements et Services d'Aide par le Travail* – ESAT) and to employ young people in internships or work-study programs;

- the gender equality agreement was renewed for 2014, 2015 and 2016. A committee was formed comprising the various signatories in a show of the Company's ongoing diligence, particularly in terms of compensation, promotions, vocational training, and work-life balance.

Other schemes have been negotiated and implemented in line with changing regulations, including:

- the Economic and Social Database, which is available to all Employee Representative Bodies depending on their powers;

- an amendment to the insurance coverage agreement.

In addition, other agreements were negotiated to improve the management of certain schemes, such as the company savings plan, the group retirement savings plan, and a change in the health and insurance coverage provider.

No consensus was reached on the mandatory annual bargaining agreement for 2015. Despite this, the Company committed in particular to continuing its efforts in terms of gender equality by allocating it a specific budget.

Furthermore, the Company is taking long-term action to help employees understand the lower return on mandatory pension plans, to which the Company pays a maximum contribution, and what they can do to mitigate it, particularly via:

– an increase in the contributions the Company pays into PERCO (amendment to the PERCO agreement);

– an increase in contributions that both certain senior executives and the Company pay into the supplementary pension plan (amendment to the supplementary pension plan agreement).

In 2014, the bioMérieux SA Central Works Council held 14 information and/or consultation meetings. The Chairman and Chief Executive Officer, the Chief Operating 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 financial results;

– the global strategy, research and development policy and the industrial master plan;

– the changes to the organizational structure, particularly the new operating organization (see section 5.1.5);

– 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, which brings together the German, French, Italian and Spanish employee representatives.

Lastly, BioMérieux SA's internal rules were reworded in collaboration with the HSWC Committees, the Central HSWC Committee, the Works Council and the Central Works Council. All employees have received a copy of the rules, to which the Global Code of Conduct and the IT Charter were appended. These rules address in particular the issues of bullying, sexual harassment and discrimination.

5.2.1.5 Health, Safety and the Environment

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.

A Health, Safety and Environment Department operates 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 Director, who reports to the Corporate Vice President, Manufacturing & Supply Chain, a member of the Company's Executive Committee. The Health, Safety and Environmental policy is laid out in the manual signed by the Company's Chairman and Chief Executive Officer. It describes the organization and implementation of HSE-related activities across all Company entities worldwide.

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. Several sites have received ISO 14001 and/or OHSAS 18001 certification from an authorized third party.

At end-2014, the following subsidiaries and sites had received certification:

Subsidiaries and sites	ISO 14001
bioMérieux Switzerland	✓
bioMérieux United Kingdom Ltd	✓
bioMérieux España SA	✓
Marcy l'Etoile, France	✓
Craponne, France	✓
La Balme, France	✓
Saint-Vulbas, France	✓
Tres Cantos, Spain	✓

In addition, the five sites above are OHSAS 18001-certified in compliance with Group policy.

The corporate Health, Safety and Environment Department provides advice and 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 Director. 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 risks specific to 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 provided through dedicated software. This allows the identification of regulatory requirements applicable to the site in respect of health, safety and environmental issues; periodic regulatory compliance assessments are made to ensure that work is conducted in accordance with the regulations.

Additionally, protection and prevention programs exceeding regulatory requirements have been rolled out, including the following:

– HSE corporate program on minimum operating requirements applicable to sites;

– standard program for the assessment of occupational hazards;

– standard program for the environmental analysis of the Company's activities;

– program for managing individual protective equipment;

– program for managing and reporting hazardous situations.

The Company provides HSE training for all new employees.

The corporate Health, Safety and Environment Department manages the HSE-related IT resources (intranet, shared server for members of the HSE community, etc.) that were set up to make it easier to share HSE programs, best practices and information within the Company.

Health, safety and environmental performance indicators are defined and implemented across the entire Company. More detailed management indicators are monitored at each site and in each subsidiary to assess the implementation of HSE programs locally.

In 2014, the Company invested some €3 million in projects aimed primarily at improving occupational health and safety and protecting the environment.

5.2.1.6 Health and Safety

Assessment and prevention of occupational hazards

The Company has implemented a single methodology across all its sites for the assessment of occupational hazards, to:

– identify and measure risks;

– determine the necessary prevention measures; and

– define the best practices to be applied to the employees concerned.

The Company has also put in place corrective and preventive measures to eliminate or at least reduce these hazards.

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 adequate equipment for collective and individual protection.

– 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 (see section 5.2.1.3).

Occupational Health and Safety improvement programs

The Company attaches particular importance to safety in the workplace and bases its action on various measures relating in particular to the prevention of occupational accidents and diseases, 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 held accountable (with objectives and awareness raising) 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 put in place for this purpose.

Work began with commercial subsidiaries to raise awareness about the risks on site and at customer locations. Depending on the size of the subsidiary, the program includes awareness-raising training on certain risks (automotive, biological, chemical, ergonomic, etc.), appropriate protection measures and best practice. In particular, the Company has developed guidelines for users of company cars, laying down rules in terms of driving, 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.

In addition, each year the Company provides a free flu vaccination campaign for its employees at most of its sites.

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

A number of programs were conducted worldwide in 2014 to prevent risks and improve occupational health and safety, examples of which are given below:

Area of prevention	Location	Project type
Hazardous chemical agents	All production sites	Software rolled out to manage safety data sheets for each hazardous chemical agent (regularly updated, accessible to all employees)
Walkways, work at heights, lone work	Sydney (Australia), Rio de Janeiro (Brazil), St. Louis (United States), Craponne (France)	Walkway surface treatment changed, lone-worker protection introduced, stairways changed, built or made safer, safety barriers installed to prevent falls
Ergonomics	Verniolle Grenoble, Craponne, Marcy l'Etoile (France), St. Louis, Durham (United States), Tres Cantos (Spain), Sydney (Australia)	Material-handling equipment introduced, workstations modified and equipment provided to improve posture or reduce the number of movements
Workplace environment (temperature, exposure to chemical and biological agents)	Verniolle, Ivry, Marcy l'Etoile (France)	Air-conditioning and ventilation installed
Machinery, equipment	Shanghai (China), Combourg (France), Sydney (Australia)	Machinery and equipment made safer, and leakage protection installed
Fire, evacuation	Durham, St. Louis (United States), Sydney (Australia), Combourg (France), Tres Cantos (Spain)	Emergency lighting installed, automatic fire protection systems improved, alarm system improved, automatic emergency exits introduced
Noise	Rio de Janeiro (Brazil), Verniolle (France)	Equipment sound-proofed (generator, ventilation)

Occupational Health and Safety performance indicators

Occupational accidents are reported and analyzed each month by the Executive Committee and the information is disseminated throughout the Company.

Safety indicators[a]	2014	2013	2012
Number of lost-time occupational accidents	49	49	42
Number of occupational accidents without lost time	59	49	28
Number of days lost[b]	1,141	1,166	982
Frequency rate of lost-time occupational accidents[c]	3.5	4.6	4.0
Frequency rate of total reportable occupational accidents[d]	7.7	9.1	6.9
Severity rate[e]	0.08	0.11	0.10
Number of occupational diseases[f]	3	2	9
Number of reportable commuting accidents with or without lost time	14	14	Not available
Frequency rate of total reportable commuting accidents[g]	1.0	1.3	Not available

[a] Including employees, temporary employees and trainees – see the guidelines for the coverage of the indicator (see section 5.2.3.5).
[b] Number of days lost corresponds to occupational accidents during the year.
[c] Number of lost-time occupational accidents per million hours worked.
[d] Number of reportable occupational accidents with or without lost time per million hours worked.
[e] Number of days off work per thousand hours worked.
[f] An occupational disease is the result of exposure, more or less prolonged, to a risk existing in the normal practice of the profession.
[g] Number of reportable commuting accidents with or without lost time per million hours worked.

Note: the 2014 data are the first to incorporate BioFire indicators.

5.2.1.7 Professional development

5.2.1.7.1. Career and performance management

For bioMérieux, professional development is both a strategic and social issue as it helps to support employees throughout their career. It is built on a relationship of trust and dialogue between employees and managers.

All Company employees take part in a specific Performance Management Process (PMP).

This is made up of:

– A tool to assess employees' performance over the past year. This assessment objectively considers whether employees achieved their expected results, and how.

– A development tool, which identifies employees' needs and aspirations, and implements whatever action is required to increase collective and individual performance.

5.2.1.7.2. Training and internal mobility

Mérieux University's goal is to train Group employees, enabling them in particular to develop skills and adapt to a changing environment.

In 2013, Mérieux University set up a Business Advisory Committee. The Committee is composed of members of the Executive Committee, or a representative, and the Human Resources Department. Its mission is to identify skills that are essential to the Company and its development, and implement suitable responses.

To this end, Mérieux University offers a wide range of training courses:

– Programs are offered to managers to help them fulfill their duties. The bioMérieux Manager Essentials program is in place for all Group managers. In 2014, this program represented 20,368 hours of training, or an average of 17 hours' training per manager.

  Managers were also offered e-learning training programs on Performance Management, change management for the new organization, and customer focus. An average of 45% of managers took advantage of these training programs.

  A 360° process is also in place, as well as team building and coaching by internal coaches.

– Specific courses are developed for each Company function, in particular Marketing Excellence, Manufacturing Essentials, R&D Essentials, Quality Essentials, Regulatory Affairs Essentials, LeanSixSigma and Sales Capabilities programs. In 2014, for the Quality Essentials program, 6,126 hours of distance and classroom training were provided across all Group structures. Another 3,359 hours were taught as part of the Sales Capabilities program, in addition to 1,229 hours for the Marketing Excellence program.

– The Ethics and Compliance program was enhanced in 2014. All employees received distance training, representing a total of 7,473 hours (see section 5.2.3.4).

– Individual training plans are in place in all countries. In 2014, every employee underwent an average of 27 hours of training in France excluding the statutory training entitlement provided for by French law (*Droit Individuel à la Formation* – DIF), 9 hours in the United States and 34 hours in China.

– Training in the Company's products is essential to best meet the needs of customers. In 2014, 896 employees received a total of 40,728 hours' training.

– The Company also provides classroom and distance training to its non-permanent trainers. In 2014, 100 non-permanent trainers based in Latin America and Asia Pacific received a total of 362 hours of distance training.

Training hours for Mérieux University's main programs

Indicators	2014	2013	2012
Number of training hours in the bioMérieux Manager Essentials program	20,368	19,053	17,340
Number of training hours in the Quality Essentials program	6,126	7,306	Not available
Number of training hours in the Sales Capabilities program	3,359	2,065	2,890
Number of training hours in the Ethics and Compliance program	7,473	5,050	Not available
Average number of training hours per employee in France (excluding DIF*)	27	30	27
Number of DIF* training hours in France	13,359	7,894	8,496
Average number of training hours per employee in the United States	9	12	25.5
Average number of training hours per employee in China	34	49	38
Number of training hours in the Products program	40,728	36,684	38,000

In 2014, total training hours amounted to 156,141 hours, i.e., an average of 20 hours per employee.

Promotions

With its global presence and diverse range of technology, the Company can offer its employees professional development and internal mobility opportunities.

For information purposes, the table below gives the number of employees who were promoted from January to December 2014.

Region	Number	% of workforce
France	239	6.7%
EMEA	61	4.8%
North America	226	8.7%
Latin America	28	7.3%
Asia-Pacific	87	9.3%
Total	641	7.3%

5.2.1.8 Diversity and equal opportunity/equal treatment

The Company has drawn up a Global Code of Conduct and a company-wide agreement on equality in the workplace in line with the non-discrimination principle (see section 5.2.1.3).

As a result, half of bioMérieux's employees are women (48% at December 31, 2014, 42% of whom are executives).

In 2013, bioMérieux created a program called "Women Ready for Leadership Diversity" (WoRLD), sponsored by the head of Human Resources and Communication. The WoRLD program's priorities include:

– developing women's careers;
– raising teams' awareness and adjusting talent management processes;
– taking inspiration from best practices in other companies.

bioMérieux also participates in the French business network "Alliance for Diversity in Business" (*Alliance pour la Mixité en Entreprise* – AME), helping to encourage women's access to managerial positions.

5.2.1.9 Promotion of and compliance with the ILO's Core Conventions

– bioMérieux adheres to the UN Global Compact, whose basic principles stem from the International Labor Organization's (ILO) Conventions.

– The Ethical and Sustainable Development Charter between bioMérieux and its suppliers refers to these principles under Working Conditions and Human Rights. See http://www.biomerieux.com/en/sustainable-purchasing).

5.2.2 ENVIRONMENT

5.2.2.1 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.) as much as possible.

The Company's "bioMérieux Goes Green" environmental initiative covers five key areas: energy, water, paper, waste and emissions.

Training and raising awareness of environmental protection among employees

Environmental protection training is included in the training program provided to new hires at the Company's sites. An HSE module is included in the training guide provided to Group entities for new hires.

In addition, more specific training programs are provided:

- As part of the rollout of the environmental management system in accordance with ISO 14001, training is provided on site, including awareness raising of environmental impacts and best prevention practices, and training on internal environmental audits.

- In its efforts to reduce waste from manufacturing operations in line with the Six Sigma method, the Company provides its production and packaging operators with special training to prevent unwarranted product scrap (see section 5.2.2.3.2).

Environmental initiatives are supported by a network of nearly 50 "Green Champions" or "environment correspondents" covering each of the Company's sites, subsidiaries and support departments.

The Company devotes human, material and financial resources to environmental protection and the prevention of pollution.

In 2014, the Company either undertook or continued a number of projects to manage natural resources more effectively and protect the environment at its production sites. The key environmental projects are outlined in section 5.2.2.6.

5.2.2.2 Waste management and pollution prevention

The Company is committed to optimizing waste management and to sorting waste at source. Its efforts are mainly focused on reducing waste at source and developing recycling and waste-to-energy streams. As far as hazardous waste is concerned, the Company has implemented a strict policy of sorting at source and disposal by companies licensed to process such waste in an appropriate manner. All of the Company's sites have waste storage facilities.

All the Company's provisions and coverage for environmental risks are outlined in section 4.1.1.12 of the Registration Document.

Reduction of waste at source

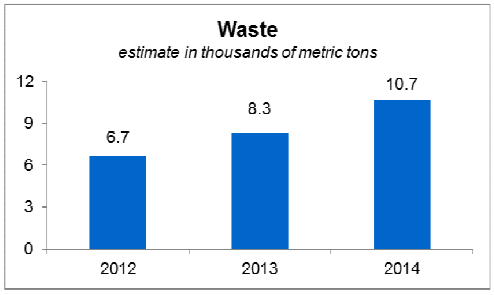
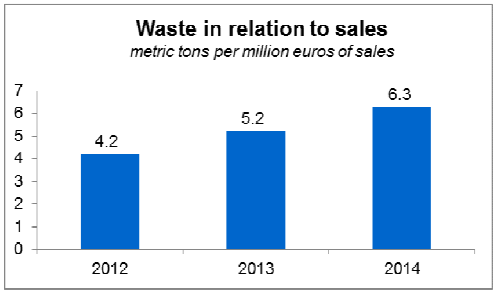
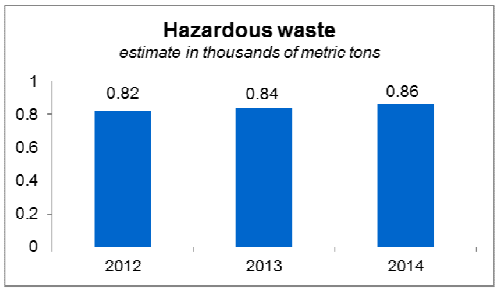
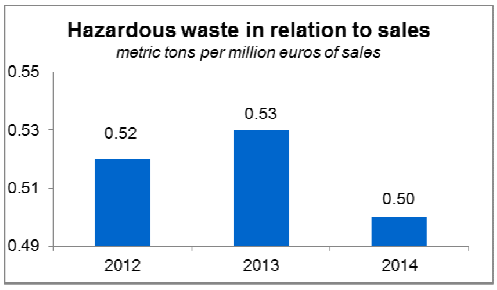
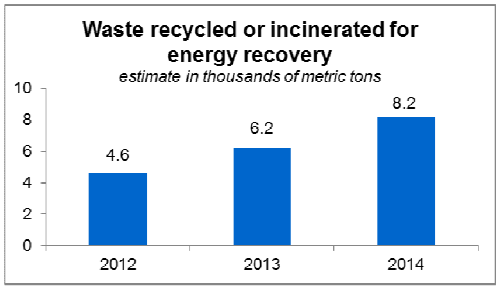
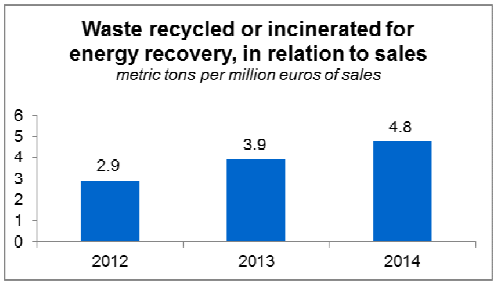
As part of its continuous improvement approach, the Company is working to reduce the amount of waste it produces at source.

The Company also seeks to optimize packaging in terms of quantity of material. For example, the switch from printed to electronic format for instruction notices for reagents has made it possible to reduce the size of secondary packaging.

Waste recycling

In addition to reducing waste in absolute terms, the Company seeks to increase the proportion of recycled or incinerated waste from which energy can be recovered. The Marcy l'Etoile and Grenoble sites in France, the Durham site in the United States, and the subsidiaries in the United Kingdom and Germany are all "zero-landfill" sites.

Sorting and recycling guides are available to employees. The Company raises awareness among employees of best waste management practices at events such as the National Sustainable Development Week in France.

	Gross indicators	Indicators compared to sales in €
Total amount of waste generated		
Of which hazardous waste		
Of which recycled or treated for energy recovery		

The 2012 and 2013 data have been revised since the 2012 and 2013 Registration Documents were published, as follows:

- 2012: data revised for Durham, NC (United States);
- 2013: dismantling waste removed and soil treated in Craponne (France) and Basingstoke (United Kingdom).

2014 results: the increase in recycled waste is directly linked to the higher amount of waste generated in 2014, stemming primarily from damaged or expired products. For the most part, these products are recycled or incinerated with energy recovery.

Discharges into the water, soil and air

- Discharges into water: tests are carried out regularly on the Company's biggest production sites, based on several parameters. Some units have invested in facilities to neutralize their wastewater on site before discharging it into the network feeding the municipal treatment plants to which they are connected. This aims to improve water quality and ensure compliance with the parameters set in their discharge agreements.

  In connection with its contribution to the fight against antimicrobial resistance, bioMérieux has implemented measures at its industrial sites to collect at source and eliminate, through specialized channels, preparations containing antibiotics used in manufacturing or R&D.

  The French national program for the reduction of hazardous substances in water (RSDE, France): Marcy l'Etoile is the only site concerned by this program. The permanent monitoring phase is in progress. Since the installation of a special system for the collection of mercury discharges at source, samples analyzed show that water discharges from the Marcy l'Etoile site now comply with the limits set by RSDE.

- Discharges into the soil: measures have been taken to retain fire-water runoff in the event of an emergency. The Company's sites are equipped with systems designed to retain or confine fire-water runoff in order to prevent discharge into the natural environment.

- Discharges into the air (excluding greenhouse gas emissions, see section 5.2.2.5): the Company does not have any facilities that discharge significant levels of emissions into the air and therefore does not collect consolidated data on air emission indicators. SO_2 and NOx emissions relating to the operation of boilers are monitored at each site in accordance with the applicable regulations.

5.2.2.3 Sustainable use of resources

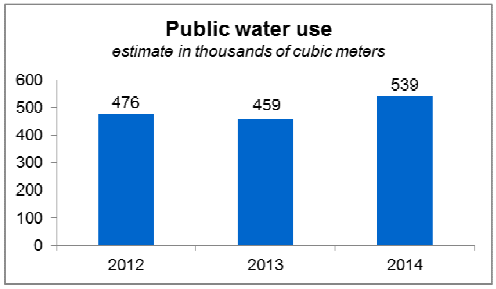
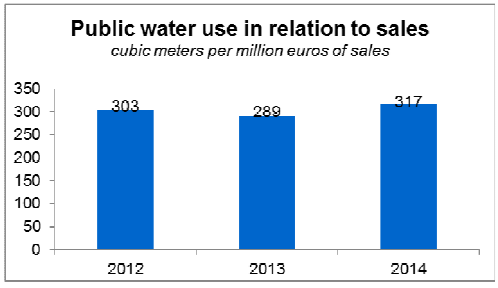
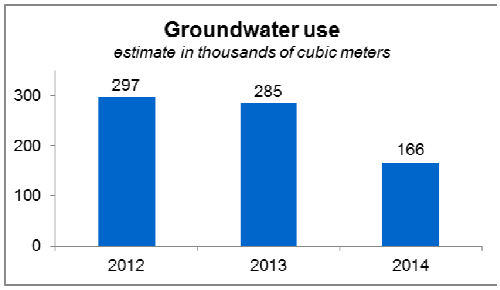
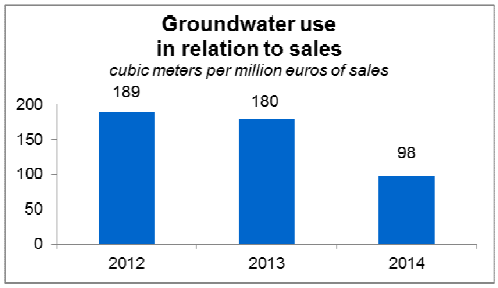
5.2.2.3.1. Water

Consumption of water resources

Water is used by the Company in formulating its products. Water is also used in refrigerating facilities, such as cold storage rooms, in controlled atmosphere areas and as a coolant in the manufacturing process. Regarding the latter, the Company prioritizes closed-circuit systems and takes a pro-active approach to replacing open loop systems.

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

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

	Gross indicators	Indicators compared to sales in €
Consumption of public water		
Use of groundwater		

2014 results:

- The increase in water consumption is linked to the implementation of a culture medium production line in St. Louis. It was also influenced by the commissioning of a cooling tower.

- The reduction in the use of groundwater reflects the replacement of exchanges with more efficient systems.

Water supply in compliance with local restrictions

The Company's sites are not subject to any specific local restrictions on water supply on a permanent basis. As regards possible seasonal restrictions, bioMérieux strives to comply with specific guidelines issued by local authorities in the event of drought (for example, limiting water use for lawn care).

5.2.2.3.2. Raw materials

Consumption of raw materials and measures taken to improve their efficient use

Since 2011, bioMérieux has implemented Six Sigma manufacturing projects for finished and semi-finished products with the objective of reducing waste and the consumption of raw materials and improving the use of these raw materials while complying with the Company's quality standards.

5.2.2.3.3. 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.

bioMérieux is also improving the control systems for its energy-using equipment.

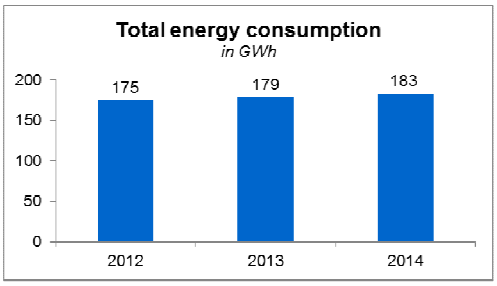
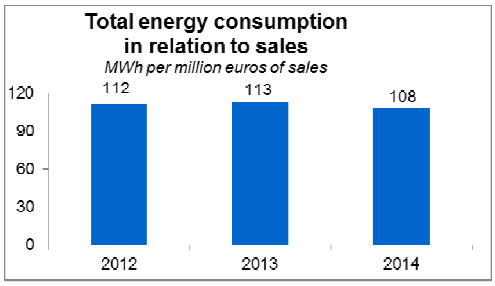
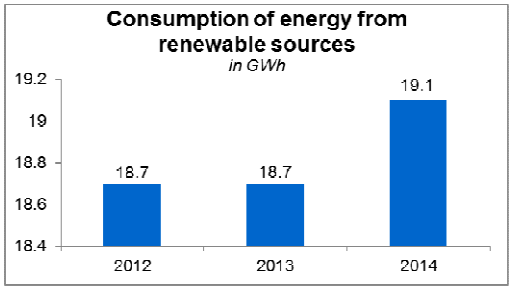
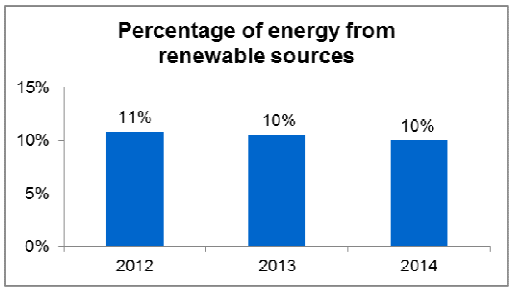
The Company is working to promote the use of energy derived from renewable sources:

- The sites in Marcy l'Etoile 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.

- In 2014, the Durham site in North Carolina (United States) produced 92,000 KWh of electricity from rooftop solar panels. Electricity generated from these on-site panels was fed into the local grid.

- The Company's Austrian, Brazilian and Canadian subsidiaries only use hydropower.

In addition, bioMérieux is one of the first French companies to have voluntarily taken the steps necessary to obtain energy saving certificates (ESC). In 2013, it 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.

	Gross indicators	Indicators compared to sales in €
Total energy consumption		
Consumption of energy from renewable sources		
Percentage of energy from renewable sources		

The 2012 and 2013 data have been revised since the 2012 and 2013 Registration Documents were published. The La Balme data on fuel oil consumption was adjusted, as was the Durham data on renewable energy (produced and not consumed).

2014 results: numerous projects were undertaken in 2014 to reduce energy consumption (new insulation, new heating systems, new air-conditioning systems, etc.). Several sites installed LEDs or motion detectors. The decrease in energy consumption can also be explained by the warmer winter weather in 2014, particularly in France, which led to less energy being used for heating.

5.2.2.3.4. Paper

Initiatives are being implemented across all of the Company's sites and subsidiaries to reduce paper consumption, including incentives for greener printing practices. A new printing solution resulting in improved management of paper consumption was rolled out across the Company. At the same time, 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 introduced 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 decrease in the use of paper consumables (instructions and labels) included with products sent to customers. A project to eliminate instruction notices included with reagents is under way for all reagents when permitted by local regulations in the reagents' destination. Electronic instructions will instead be able to be downloaded from the Company's technical library.

5.2.2.4 Other measures

Eco-design approach for products and buildings

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, which prescribes restraint in the use of materials in a broad sense, applies to all materials used to produce our diagnostic systems.

The Company is applying this eco-design approach to the development of products currently under way. 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. This eliminates the need for cold storage within the Company and on customer premises, thereby generating energy savings. As of the end of 2013, this packaging was available for 55 items in the Etest® range. Primary packaging uses a single material (aluminum) and is recyclable.

The Company also applies the eco-design approach to its buildings. A new R&D facility on the site in La Balme (France), completed in 2013 and inaugurated in 2014, was certified in accordance with the "NF Bâtiments Tertiaires – HQE[4] 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. A final HQE audit for the delivery phase was carried out in the second quarter of 2014. The expansion project for the Marcy l'Etoile site is also a part of an environmental initiative.

Land use

bioMérieux does not use 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 green spaces, space permitting.

Protection of biodiversity

The Company's facilities are located in industrial and urban areas and are 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.

Accounting for noise pollution and all other forms of activity-specific pollution

The Company's sites are managed in such a way as to avoid noise pollution along property boundaries. Whenever equipment or activities may generate noise, precautions are taken to reduce the disturbance to acceptable levels. All other projects such as extensions and new sites are subject to prior environmental impact studies. This practice is outlined in detailed guidelines in "HSE requirements for new constructions and major renovations". Existing site activities are also subject to ongoing environmental studies to ensure that the environmental aspects are well known and under control.

5.2.2.5 Climate change

The Company seeks to reduce greenhouse gas emissions. It has carried out Group-wide annual assessments of greenhouse gas emissions since 2013. The emission categories assessed include:

– mandatory emission categories (as defined by French regulations);

(4) HQE: *Haute Qualité Environnementale* (High Environmental Quality).

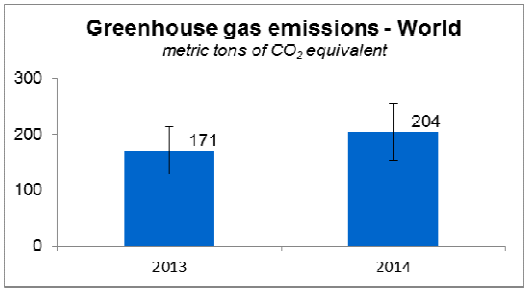
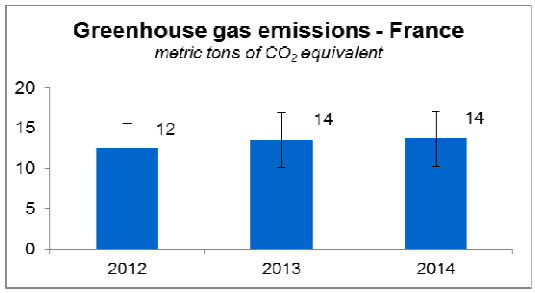
– emissions generated from energy production not included in the mandatory scope (emissions from the extraction, production and transportation of fuels consumed);

– downstream transportation of goods;

– business travel and commuting.

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.

The Company is pursuing its initiatives to reduce emissions of greenhouse gases relating in particular to energy consumption. Among other aspects, these measures concern energy savings including, for instance, the use of variable power control units to limit the consumption of specific equipment. In addition, the use of renewable energies in the Company's energy mix limits greenhouse gas emissions associated with energy consumption (see section 5.2.2.3.3).

Gross indicators	
Greenhouse gas emissions – World	
Greenhouse gas emissions – France	

Business travel

The Company is pursuing an active policy of reducing and optimizing travel, and has equipped nine sites with "telepresence" infrastructure allowing meetings to be conducted via video conference in conditions similar to those of actual meetings. Verniolle (France) was the latest site to be equipped in 2014.

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

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 2014. 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.

Partnership with the Greater Lyon Energy Climate Plan (France)

In October 2013, bioMérieux entered into a partnership with the Energy Climate Plan (*Plan Energie Climat*) of the Greater Lyon urban community where two major industrial sites are located (in Marcy l'Etoile and Craponne). This partnership commits the Company to participating in 26 initiatives to reach Greater Lyon's 2020 objectives for reducing energy consumption and greenhouse gas emissions. Based on data collected in 2000, these objectives aim to reduce greenhouse gas emissions by 20%, increase energy efficiency by 20% and increase the share of renewable energy in the total energy mix to 20%.

Commuting

bioMérieux promotes carpooling and the use of public transport wherever possible. In 2012 and 2013, the Marcy l'Etoile and Craponne (France) sites became members of the Greater Lyon regional carpooling platform. This platform is one of the initiatives put in place by the Greater Lyon Energy Climate Plan (see above). Similar arrangements are in place in the Company's other sites and subsidiaries.

The Group has also established a home working policy, effective since the first quarter of 2013, aimed at reducing commutes.

Adapting to climate change

Climate change leads to natural disaster risks. The Company accounts for these risks in its risk analysis and management system by integrating them into the business continuity plans (see section 4.1.1.11.2) for each of its sites.

Group sites in the United States exposed to extreme weather events have emergency shelters for the protection of employees and others.

5.2.2.6 Main initiatives in favor of environmental protection in 2014

Area	Location	Project
Waste	Verniolle, Craponne (France), St. Louis (United States)	Collection areas and equipment set up, packaging reused
Water consumption	Combourg, Marcy l'Etoile (France), Tres Cantos (Spain)	Combourg: closed-loop cooling systems implemented (40% reduction in total site consumption) Tres Cantos: water circuit changed to stop leakage Marcy l'Etoile: cleaning machines changed (11,000 cu.m. saved) and air-cooling towers replaced by latest-generation cooling systems
Energy consumption	Verniolle, Combourg, Marcy l'Etoile, Craponne (France), Tres Cantos (Spain), Durham, St. Louis (United States), Shanghai (China)	Motion detectors installed for lighting, neon lighting replaced by LEDs, buildings thermally insulated, compressors and refrigeration systems with energy recovery installed, steam valves insulated
Air emissions	Marcy l'Etoile, Craponne (France), Tres Cantos (Spain)	Air-conditioning systems with HCFCs and CFCs replaced by latest-generation systems using nitrogen and refrigerant gases

5.2.3 SOCIETY

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

Contributions, donations and sponsorships *In thousands of euros*	2014	2013	2012
Contributions	**2,432**	2,557	1,959
of which to the Mérieux Foundation	*444*	*489*	*121*
of which to the Christophe and Rodolphe Mérieux Foundation	*1,325*	*1,325*	*1,325*
Sponsorships, other donations, national heritage and amortization of living artists' works	**225**	186	404
Total	**2,657**	2,743	2,363

5.2.3.1 Territorial, economic and social impact of the Company's business through its public health initiatives

bioMérieux is involved in public interest initiatives to educate, raise awareness and spur action in response to major public health issues mainly in the fight against infectious diseases. As a clinical and veterinary microbiology expert, the Company in particular plays an active role in the fight against antimicrobial resistance, which is recognized worldwide as a major public health issue for the 21st century.

As part of this drive, the Company organizes the bi-annual World HAI Forum, bringing together world-renowned experts in the field of antimicrobial resistance and healthcare-associated infections. At the last forum, which took place in June 2013, bioMérieux pledged to support initiatives to:

- measure the degree of antimicrobial resistance and the consumption of antibiotics with the help of studies with international partners, aiming to provide indicators on the use of antibiotics and the extent of antimicrobial resistance on a global scale;

- conduct a multi-center study showing the long-term benefits of the cautious use of antibiotics in order to provide health professionals with concrete evidence on best practices.

The next forum, to be held from June 14 to 16, 2015, will have as its theme, "Antimicrobial Resistance: One world, one fight!"

The Company also supports a number of initiatives to fight against microbial resistance in its host countries. Each year, bioMérieux takes part in "European Antibiotic Awareness Day", organized at the initiative of the European Centre for Disease Prevention and Control (ECDC), and "Get Smart About Antibiotics Week", organized by the Centers for Disease Control and Prevention (CDC) in the United States. bioMérieux seeks to use these initiatives to promote more reasonable use of antibiotics among laboratories, clinicians, veterinarians and the general public.

In response to the Ebola outbreak in West Africa, the FilmArray® clinical test for the Ebola virus (BioThreat-E test™) was the first commercial test to receive Emergency Use Authorization (EUA) from the U.S. Food and Drug Administration (FDA).

In 2013, bioMérieux formed a partnership with Santé En Entreprise (SSE), an association of companies whose goal is to promote and implement field programs to fight HIV, malaria and chronic diseases. SEE operates in France, Africa and the Caribbean, and develops initiatives aimed at employees, their families and the general public. As part of this partnership, bioMérieux is particularly involved in HIV and malaria advisory and screening operations.

5.2.3.2 Relationships with stakeholders

Regulatory authorities

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.

Environmental authorities and occupational health and safety authorities

All Company sites are subject to national, federal and/or local environmental and occupational health and safety regulations. The relevant authorities may carry out scheduled or surprise inspections. On these occasions, the Company takes any observations and opinions they make into account.

Relationships with the local host communities

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, in 2014 the Company continued to support 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. The Company is also partnered with Fondation pour l'Enfance which supports local sponsorship for children in need. This foundation works locally with associations such as Horizon Parrainage in the Rhône-Alpes region. As part of the Company's initiatives in favor of workers with disabilities, two "Handibio" days were held at the Craponne and Grenoble sites in France in 2014 to raise employee awareness of disabilities. The days' themes were "Working with a disability" and "Disability, creativity and talent".

bioMérieux is a partner to universities and educational institutions in France's Rhône-Alpes region, a situation that allows it to strengthen its cooperation with academic research.

– bioMérieux is a founding member of the Fondation Université Joseph Fourier de Grenoble. Set up in September 2014, the foundation aims to support high-level research projects and promote equal opportunity.

– bioMérieux is also a partner of the Fondation INSA de Lyon. The Company supported the INSA-Lyon team project that won the 2014 gold medal and the "Best New Composite Part" award at the iGEM (International Genetically Engineered Machine) Foundation's tenth annual international competition in Boston, MA (United States).

Relationships with organizations promoting public health

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, recognized as a public utility, and the Christophe and Rodolphe Mérieux Foundation, under the aegis of the Institut de France, and the remaining amount to sponsorship projects undertaken directly by bioMérieux. In 2014, the Company contributed €2,432,000 to sponsorship activities, corresponding to 0.27% of its sales, including €1,769,000 to the two aforementioned foundations.

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 infrastructure. As part of its corporate sponsorship policy, the Company contributed €444,000 to the Foundation in 2014.

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 2014.

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 mission – to improve public health – and to provide access to healthcare, particularly in developing countries;
  - related to the Company's people commitment, particularly occupational health and integration on the labor market.

– Projects enabling bioMérieux to play a role as a corporate citizen in its host communities.

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.

Work with international organizations

bioMérieux works alongside a number of international organizations, including the Clinton Foundation, the United Nations and, Médecins sans Frontières, within the framework of public health programs to fund world health initiatives and develop *in vitro* diagnostics.

In 2014, Jean-Luc Belingard, bioMérieux Chairman and Chief Executive Officer, joined the Gates-CEO Global Health Roundtable. This collaboration between health industry CEOs and Bill Gates aims to use innovation to address the major public health challenges facing disadvantaged populations. In particular, it seeks to foster initiatives to fight neglected tropical diseases in countries with limited resources.

bioMérieux also launched an R&D program in 2014 to develop diagnostic solutions for global and tropical infectious diseases in countries with limited resources and make these solutions more easily accessible.

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.

Cultural philanthropy

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

Museum of Grenoble (France)

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. The Center is located in an exceptional scientific cluster promoted by the city authorities.

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, which, in 2013, helped the Grenoble Museum of Fine Arts to acquire Picasso's *papier collé* "Verre".

Other cultural philanthropy

bioMérieux supports the Lyon Museum of Fine Arts. In 2008, the Company sponsored the purchase of Nicolas Poussin's painting "The Flight into Egypt" which is now displayed in the museum. In 2013, thanks to the generosity of bioMérieux and other members of the Saint Pierre Museum Club, the Lyon Fine Arts Museum acquired 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 France's Rhône-Alpes region, including:

- the Chaise Dieu music festival in Haute-Loire (a 30-year partnership);
- the Baroque Music Festival of Lyon;
- the Lumière cinema festival organized every year in Lyon, by the Institut Lumière.

L'Entreprise à l'œuvre

bioMérieux took part in the experimental *"L'Entreprise à l'œuvre*" project, sponsored by the French Ministry of Culture and Communication. In November 2014, the Company hosted five prints by Marc Chagall in its Marcy l'Etoile site in France for a week, on loan from the Marc Chagall National Museum. Company employees were also offered guided tours of the artist's works.

5.2.3.3 Subcontracting and suppliers

Responsible purchasing

bioMérieux aims to build long-term relationships with suppliers, based on a responsible purchasing policy.

In 2014, the Company rolled out a training plan for purchasers that includes a "Responsible Purchasing" module with the aim of raising their awareness of the Company's policy in this area.

Working sessions were also devoted to responsible purchasing at the 2014 Corporate Purchasing convention, which brought together all Purchasing teams.

In France, bioMérieux was among the first companies to sign the charter for responsible supplier relations initiated by the Business-to-Business Mediation Department (*Médiation Inter-Entreprises*) and the French Purchasing Association (*Compagnie des Dirigeants et Acheteurs de France* – CDAF). The contractors who signed this charter demonstrated their commitment to implementing best purchasing practices and to exercising their responsibility within a framework of mutual trust with suppliers, with full knowledge of and respect for their respective rights and duties.

The Company is also one of the founding members of the Pas@Pas association, which puts large companies with a strong commitment to socially responsible purchasing in contact with representatives of people with disabilities and the underprivileged.

In the United States, in accordance with the purchasing policy of the Federal Supply Service and the General Services Administration, two federal administrations with which the Company has significant contracts, bioMérieux Inc. includes small business concerns in its supplier portfolio in line with a specific purchasing plan defined on an annual basis. These businesses are mainly managed by veterans, women or minorities.

bioMérieux Inc. organized training on purchasing from small business concerns for purchasers working with the United States.

The bioMérieux Inc. Purchasing Department is also a member of the St. Louis Minority Business Council. As such, its employees take part in seminars on issues related to diversity in purchasing that are run by the Chamber of Commerce.

Ethical and Sustainable Development Charter between bioMérieux and its suppliers

bioMérieux aims to integrate its suppliers into its continuous improvement approach and to involve them in its sustainable growth strategy, based on environmental protection, social progress and human rights. bioMérieux's commitments to and expectations of its suppliers are set out in its "Ethical and Sustainable Development Charter between bioMérieux and its suppliers". In June 2014, the Charter was completely rewritten to place greater emphasis on crucial aspects of the Company's approach to responsible purchasing and reflect its new organization. It was signed by the Chief Operating Officer and the Vice President, Corporate Purchasing.

In 2013, the Company included environmental requirements in the new framework agreements entered into with service providers who ensure the international transportation of its products and local logistics in a number of countries (excluding France). These requirements relate to the reporting of greenhouse gas emissions generated by services performed for the Company and recommendations expected from service providers on ways to reduce the environmental impact of logistics and transportation.

5.2.3.4 Business ethics

bioMérieux's commitment to public health is part of a broader approach to protect patients' interests while upholding its own reputation and looking out for its shareholders' bests interests. bioMérieux's actions are governed by a set of principles, directives, standards and procedures that correspond to current ethical norms.

5.2.3.4.1. Ethics and Compliance Program

bioMérieux's Ethics and Compliance Program (the Program), officially in place since 2011, places a strong emphasis on conducting business in compliance with all laws and regulations, as well as in line with the Company's own values and culture.

The Program is intended to allow all bioMérieux employees to contribute to the Company's growth, in compliance with business ethics, Group culture and all applicable regulations.

It is designed to prevent unethical conduct. For this reason, staff training in the rules of business ethics is a central part of the Program.

The Program is part of a wider approach to risk prevention. It draws on the Global Code of Conduct (see below), the principles of which will be gradually developed in line with annually set priorities.

In 2014, the Program's main priorities were to:

- enhance measures to prevent corruption;
- secure the distribution network;
- prevent conflicts of interest with healthcare professionals;
- understand and effectively apply export regulations;
- protect patient data.

Global Code of Conduct

The Company established its first Global Code of Conduct in 2009. All employees received a copy.

In 2012, the Global Code of Conduct was updated, translated into six languages and distributed to all employees. To ensure widespread circulation:

- an online training course on the Code's updated content was introduced;
- the Code was uploaded to the Company's corporate website and intranet;
- references to the Code and its content were introduced into classroom and online Ethics and Compliance training.

The Code applies to all employees. The Company renewed the communication campaign in 2014, and all employees certified that they had read and understood the Code.

Furthermore, outside partners are made aware of the Code, and the Group requests that they comply with the principles of business ethics.

Anti-corruption principles

bioMérieux's Corruption Prevention Program is based on two components. The first is the Global Code of Conduct, which forms the basis of the Ethics and Compliance Program. The second is the Corruption Prevention Manual, which can be accessed on the Company's corporate website and intranet. The Manual sets out the Company's expectations in its relations with partners. All employees have received online training to familiarize themselves with the Manual.

In addition, the Company has produced a document on "Business Principles for Third Parties" and a "Third Party Approval Form" to raise its partners' awareness of the importance of complying with the Company's ethical conduct rules when doing business.

The Corruption Prevention Program is designed to:

- promote ethical conduct in business dealings;
- familiarize employees with the Company's rules and anti-corruption laws;
- give employees a forum in which to ask questions.

Human rights principles

bioMérieux has been a member of the United Nations Global Compact since 2003. This international initiative is based on ten universally recognized principles relating to human rights, labor, the environment and anti-corruption.

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.

Through these principles, Global Compact member companies and their subsidiaries are asked to promote and uphold international law on human rights.

In accordance with Article 25 of the Universal Declaration of Human Rights, bioMérieux spearheads initiatives to give the underprivileged access to adequate diagnostics. In particular, it has reaffirmed its support for the Mérieux Foundation, which helps to fight infectious diseases.

Training

The Ethics and Compliance Program provides for online training, with the schedule, content and target audience determined on a yearly basis. The training aims to raise employee awareness of applicable internal regulations and procedures so that team members can conduct themselves in an upright, ethical manner in their business and work relationships.

Some 5,800 employees received training on the Global Code of Conduct in 2014 and 6,100 learned about the Corruption Prevention Manual between 2013 and 2014.

bioMérieux has also introduced a program to raise awareness about protecting patient data. Around 1,300 employees took part in the program in 2014.

Lastly, more than 3,800 employees received online training in export regulations in 2014.

5.2.3.4.2. Organization

The Ethics and Compliance Department is organized into regions to mirror the Group's own organizational structure. In addition to the Global Compliance Officer, it comprises a Compliance Officer for each of the three regions, as well as a Global Data Privacy Officer and a Global Training Officer. bioMérieux's ethical principles extend to everywhere it operates. For this reason, teams of correspondents have been set up in each site and tasked with disseminating and applying the Program's ethical and compliance-related principles at the local level. These teams also ensure that the Group's internal directives and all local laws and procedures are applied.

Each site has a dedicated Local Compliance Team (LCT), which at minimum comprises the subsidiary manager or site director. The LCT also includes a training coordinator and a contact person in charge of personal data.

An Ethics and Compliance Committee has also been set up. Chaired by the Global Compliance Officer, the committee is made up of representatives from the Group's various global functions. Its main role is to assist the Ethics and Compliance team in defining and deploying the program, and ensuring it responds to all identified risks. The committee meets every quarter.

5.2.3.4.3. Whistle-blowing

Special structures have been set up to listen to and advise employees so that they can express themselves freely and report situations of non-compliance.

Any employee who witnesses a breach of the Global Code of Conduct should first report the issue to their manager or supervisor. Employees may also contact the Human Resources Department, the Legal Department or the Ethics and Compliance Department.

An ethics hotline is gradually being rolled out in all of bioMérieux’s host countries. It was first introduced in the United States in 2007 and is now being extended to the rest of the world, notably in Europe, where it takes into account the EU's data protection directive.

The Company has a zero-tolerance policy concerning threats to employees who have reported something in good faith, refused to break the law, or taken part in an investigation.

5.2.3.5 Standards and interpretations

Calculation scope of quantified indicators

The scope corresponds to the bioMérieux Group with the exception of Advencis and Ceeram, two small French companies acquired in late 2014. BioFire, acquired in 2014, is included in the quantified data from that year onwards.

Collection and consolidation of data

Health and Safety

Health and Safety data are collected on a monthly basis, and environmental data on a half-yearly basis, from HSE representatives in the Company's entities. Data are consolidated by the Corporate HSE team.

With regard to occupational Health and Safety, all consolidated data comply with regulations for recording occupational accidents and diseases for each country in question.

Reporting covers all entities with 20 or more full-time equivalent employees, with the exception of the Japanese subsidiary.

Definition and method of calculating the indicators

Health, Safety and Environment indicators are all calculated using a method defined in the "Corporate Reporting Program on Health, Safety and Environment Indicators".

As from December 31, 2014, the total Group workforce includes full-time equivalent employees as well as temporary employees.

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 both permanent and temporary 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 occupational accidents: number of lost-time occupational accidents per million hours worked.
- Frequency rate of total reportable occupational 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 cubic meters).
- The performance indicator monitored is the total water consumption of the Company's entities in cubic meters in relation to the Company's sales (in cubic meters per million 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 MWh per million euros).

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 greenhouse gas emissions:

– Direct and indirect energy-related emissions of greenhouse gases, emissions from the downstream transportation of goods and emissions generated from business travel and commuting expressed in thousands of metric tons of CO_2 equivalent.

The V7 version (July 2013) of the Bilan Carbone® method is used to calculate greenhouse gas emissions.

5.3 INVESTMENTS

5.3.1 PRINCIPAL INVESTMENTS IN 2014

Due to the simultaneous implementation of major capital projects, notably to increase production capacity at the Durham and Craponne plants, among others, to extend the Marcy l'Etoile site, and to deploy the Global ERP system, capital expenditure amounted to €166 million for the year, of which €135 million in industrial capital expenditure and €31 million in placed instruments. In all, capital expenditure represented 9.8% of sales. In 2013, capital expenditure totaled €127 million, of which €97 million in industrial capital expenditure and €30 million in placed instruments.

5.3.2 PRINCIPAL INVESTMENTS IN PROGRESS

In 2015, the Company is planning to increase capital outlays to as much as €200 million. In anticipation of strong growth in certain flagship products, it will invest in the related industrial sites, particularly Durham and Marcy l'Etoile. The Company will also begin construction of a new building in Salt Lake City, Utah (United States).

– 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 €95 million, of which €66 million will be capitalized.

– Europe, Middle East, Africa:

  - Marcy site:
    - start of construction work to expand the site and install a new packaging line for VIDAS® strips (€62 million, of which €32 million in 2015): completion expected by the first half of 2016.
  - Craponne site:
    - construction of facilities and the installation of new equipment to increase the production capacity of petri dishes (€12 million): completion expected by end-2015.
    - renovation and automation of facilities and equipment used to manufacture tubes and flasks (estimated cost of €6 million): staggered acceptance from the first quarter of 2016.

– Americas:

  - Durham, North Carolina (United States): construction of facilities and installation of a new production line to increase the production capacity of BacT/ALERT® bottles (estimated cost of €60 million, of which €30 million in 2015): completion expected by the first half of 2017.
  - Salt Lake City, Utah (United States): construction of new facilities to automate production of FilmArray® reagents, increase production capacity and house the R&D and administration teams (estimated cost of €95 million, of which €31 million in 2015): completion expected in the second half of 2016.

– Asia-Pacific:

  - Hyderabad (India): construction of a production facility (estimated cost of €4 million): completion expected by mid-2016.

Investments are generally financed by the Company's equity (see consolidated statement of cash flows in section 20.1.1), with the exception of the Marcy l'Etoile extension, which will be financed by a lease financing agreement.

5.3.3 PRINCIPAL FUTURE INVESTMENTS

According to the Company's forecasts, principal future investments include:

– Asia-Pacific:

- Shanghai site: renovation and expansion of the site's facilities, construction of a warehouse, canteen and parking lot (estimated cost of €11 million): completion expected during 2017.

6 BUSINESS OVERVIEW

6.1 MAIN ACTIVITIES

6.1.1 BUSINESS SUMMARY

bioMérieux facts and figures

	2014
2014 sales (in billions of euros)	1,698
Global ranking	10th
Specialty	Infectious disease diagnostics
Global ranking in clinical microbiology	1st(*)
Workforce (full-time-equivalent employees and temporary staff) at December 31, 2014	8,935
Percentage of sales outside of France	88%
Installed base (in number of instruments)	79,500
Sales of reagents and services as a percentage of sales	89%
Sales of industrial applications as a percentage of sales	19%
Global ranking in industrial applications	1st(*)

(*) Estimation based on market knowledge

Incorporated in 1963, bioMérieux is a worldwide group specializing in the field of *in vitro* diagnostics for clinical and industrial applications. Its primary area of expertise is infectious disease diagnostics. In 2014, bioMérieux reported sales of €1,698 million and had 8,935 full-time equivalent employees at the end of December 2014.

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 nearly 80% of the Company's sales. bioMérieux is a specialist, ranking tenth worldwide in *in vitro* diagnostics (IVD), but number one in clinical microbiology;

– the industrial field: microbiological analyses of manufacturing and of its environment, chiefly in the food, pharmaceutical, cosmetics and veterinary sectors. Industrial applications account for nearly 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 disposables 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.

bioMérieux's business therefore involves integrating highly diversified technologies covering biology, instrumentation and engineering, as well as IT and data processing. This can often be complex, as it entails verifying the essential compatibility of the various components, monitoring overall coherence, adhering to the different standards applicable in each field and respecting quality and cost objectives and deadlines.

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

Most of the Company's sales come from reagent sales, which accounted for 81% of its sales in 2014. Instruments are either sold (approximately 11% of sales in 2014) or provided to customers for use on their premises as part of a reagent supply agreement. At the end of December 2014, the installed base amounted to approximately 79,500 instruments, of which 80% correspond to sold 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 160 countries, through 42 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).

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

Clinical applications

In vitro diagnostics is an essential part of the treatment process, with a role to play at all stages of a disease:

– disease prevention by screening at-risk populations;

– prognosis through the analysis of predictive factors;

– pathology identification;

– patient care and therapeutic monitoring.

In vitro diagnostic tests are used to determine the origin of an infection, make a correct diagnosis, propose the most appropriate therapy, monitor patient care, avoid costly complications and evaluate a pathology's evolution. The result of an *in vitro* diagnostic test is therefore now requested in the case of 60% to 70% of all medical decisions. Furthermore, certain illnesses such as AIDS or early-stage cancers can only be detected by analyzing samples taken from the patient: in these cases, all medical decisions depend on *in vitro* diagnostic tests (source: Sidiv – the *in vitro* diagnostics industry representative body).

The analyses are performed on samples taken from patients rather than on the patients themselves and are generally carried out at the request of a physician, in private-sector or public medical biology laboratories belonging to hospitals or commercial structures, blood banks, physician office laboratories or cancer research centers. 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 and veterinary products, pharmaceuticals and cosmetics. These microbiological tests (sterility of products, absence of pathogenic bacteria, etc.) are conducted throughout the production line, from raw materials to the 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 (a widely demanded technology, particularly tests related to diabetes), hematology, cytometry and hemostasis.

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

	2014 *(in billions of euros)*
Immunoassays	11.9
Clinical biochemistry	11.3
of which blood glucose monitoring: €6.3 billion	
Molecular biology	4.2
Hematology and flow cytometry	3.5
Microbiology	2.0
Histology and cytology	1.9
Hemostasis	1.2
Other technologies[(a)]	3.7
TOTAL	**39.7**

[(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, incorporating scientific and biological advances and innovations in technology and IT. They have made it possible for laboratories to standardize the process, obtain more reliable and pertinent results in a shorter time period, ensure the traceability of analyses and increase 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 cleared the way for a new approach to infectious diseases: the syndromic approach. This approach is based on analyzing a syndrome (i.e., a set of symptoms) and, with a single reagent, identifying the disease-causing organisms responsible for this syndrome, whether they are viruses or bacteria. 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.

At the same time, new techniques are emerging, especially with the application of ultrasensitive and multiplex technologies to immunoassays, improving healthcare by providing earlier detection of disease, allowing clinicians to take the appropriate therapeutic decisions much faster. Similarly, recent technological advances have led to the development of Next-Generation Sequencing (NGS), which allows for high-throughput analyses on a much larger scale than traditional sequencing techniques and at a lower cost. The use of NGS solutions is becoming more common in clinical laboratories, particularly for cancer diagnosis and neonatal screening, and the technology is also creating new possibilities in the epidemiological monitoring of bacterial infections, and ultimately, their diagnosis.

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 from the emergency services.

IVD tests have evolved. In addition to traditional tests, high medical value tests are now having a significant impact on therapy choices, improvements in patient health and healthcare system cost savings. 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:

– by analyzing one or several biomarkers, patients or pathologies can be stratified and more effective and better targeted drugs can be developed: through a more personalized approach, theranostics allows the best treatment to be prescribed for each patient's illness, the most appropriate dose to be defined, and side effects to be better controlled;

– this should lead to improvements in the treatment of diseases while helping to control healthcare costs. Furthermore, 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.

Driven by new technologies and scientific advances, the medical value of *in vitro* diagnostics is increasingly recognized, and IVD tests play an increasingly decisive role in the treatment process. By providing earlier, more reliable, and more precise diagnoses and better monitoring of therapeutic response, these tests help to improve the quality of care, while optimizing and reducing healthcare spending.

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 (around 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 2014, the diagnosis of infectious diseases 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 2014, these applications accounted for 7% of clinical sales,

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 around 20% of sales in 2014. Industrial applications mainly concern the food, pharmaceutical and cosmetics industries. In 2012, the Company also launched the veterinary diagnostics business with the aim of developing solutions to combat epizootics and zoonoses and encourage the appropriate use of antibiotics in veterinary medicine.

6.1.2.2 Key strengths

The Group's principal strengths are:

- a high level of expertise in the diagnosis of infectious diseases, based on over 50 years of experience in biology, which is also relevant for new areas, including industrial applications, cardiac diseases and some cancers;

- two-thirds of its sales generated in two sectors where (based on its knowledge of the market) it holds the leading position: clinical microbiology and industrial applications;

- a world-leading position in clinical microbiology, a vast range of products, one of the most complete collections of bacteria in existence, and unique expertise in bacteria and bacterial resistance mechanisms; furthermore, the Company has signed a distribution agreement with Copan allowing bioMérieux to speed up its deployment of its "Lab Efficiency" vision for the automation and enhanced operational efficiency of clinical microbiology laboratories (see section 5.1.5);

- a highly-respected pioneering and leading position in industrial applications, where the Company has the widest product range, strengthened by the acquisition of AES, and strong market positions;

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

- the recent development of a range of high medical value tests;

- an enhanced molecular biology portfolio, including BioFire's unique FilmArray® system for a syndromic approach to the diagnosis of infectious diseases, the easyMAG® system for automated nucleic acid extraction, and the ARGENE® range of virology tests for immunocompromised patients;

- a balanced geographic breakdown of its business supported by a global distribution network which maximizes marketing opportunities for its products and a longstanding presence in emerging countries, enabling the Group to seize market growth opportunities;

- an installed base of approximately 79,500 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 which, based on a percentage of Group sales, is greater than that of its competitors. This dynamic leads to the regular release of new and innovative products and combined with an efficient system to track new technologies, facilitates the identification and selection of the most promising advances, particularly in the area of infectious disease diagnostics;

- a genuine capacity to make targeted acquisitions and establish strategic partnerships and expertise in integrating acquired companies and forming commercial and operational synergies;

- in theranostics, complete independence from the global pharmaceutical groups;

- considerable 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 consistently satisfactory results, while successfully positioning the Company in the technologies of the future.

6.1.2.3 Strategy

Given the uncertain 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 pick up slightly, driven largely by laboratories' need for automation to optimize workflow, standardize processes and shorten lead times.

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

– consolidate its leadership in clinical and industrial microbiology, allowing it to continue innovating in these fields. In order to meet market expectations, bioMérieux is rounding out its current ranges with new automation solutions.

– optimize its position in immunoassays, where it is a focused player. It intends to leverage its VIDAS® franchise, using the recent launch of the new generation VIDAS® 3 platform, the marketing of new parameters, its expertise in high medical value parameters, and the success of VIDAS® in emerging countries. The strategic agreement with the American company, Quanterix (see section 5.1.5) in ultrasensitive and multiplex immunoassays should also strengthen bioMérieux's role as a specialized player;

– grow its molecular biology business: with the FilmArray® system, it aims to become the major player in the syndromic approach to infectious diseases. In central laboratories, its development will be based on its comprehensive automation solution, which will comprise the easyMAG® sample purification platform (for which a new generation is soon to be launched) and Life Technologies' Applied Biosystems® real-time PCR thermocyclers in particular (see section 5.1.5). Furthermore, it will continue to work toward 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. These countries are becoming increasingly price-sensitive, and their demand for reagents is, for the moment, low. They are experiencing a certain degree of demand volatility due to economic and geopolitical uncertainties and are also occasionally hit by severe currency devaluations. Nevertheless, they are seeing rapid growth, driven both by ambitious government actions and by strong demand among end consumers both in the clinical market and in industrial applications. bioMérieux will also continue to adapt its sales policy to economic conditions in developed countries, especially North America, the world's biggest market, and in Western Europe.

It has defined a strategic 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, 2013 and 2014 (see section 5.1.5):

– in 2012, bioMérieux China became the Group's third-ranking sales company;

– VIDAS® 3, the new generation VIDAS®, was CE-marked in June 2013 and obtained regulatory clearance for sale in China from the CFDA during the second quarter of 2014;

– VIRTUO™, the new generation blood culture system, was CE-marked in July 2014;

– in January 2014, the acquisition of the U.S. company BioFire, specialized in molecular biology, allowed bioMérieux to consolidate its position as a major player in infectious disease diagnostics;

– the acquisitions of Ceeram and Advencis in 2014 will allow bioMérieux to expand its range of industrial application products;

– various strategic agreements were signed (see section 5.1.5) including:

- in 2012:
  - the acquisition of 60% of the Indian company RAS,
  - a strategic agreement on ultrasensitive immunoassays with the American company Quanterix,
- in 2013:
  - a research partnership with Veolia Environnement to develop technology for the continuous monitoring of the microbiological quality of drinking water,
  - an exclusive agreement in personalized medicine with the biopharmaceutical company Gilead Sciences Inc.,
  - a sales agreement with Life Technologies under which its Applied Biosystems® 7500, 7500 Fast and 7500 Fast Dx instrument range became bioMérieux's preferred thermocyclers.
- in 2014:
  - an agreement with Illumina to market a next-generation sequencing (NGS) solution for the epidemiological monitoring of bacterial infections;
  - a strategic alliance with Copan to automate clinical microbiology laboratories;
  - an agreement to develop a VIDAS® NEPHROCHECK® test with Astute Medical;
  - the renewal and expansion of the distribution agreement with Hain Lifescience for molecular tests for the rapid and accurate diagnosis of tuberculosis;
  - a personalized medicine agreement with Novartis.

In 2015, and in the years to come, bioMérieux's main priorities will be to further develop its customer focus, perfect its operational excellence and ensure the sustainable and profitable growth of its business.

6.1.2.4 Business development

bioMérieux has a Business Development department, with international teams based in Marcy l'Étoile (France) and Cambridge (Massachusetts, United States) who work closely with the regional organizations, business units, the Legal and Industrial Property and Finance departments.

According to bioMérieux's 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.

In 2014, its activities have resulted in the acquisitions of BioFire (molecular biology) and Advencis and Ceeram (industrial applications), and five strategic agreements, particularly for access to innovative technologies and biomarkers and distribution of products that round out the Company's 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 as well as in veterinary diagnostic laboratories.

The Company has implemented a global marketing strategy. 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 24% of sales in 2014, of which 6% was generated by the Company's top-selling product, the VIDAS® B.R.A.H.M.S PCT™ test.

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 2014. Instruments are either sold (11% of sales in 2014), or provided to customers for use on their premises under an agreement to purchase a minimum volume of reagents and disposables, on terms designed to cover the depreciation and the financing of the instrument. If the customer fails 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, 2014, the installed base amounted to approximately 79,500 instruments. 74% of reagent sales in 2014 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. The Company will continue to grow this business by focusing on the training of technicians, laboratory accreditation support and workflow optimization. Including R&D-related revenue of €7 million, billable services accounted for 8% of the Company's sales in 2014.

6.1.3.2 Main products

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

6.1.3.2.1. Microbiology

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

Culture media

The Group offers an extensive range of culture media, with more than 100 bioMérieux references available in various forms such as Petri dishes, tubes and bottles. With over 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 specific expertise. 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 combatting 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/chromID® VRE agar biplate medium. The range was further expanded with two exclusive media, the chromID® OXA-48 agar and chromID® CARBA SMART agar, which screen specifically for the OXA-48 carbapenemase producer, found mainly in Western Europe.

In 2014, bioMérieux supplemented its line of chromogenic media with the launch of the new-generation chromID® Elite range that delivers a wide range of improvements, notably including more reliable differentiation of pathogens, faster and easier result reading and enhanced sensitivity and specificity parameters for specific bacteria. The Company launched two new-generation chromogenic media: chromID® CPS® Elite for the isolation, enumeration and direct or presumed identification of microorganisms responsible for urinary infections, and chromID® *Salmonella* Elite for the faster detection of *Salmonella* strains in clinical stool samples.

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 and cosmetic products 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*.

bioMérieux's offering also includes a comprehensive range of products for the veterinary (microbiological and immunological) diagnosis of livestock and domestic animals aimed at detecting, identifying and conducting antibiotic susceptibility tests on microorganisms that cause infections.

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

Clinical microbiology

Blood culture

BacT/ALERT®

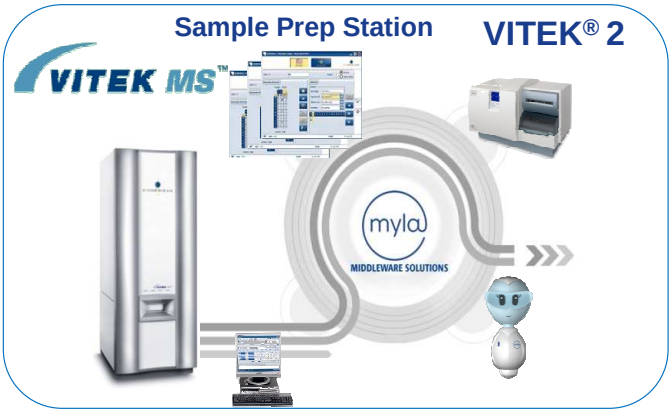
VIRTUO™

Blood culture bottles

ID/AST automation

VITEK® 2

VITEK® 2 cards



VITEK®MS system

"Lab Efficiency" (laboratory operational efficiency)

BIOMÉRIEUX
PIONEERING DIAGNOSTICS

COPAN

WASP

VITEK® 2

Performance Solutions™

WASPLab™

VITEK® MS

MYLA®

Immunoassays

VIDAS®, mini VIDAS® and VIDAS® 3

VIDAS® strip and SPR

Molecular biology

Extraction range

NucliSENS® easyMAG®

Disposables (aspirator and sample vessel)

Extraction reagents

Syndromic approach to infectious diseases

FilmArray®

FilmArray® panel

Industrial applications

TEMPO®

TEMPO® cards

Chemunex®

Labguard®

Manual bacterial identification and antibiotic susceptibility testing: API®, ATB™ and RAPIDEC® CARBA NP 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™).

Based on its API® and ATB™ product lines, the Company has developed 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 Company also markets the ATB™ line with strips for manual antibiotic susceptibility testing that comply with CLSI® (Clinical and Laboratory Standards Institute) standards.

In 2014, bioMérieux launched RAPIDEC® CARBA NP to add to its offering in the fight against antibiotic resistance. This new manual test is easy to use, gives reliable results, and is the first solution to offer rapid, cost-effective detection of carbapenemase production by Gram-negative bacteria. It is particularly useful for patient treatment and limiting the transmission of resistance. RAPIDEC® CARBA NP therefore responds to the basic need to manage transmissible bacterial infection, making it simpler and more effective from a medical standpoint.

The API® line is also used by industrial customers in the food, pharmaceutical, cosmetics and veterinary sectors, to identify any pathogenic agents.

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® serves to guide 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 principally 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.

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® 2 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 to identify any pathogenic agents present in products or in the production environment, and in the veterinary industry, to test antibiotic susceptibility and identify pathology-causing bacteria in animals.

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 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.

In 2013, VITEK® MS was granted 510(k) *de novo* clearance by the FDA, becoming the first mass spectrometry system cleared by the FDA for the routine detection of a comprehensive database of disease-causing microorganisms (Gram +, Gram - and certain yeasts) in clinical microbiology laboratories. It is the only totally integrated susceptibility test solution thanks to its connection with the VITEK® 2 system.

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.

In July 2014, bioMérieux announced the CE marking of the new generation BacT/ALERT® system, VIRTUO™. This unique, innovative automated blood culture system for detecting disease-causing microorganisms has extended the BacT/ALERT® range of solutions. Thanks to its increased efficiency, the system will enable laboratories to deliver fast results to clinicians, thereby helping to improve patient care and optimize laboratory productivity. It is now commercially available in approximately ten target countries that recognize the CE marking.

Currently, the BacT/ALERT® culture media offers standard bottles, FAN bottles containing activated charcoal and the new FAN Plus bottles using the patented absorbent polymeric beads (APB) technology (CE-marked in December 2011).

Industrial applications of the BacT/ALERT® 3D systems line include monitoring the sterility of biopharmaceutical products, microbiological testing of beverages and ensuring the sterility of donated platelets.

In 2014, the Company improved its manufacturing level at its site in Durham (North Carolina, USA) dedicated to blood culture bottle production (see 4.1.1.11.1).

"Lab Efficiency" (Operational efficiency in clinical microbiology laboratories)

Clinical microbiology laboratories are aiming to further improve automation, significantly enhance their operational efficiency, make up for the growing shortage of specialized staff and obtain the accreditation needed to operate, while streamlining workflows, delivering faster and more standardized results and improving traceability of analyses.

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

– PREVI™ Color Gram, an automated Gram staining system (an original equipment manufacturer agreement with the ELITech Group). A second more user-friendly version with more features and more adapted to new market restrictions (including laboratory accreditation) has been launched commercially. The Company added to its offering by signing a distribution agreement for the RAL STAINER, an automated mycobacterial staining system for the diagnosis of tuberculosis;

– 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).

bioMérieux and Copan, a leading manufacturer of innovative pre-analytic solutions, signed a strategic partnership in clinical microbiology laboratory automation and operational efficiency. Since January 1, 2015, bioMérieux has been Copan’s exclusive distributor in France, and a co-exclusive distributor in Germany and the United Kingdom to distribute Copan’s WASP® and WASPLab™ systems. bioMérieux's commercialization rights will gradually be expanded, on the basis of co-exclusive distribution, to a number of key countries.

– The WASP® Walk-Away Specimen Processor is a truly revolutionary instrument for liquid sample processing for microbiology. The WASP® provides a comprehensive system which encompasses all aspects of automated specimen processing: planting and streaking, Gram slide preparation, enrichment broth inoculation and Kirby-Bauer set-up and disk application.

– Designed to transform the work of laboratory managers and technologists, the WASPLab™ system moves current laboratories to the digital microbiology era through high resolution culture plate images, improving speed, interpretation, reliability and accessibility of results.

In this field, the two companies also plan to collaborate in particular for the development of innovative clinical microbiology diagnostic solutions.

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 Web browser with a single interface for the laboratory's information system, and consolidates data generated by microbial identification and antibiotic susceptibility tests (ID/AST: VITEK®) and blood cultures (BacT/ALERT® 3D).

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.

In 2014, the fourth version of MYLA® was released. It offers important new features for clinical laboratories, including a new statistical and continuous improvement module.

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 and fungal 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 food laboratories. This allows analyses to be traced from the initial sample until the final result is communicated to the manufacturing site.

In 2013, bioMérieux introduced the TEMPO® Aerobic Count (TEMPO® AC) test that enumerates total bacterial flora in food and environmental samples in as little as 24 hours. This latest generation test, which has obtained AOAC RI (Research Institute) validation, is faster and less sensitive to the highly varied characteristics of food samples.

In 2014, the tenth TEMPO® card was launched: TEMPO® BC, which is used for *Bacillus cereus* group enumeration in 24 hours. Found around the world, these bacteria are transmitted by eating contaminated food (chiefly poorly refrigerated cooked food, like rice) and can cause food poisoning.

Instruments for preparing samples and culture media, and instruments for fast, automated microbial detection in 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 into bioMérieux's offering, and includes the following product lines:

– Dilumat™ for dilution; 2014 saw the launch of the new-generation Dilumat™ diluters incorporating RFID (Radio Frequency Identification) technology to improve sample traceability in the laboratory.

– Smasher™ for grinding food samples.

– MasterClave® for the fully automated preparation of agar.

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

Flow and laser scanning cytometry instruments

This technology is used for real-time microbial detection and sterility monitoring 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 the 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® and VIDAS® 3, launched in 2013, features greater automation and heightened traceability.

Launched in 1991, VIDAS® has been very successful. It is recognized for its quality and reliability. In its June 2009 study(5) 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, 2014, approximately 33,000 VIDAS®, mini VIDAS® and VIDAS® 3 systems had been installed, including 29,000 in clinical laboratories.

VIDAS® 3, the new generation VIDAS®, was added to the VIDAS® product line in 2013 and was CE-marked in June. 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 the end of December 2014, VIDAS® 3 was commercially available in almost 40 countries across Europe, North Africa, the Middle East, Asia-Pacific and Latin America, and during the first half of 2014 was cleared for sale in China by the CFDA. bioMérieux continues to work toward obtaining regulatory clearance for sale in other countries, particularly the United States.

The VIDAS® menu includes 100 clinical parameters covering a wide range of human pathologies including the following:

- HIV infections, with the VIDAS® HIV DUO Ultra and Quick tests. Launched in 2004, these ready-to-use automated tests screen for HIV infection and detect both antigens and antibodies, thereby reducing the diagnosis timeframe (period between infection and detection of the virus or antibodies).

- *Clostridium difficile* infections with VIDAS® *C. difficile* GDH and VIDAS® *C. difficile* Toxin A&B for the fully-automated and cost-effective detection of *Clostridium difficile* infections. *Clostridium difficile* is a bacterium recognized as the chief infectious cause of healthcare and antibiotic-associated diarrhea, mainly in elderly patients.

- Lyme disease with VIDAS® Lyme IgM and VIDAS® Lyme IgG, for the diagnosis of *Lyme borreliosis*. The test was launched in 2010.

- Thyroid disorders notably with VIDAS® Anti-TPO and Anti-Tg, launched in 2012 to round out the VIDAS® Thyroid panel.

- Hepatitis infections notably with VIDAS® Anti-HCV, a test launched in 2012 for the diagnosis of hepatitis C to enhance the VIDAS® Hepatitis menu.

bioMérieux regularly expands its VIDAS® menu. For example, in 2013 the Company launched VIDAS® 25 OH Vitamin D TOTAL which makes it possible to measure total vitamin D (D2 and D3) levels in human serum and plasma and helps to diagnose vitamin D deficiency.

The Company positions VIDAS® on emerging markets and high medical value tests. The VIDAS® menu includes seven high medical value tests:

- the VIDAS® D-Dimer Exclusion™ tests to exclude the diagnosis of deep vein thrombosis and pulmonary embolism, a new more rapid version of which obtained FDA approval in 2012.

- the VIDAS® Troponin I Ultra test to diagnose acute coronary syndrome.

- the VIDAS® B.R.A.H.M.S PCT test to measure procalcitonin (PCT), a biological marker recognized as the leading test for the early detection of sepsis among seriously ill patients. The test helps doctors to make an early determination of whether an infection is bacterial or viral and provides information on the severity of a patient's condition in order to determine the appropriate treatment. In the United States, it is used on ICU admission and, combined with other laboratory tests and clinical assessments, aids in risk assessment of patients for progression to severe sepsis and septic shock. CE-marked and FDA-cleared in 2007, VIDAS® B.R.A.H.M.S PCT™ has become bioMérieux's best-selling parameter, with sharply rising sales reaching €103 million in 2014. The Company is preparing for a possible increase in competition as from 2016, working to broaden the marker's diagnostic indications and enhance its menu of high medical value VIDAS® tests for emergency applications (see section 4.1.1.3).

(5) College of American Pathologists: automated immunoassay analyzers (June 2009).

- the VIDAS® NT-proBNP test to measure NT-proBNP, 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 2013, the Company developed a second generation VIDAS® NT-pro BNP II test.

- the VIDAS® Galectin-3 test for the monitoring of chronic heart failure (CE-marked in 2012). Recently in Europe, the measurement of galectin-3 has been expanded to evaluate the prognosis of patients with chronic and acute heart failure.

- the VIDAS® EBV test launched in 2009 and designed to detect the Epstein-Barr (EBV) virus, responsible for 80% of cases of infectious mononucleosis (IM).

- the VIDAS® *C. difficile* GDH test for the automated detection of GDH, a specific enzyme produced by *C. difficile.* It is the only FDA-cleared automated immunoassay test for GDH detection.

In industrial applications, the VIDAS® menu offers 16 tests for the detection of pathogenic agents. It includes reagents based on recombinant phage protein technology 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*, a group of bacteria responsible for many foodborne infections.

Most VIDAS® tests have been validated by official bodies such as AFNOR Certification, in accordance with ISO or AOAC International standards. In 2013, certain tests were granted AOAC International approvals. The VIDAS® UP *Salmonella* (SPT) test was granted Official Methods of Analysis approval for a wide variety of food products and environmental samples while VIDAS® UP *Listeria* (LPT) and VIDAS® *Listeria monocytogenes* Xpress (LMX) were simultaneously awarded Official Methods of Analysis (OMA) approval, attesting to the reliability and significance of this complete screening solution for *Listeria*.

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. Subject to aggressive competition, particularly in emerging markets, the product line is produced in China by a joint venture with Shanghai Kehua Bio-engineering. This product line is not of strategic importance for the Group.

At the end of 2014, the Company announced that a plan was underway to dispose of its microplate immunoassay business to refocus its commercial offering. The product line represented sales of €16 million in 2014.

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 adds to the VIKIA® tests already available commercially.

In 2013, bioMérieux launched bioNexia® Strep A, an CE-marked test which helps diagnose group A *Streptococcus*, the bacteria responsible for illnesses such as tonsillitis and pharyngitis. BioNexia® Strep A rapid tests allow clinicians to detect the presence or absence of the bacteria in five minutes and therefore prescribe antibiotics only when necessary, minimizing the spread of infection, the risks of complications and the over-prescription of antibiotics.

In addition, the VIKIA® HIV-1/2 assay for the detection of HIV 1 and 2 antibodies in the case of AIDS-related infections was prequalified by the WHO at the end of 2013. Prequalification guarantees users that VIKIA® HIV-1/2 complies with effective public health standards, notably in limited resource settings, and gives the rapid test access to the international tender market.

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.

Molecular biology laboratory automation and extraction range offering

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.

During the third quarter of 2014, the Company launched easySTREAM™, an automated sample preparation station for PCR (Polymerase Chain Reaction) tests, which optimizes analysis workflow, and enhances standardization and traceability in molecular biology laboratories to provide clinicians with better quality results.

The ARGENE® product line

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

The product line is regularly enhanced. In 2013, the Company notably received FDA clearance for the U.S. market launch of the Adenovirus R-gene™ test, which enables the qualitative detection of adenovirus DNA by PCR in real time. Adenoviruses can cause respiratory, ocular or gastrointestinal diseases and are recognized as significant viral pathogens with high morbidity and mortality among immunocompromised patients. The Company also launched Parvovirus B19 R-gene®, a new CE-marked ARGENE assay based on real-time PCR technology that allows for detection and quantification of the three Parvovirus B19 genotypes. Primo-infection can lead to a mild infantile rash called erythema infectiosum, or “fifth disease”. Parvovirus B19 infection can also lead to serious syndromes in immunocompromised patients.

In 2014, the Company expanded the use of the Parvovirus B19 R-gene® kit to total bone marrow and to medullary plasma in immunocompromised patients and also added to its respiratory range with the commercialization of the Legio pneumo/Cc r-gene® kit for the detection of the *Legionella pneumophila* pathogen in acute respiratory infections.

FilmArray® syndromic approach

On January 16, 2014, bioMérieux acquired all outstanding shares of BioFire, a privately held North American company. Specialized in the molecular and syndromic diagnosis of infectious diseases, BioFire developed, manufactures and markets the FilmArray® solution. FilmArray® is a CE-marked and FDA-cleared multiplex PCR molecular biology system that is easy to use, accurate and rapid. It makes it possible to identify, in a single reagent or panel, the disease-causing organisms responsible for a syndrome, whether they are viruses, bacteria, fungi or parasites.

This syndromic approach is developing at a satisfactory pace, particularly in the United States. FilmArray® responds to the growing need in hospital laboratories for high medical value solutions for the diagnosis of infectious diseases.

Three CE-marked and FDA-cleared panels are currently available:

– The FilmArray® Respiratory Panel for "upper" respiratory infections: the test detects 20 respiratory pathogens (17 viruses and 3 bacteria) from nasopharyngeal samples. This test was commercialized in 2011.

– The FilmArray® GastroIntestinal Panel for gastrointestinal illnesses: this new test was launched in May 2014 and covers a range of 22 pathogens (13 bacteria, 4 parasites and 5 viruses) from stool samples.

– The FilmArray® Blood Culture Identification (BCID) Panel for bloodstream infections, detected on positive blood cultures: the test detects bloodstream infection pathogenic agents in nine out of ten cases using a 27 pathogen menu (8 Gram-positive bacteria, 11 Gram-negative bacteria, 5 fungi and 3 resistance mechanisms). This test was marketed in 2013.

Furthermore, the FilmArray® clinical Ebola virus detection test (BioThreat-E test™) received Emergency Use Authorization (EUA) from the FDA in 2014. It is the first commercial test to receive this clearance and is now available to high and moderate complexity clinical laboratories in the United States for the duration of the declaration that circumstances exist justifying the authorization of emergency use.

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).

In 2014, bioMérieux also renewed and expanded its distribution agreement with Hain Lifescience, a company specializing in molecular diagnostics. Under this 10-year agreement, bioMérieux will become the exclusive distributor of Hain's current mycobacteria molecular tests in most countries. These tests enable the rapid and accurate diagnosis of tuberculosis (see section 5.1.5).

In industrial applications, following the acquisition of AES in 2011, bioMérieux marketed the Schmallenberg Virus PCR ADIAVET kit, which adds to its offering of over 40 kits for 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.

6.1.3.2.4. Companion diagnostics

The Company is developing companion diagnostic tests to improve patient clinical care and treatment and in 2014, set up the "Companion Diagnostic" program to develop healthcare-industry partnerships that are aligned with its offering and expertise. The aim of the program is to provide expertise and a diagnostic offering suited to healthcare industry needs in the areas of companion tests (as defined by the regulatory bodies) and supportive diagnostics. The diagnostic test is used during the selection and stratification of homogeneous cohorts of patients to be treated in clinical trials. Clinical trials can therefore be completed more quickly (allowing each molecule to be commercialized more rapidly), and the efficacy of each molecule can thus be demonstrated more easily.

Since May 2010, bioMérieux and GSK have been working together under the terms of a partnership agreement to develop a THxID™-BRAF molecular biology test intended for the qualitative and simultaneous detection of both BRAF V600E and V600K mutations in late stage metastatic melanoma patient samples. This companion diagnostic test helps clinicians choose patients suitable for treatment with GSK Tafinlar® (dabrafenib) and Mekinist™ (trametinib). In May 2013, it received pre-market approval from the FDA for commercialization in the United States.

In October 2014, bioMérieux signed an agreement with Novartis to validate and potentially market the bioMérieux assay, THxID™-BRAF, as a companion diagnostic for Novartis compounds currently in phase III development for patients with BRAF+ melanoma.

In October 2013, bioMérieux signed an exclusive agreement with Gilead Sciences Inc., a biopharmaceutical company focusing on innovative therapeutics for unmet medical needs, to co-develop an assay that may be a potential companion diagnostic of a Gilead drug candidate, currently under development.

Furthermore, the "Companion Diagnostic" program is coordinating the development of such antibiotic sensitivity tests as Etest® and VITEK® 2, two diagnostic solutions that are playing a critical, complementary role in the successful launch of new anti-infective agents.

- Etest® is used during the clinical development of anti-infectives. It is then the first method used to determine antibiotic sensitivity during the launch of a new molecule, facilitating its rapid adoption and prescription by clinicians to improve patient care.

- The new anti-infective agent can then be incorporated into the VITEK® 2 cards to automate the determination of the minimum inhibitory concentration (MIC). Automating the process in this way allows the molecule to be adopted and prescribed a few years after its launch.

6.1.3.2.5. Services and solutions

In line with its strategy, bioMérieux continues to develop services in addition to its products in order to help clinical and industrial laboratories tackle their current and future challenges.

Optimizing laboratory workflows

The Company offers consultancy services based on Lean Six Sigma methodology to identify and recommend ways to improve organizational structure and laboratory processes.

Training and education

bioMérieux offers a comprehensive range of training modules for technicians and biologists with the aim of developing their skills in the routine and expert use of its products, various scientific issues and professional development. These training modules may be classroom-based or taught via the Company's e-learning platform, which was launched in France in 2013.

At the end of 2014, approximately 50 modules were available on the e-learning platform, which had been rolled out to seven other European countries (Germany, Italy, Denmark, Sweden, Norway, Finland and Switzerland).

Quality and compliance (accreditation assistance)

In order to support laboratories in the quality and accreditation process, bioMérieux offers method evaluation solutions to validate its products for routine use. With the same aim in mind, the Company continues to extend LabGuard® – its environment surveillance solution to monitor temperatures and environmental parameters in the laboratory – to new regions.

6.1.3.3 Streamlining the commercial offering

In addition to disposing of its microplate immunoassay business (see above), the Company has decided to stop the commercialization of certain lines whose associated business accounted for around an aggregate 1% of 2013 consolidated sales. These included LyfoCults® Quality Control reagents, which will be gradually phased out in 2015; the vast majority of biochemical reagents, to be terminated in first-half 2015; and BacT/ALERT® bottles for mycobacteria detection in the blood stream, to be terminated in first-quarter 2015. These reagents were still being packaged in glass bottles and their manufacturing process was becoming obsolete. bioMérieux therefore decided to suspend the sale of these BacT/ALERT® reagents and to conduct a study to determine the feasibility of marketing them in unbreakable polycarbonate bottles.

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 this is 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 and marketed 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";

- relatively steady changes in demand in the diagnostics market, in contrast with the sales of drugs, which can vary widely, 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, pharmaceuticals and cosmetics.

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

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

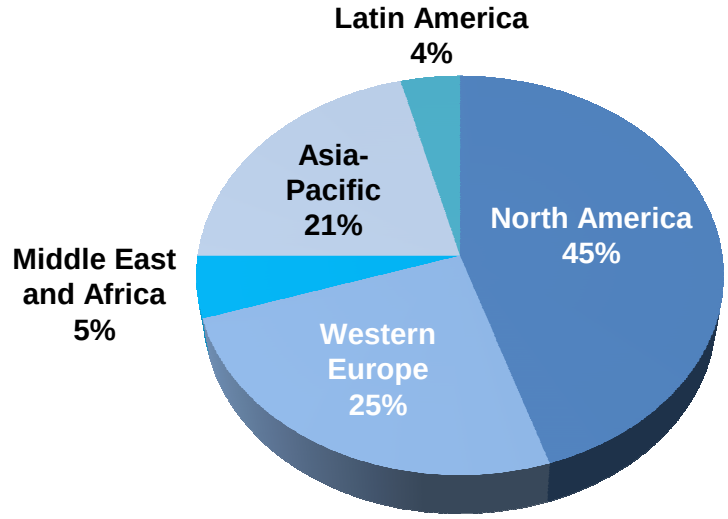
The global market for *in vitro* diagnostics was estimated in 2014 at €39.7 billion (USD 52.4 billion) for clinical applications and approximately €1.7 billion (USD 2.2 billion) for industrial applications. Approximately 80% of the worldwide *in vitro* diagnostics market for clinical applications is 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 sevenfold.

The Company's main strategic focus is the diagnosis of infectious diseases (see section 6.1.2.1). On the basis of its own estimates and knowledge of the market, the Company estimates that the diagnosis of infectious diseases represents more than 20% of the global *in vitro* diagnostics market.

A 2014 estimate of the geographical breakdown of the clinical *in vitro* diagnostics market:



Source: Internal estimates

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, cosmetics, and veterinary laboratories.

6.2.1.2 Market trends and growth prospects

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

– In developed countries, demographic and lifestyle changes favor a rapid, but also preventative and predictive, diagnosis:

  - The aging of the population, particularly in developed countries, is becoming a reality, and life expectancy is continuing to increase. For example, it is estimated that a third of the population in Western Europe, will be over 60 in 2050 (source: European Diagnostic Manufacturers Association – EDMA) and that will lead to an increase in chronic diseases and age-related disorders, such as cardiovascular diseases, neurodegenerative diseases, respiratory infections and certain cancers.
  - Lifestyles (inactivity, stress, etc.) and new eating habits contribute to the development of diseases such as diabetes and food allergies.

– In emerging countries, there is vigorous demand for improved healthcare and public health systems due to:

  - Rapid population growth and urbanization, recent pollution problems, and changing lifestyle and eating habits are encouraging the development of infectious and chronic diseases.
  - Rising living standards, the introduction of ambitious health reforms and new or renovated infrastructure are also stimulating an increase in demand, particularly for widely accessible medicines. Furthermore, health expenditure only represents 5% to 6% of Gross Domestic Product (compared to approximately 18% in the United States and almost 10% to 11% in Western Europe, according to the OECD 2013 Health at a Glance report), giving these countries a degree of flexibility for future investment in healthcare systems.

– The emergence or reemergence of pathogens imposes the need to develop new diagnostic tests:

  - Pathogens are appearing, emerging, reemerging and spreading worldwide. The Ebola viral disease epidemic in West Africa broke out in December 2013 in southeastern Guinea before spreading to other countries outside of Central Africa and then beyond the African continent, for the first time, in 2014. It is also the most deadly outbreak of the virus since its discovery in 1976: in August 2014, WHO (the World Health Organization) declared it a "public health emergency of international concern".

  - Antibiotic-resistant bacteria and viruses resistant to antiviral agents are emerging and creating a need for better management of treatment solutions. In April 2014, WHO published its first report on global antimicrobial resistance, including resistance to antibiotics, noting that this serious threat was no longer a prediction, but a reality in every region in the world and that everyone, irrespective of age or country, was at risk.

  - 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. The significant cost of treating these infections (estimated at €7 billion per year in Europe, according to EDMA) encourages the use of tests to screen for the carriers of bacteria so that appropriate hygiene measures can be introduced. Furthermore, an actual or suspected hospital contamination requires conducting epidemiological studies to understand how the pathogen was transmitted and to implement appropriate hygiene measures to contain and stop its dissemination.

– Reducing health expenditure is an economic necessity:

  - The continuing economic difficulties experienced by developed countries are leading governments to optimize and even reduce their health spending. Diagnosis accounts for approximately 2% of healthcare spending (less than €21 per person per year in Europe, according to EDMA), but is used in most treatment decisions, and provides better care for patients. Because of its effectiveness at every stage of an illness, it can make a significant contribution to healthcare 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.

– *In vitro* diagnostics are medically important to the healthcare process:

  - 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 development of theranostics, which combines diagnostic tests with treatment decisions, helps the physician to choose the most appropriate treatment and avoid those that are ineffective.

  - 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.

  - Medical progress also benefits from the massive increase in electronic data produced worldwide, “Big Data”. When applied to *in vitro* diagnostics, Big Data should help to identify trends, correlations and predictive analyses which can guide both clinical and operational decisions and facilitate clinical trials.

– The structure of laboratories is evolving:

  - New technologies are contributing to the development of new diagnostic systems, improving the medical value of each diagnosis and laboratory workflows and efficiency.

  - The 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, particularly in clinical microbiology.

- The development of molecular biology is leading to faster and more accurate new diagnoses (see section 6.1.1). The management thereof has resulted in the development of easier to use integrated platforms.
- Demand is increasing 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 and decentralized analyses. bioMérieux estimates that only 40% of American hospital laboratories are adequately equipped to conduct molecular biology tests.
- Healthcare reform in the United States is expected to 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.

– Demand in industrial applications is boosted by structural factors:

- There are increasingly more quality control obligations in food, pharmaceutical and cosmetics applications.
- Food, pharmaceutical and cosmetics corporations are looking to protect their trademark and reputation while also being able to improve test automation, enabling the faster release of production batches and thereby encouraging the development of technologies such as cytometry.
- Changing eating habits (such as increasing meat consumption in emerging countries) are stimulating demand in the food industry.
- The development of new "on demand" personalized medicine or short series treatments is stimulating demand in the biopharmaceutical industry due to the need for more regular and quicker checks.
- Veterinary laboratories are increasingly having to deal with microbial resistance in animals and diagnose infertility and emerging animal diseases in livestock at a time when new regulations are restricting the use of antibiotics on farms.
- Emerging countries want to protect their consumers and export their own food production. China made food safety a national priority in July 2012.
- End consumers are 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:

– Though it has shown signs of slight improvement in 2014, the economic situation in Western Europe, and in Southern Europe in particular, could remain structurally challenging.

– Chronic deficits, excessive debt levels of healthcare systems, and economic and monetary crises 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 addition, its implementation could take longer than initially planned.

– Demand for equipment, which shows more irregular growth, tends to be high in emerging countries while the demand for reagents is, for the moment, low. These countries are also becoming more price-sensitive and can experience significant currency fluctuations.

Growth on the *in vitro* diagnostics market, excluding blood sugar tests, remained between 4% and 5% in 2014, at constant exchange rates, but the Company remains confident that this market 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

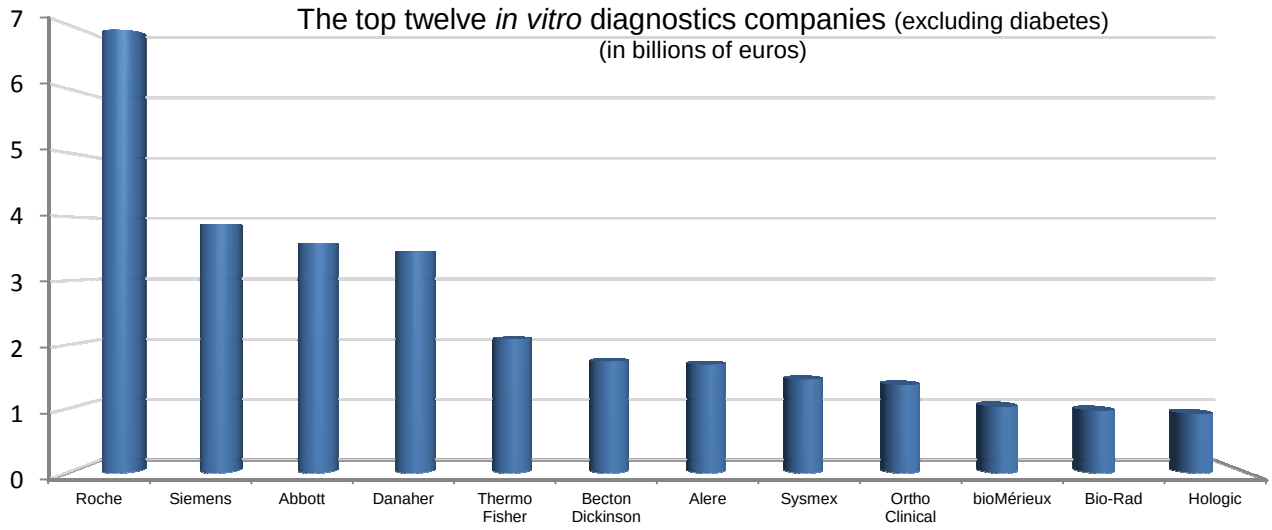
Increasing R&D costs related to innovation, the consolidation of the customer base, the need for broader product lines, as well as critical mass considerations are encouraging continued consolidation on the *in vitro* diagnostics market. In addition, IVD has attracted several new players.

In 2014, certain mergers and acquisitions have reshaped the sector's competitive landscape. The U.S. private investment fund Carlyle completed the purchase of Johnson & Johnson's Ortho Clinical Diagnostics business and Roche acquired the molecular biology company, Iquum, in the point-of-care market. Beckman Coulter/Danaher officially agreed to acquire Siemens' microbiology business, Alere sold its health management unit to concentrate on the point-of-care market, while Becton Dickinson announced its intention to acquire the medical supplies company, CareFusion.

The Company believes that the world's top twelve *in vitro* diagnostics companies currently account for around 85% of total worldwide sales, including diabetes tests. The IVD 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 2014 sales, the Company ranks itself in tenth place in the *in vitro* diagnostics market, as in 2013. 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 graph below shows companies' 2014 *in vitro* diagnostic sector sales (excluding diabetes tests) only. They include flow cytometry (Becton Dickinson), but exclude sales in other sectors such as life sciences (Sysmex, 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 2014 calendar year where applicable. Ortho Clinical's figures for the last six months have been estimated.

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 Company mainly sells its products to hospital and commercial laboratories. It 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 12% of the Group's sales in 2014, there is a mixed private/public healthcare structure. As a guide, private laboratories accounted for 38% of sales in 2014, whereas public hospitals accounted for 29% of the Company's sales. Industrial customers accounted for 30% of sales in 2014.

In the United States, which is the Group's largest market, public and private hospitals accounted for 57% of sales in 2014 and commercial laboratories accounted for 15%. In addition, 5% of sales were generated by other customers in the clinical field, including POLs. Industrial customers accounted for 23% of sales.

For several years, the market trend has been toward 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. It also introduces new players, such as hospital directors and specialist buyers, in the process of purchasing *in vitro* diagnostics systems.

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 toward consolidation. The solution's commercial offering is also developing by integrating services in particular, concentrating on introducing high added value medical and/or economic global solutions. 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, independent laboratories to which such industrial quality control is outsourced, or veterinary laboratories. 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, in some cases, 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 2014. The largest customer accounted for approximately 1.5% of sales.

6.2.4 DISTRIBUTION NETWORK

The Company markets its products in over 160 countries through a network of international subsidiaries and distributors. One of the Company's priorities is to further enhance its customer focus. It therefore reorganized around three key regions in April 2014 (see section 5.1.5).

6.2.4.1 An extensive distribution network

The distribution of products primarily relies on a network of 42 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 December 2014, the Group's sales, marketing and customer service personnel (full-time equivalent employees and temporary employees) totaled around 3,040 people, including 1,540 in Europe, the Middle East and Africa, 980 in the Americas and 520 in Asia-Pacific.

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.

Furthermore, in particularly large emerging countries such as China, Russia and India, the Company's commercial subsidiaries can be the driving force behind a network of local distributors: this organizational structure is consistent with local distribution practices and allows it to market its product lines across large parts of these countries, with a limited number of distributors. On the other hand, using intermediaries can, in certain cases, make it harder to understand how the market is evolving, as was the case in China in 2014. Given its strategic importance, the Company has therefore rolled out an action plan for China to redefine its relationship with its 70 local distributors in order to better anticipate changes in end-consumer demand.

6.2.5 COMPETITION

6.2.5.1 Clinical market

In infectious diseases, which accounts for more than 20% of the *in vitro* diagnostics market (based the Company's own estimates and knowledge of the 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 €2 billion and enjoys annual growth of 3% to 5%. Other significant players in this market include Becton Dickinson, Beckman Coulter/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 and Danaher) are dominant. Among specialized players, the main competitors include Alere, Bio-Rad and DiaSorin. According to internal estimates, the Company is a specialized player in this market with 3% market share. It plans to further develop its position through the launch of its new generation VIDAS® instrument VIDAS® 3, its offer of high medical value tests and its presence in emerging countries.

– In molecular biology, the market leader is Roche. The other significant players in the market are Hologic, Qiagen, Becton Dickinson, Grifols, Cepheid, Abbott and Siemens, with bioMérieux holding around 4% of this market. The Company made a major strategic move on this market with the acquisition of the U.S. company BioFire, whose FilmArray® system sets a new standard in the diagnosis of infectious diseases (see section 5.1.5). It also holds a major position in extraction.

6.2.5.2 Industrial market

In the industrial market, which remains relatively fragmented, the Company ranks itself world number one, with a market share, based on internal estimates, of around 19% in 2014. The other big players are Merck Millipore, 3M, Thermo Fisher and Becton Dickinson.

6.3 QUALITY SYSTEMS AND APPLICABLE REGULATIONS

6.3.1 QUALITY MANAGEMENT SYSTEMS, MONITORING SYSTEMS AND AUDITS

The 2014 deployment of bioMérieux's new operating structure resulted in the creation of a single global quality management department under the direct responsibility of the Chairman, ensuring its operational independence and the implementation of a robust quality management system.

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 a department responsible for Regulatory Affairs, which are described in the Chairman's report in Appendix 1. The departments are assisted by a quality assurance interface in each production, distribution or marketing site.

Most 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 and as providing a presumption of conformity with certain regulatory requirements. 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 one of 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 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
- CFDA regulations in China.

All classify devices on the basis of end-applications and risk assessment, and are becoming increasingly complex.

The regulatory procedures to be followed prior to the marketing of these products differ based on the risk category 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: its implementation as an immediately enforceable EU regulation will result in 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 management 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. A limited number of products deemed to be high-risk is subject to pre-market approval (PMA).

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 can vary depending on the product category.

China

In China, products require registration with the CFDA which involves the following:

- 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 (Post-Market Surveillance - PMS), which requires manufacturers and users to notify the relevant regulatory body of any incidents or risks that could have harmful effects on human health.

The PMS system also provides for a series of corrective measures. This allows the Company to intervene voluntarily, correcting or recalling the products concerned.

6.3.5 AUDITS

The Company's sites are subject to audits and inspections by regulatory authorities (FDA, ANSM), bodies acting on behalf of regulatory authorities, or certifying bodies, to monitor compliance with ISO 9001 and ISO 13485 standards or national regulations applied by regulatory authorities. Certain customers, particularly in industrial applications, can also perform audits to ensure that Group products and procedures comply with their own or existing regulatory standards, and to benefit from guaranteed quality of service.

The Company also conducts internal quality audits on sites and centrally to identify improvement opportunities for the organization.

The ability to manage manufacturing processes is guaranteed by validation and monitoring methods performed throughout the course of production. In addition, each batch of finished products is not released until it has been tested for conformity with final acceptance release criteria.

In October 2012 the sites at Marcy l'Étoile and Craponne in France were inspected by ANSM without any particular observations being issued. In October 2014, the site at Craponne was subject to a further inspection by ANSM, which this time issued a letter of injunction. The letter enjoins bioMérieux to complete, within 12 months, all of the works required to bring into compliance the production units where ANSM inspectors found discrepancies or made remarks. bioMérieux is deploying all of the resources required to comply with the injunction and an appropriate action plan is being implemented at the plant.

The FDA organizes regular inspections, most recently at the sites at St. Louis in January 2013 and July 2014, Durham in January and February 2012 and in June 2013, Grenoble in October 2012, and La Balme in November 2013.

- The Grenoble and La Balme sites in France: no particular observations were issued following the inspection.

- The Durham site, USA: the 2012 inspection resulted in a warning letter. The more recent inspection in June 2013 aimed to ensure that the Company's action plan, which set out to address the observations contained in the previous warning letter and conduct new audits of the quality control system, had been implemented. The Company is committed to resolving the issues mentioned.

- The St. Louis site, USA: the 2014 inspection resulted in a warning letter. The Company has proposed an action plan to address the identified issues.

Following the inspection of the Marcy l'Étoile site in September 2013, the VIKIA® HIV 1/2 rapid test was pre-qualified (see section 6.1.3.2.2).

Other regulatory inspections chiefly consisted of a Korean inspection in Grenoble in November 2013 and an ANVISA (Brazilian National Health Surveillance Agency) inspection of the Jacarepagua site (Brazil).

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. The procedure serves to handle complaints in a timely manner while providing the Company with the information it requires to continually improve its products.

Complaint processing

Complaints are processed on three levels.

- First level: most complaints are handled locally, by subsidiaries and distributors. Their closeness to customers allows them to deal with demands quickly.
- Second level: complaints can be transferred to Global Customer Service where they are handled by a specialized team that investigates and, where possible, consolidates its results to give a response to customers.
- Third level: for more complicated complaints requiring a series of investigations involving the production sites or R&D teams. An analysis of the causes identified during the investigations (which could not be ascertained at the first or second level) is performed. The Company can then resolve the customer complaint and implement corrective and preventive actions to avoid similar complaints in the future.

Quality management in the regions

Each bioMérieux entity has its own Quality unit, which is part of the group-level Global Quality Management System. The size and organizational structure of these units varies depending on quality standards and local regulations.

Global Quality System and Regulatory Compliance

The Global Quality System and Regulatory Compliance department expanded its scope of responsibility in 2013 and 2014 to include global quality audits and to improve the performance of quality systems, tools and methods. This new structure contributes to defining the strategy to proactively improve quality management system processes in place at bioMérieux's different sites.

The department is responsible for implementing performance indicators, which are communicated to management each quarter, to evaluate the relevance and effectiveness of the quality system.

It is also responsible for the Post Market Surveillance procedure described in section 6.3.

All actions concerning a product amendment or withdrawal, including issuing instructions to be followed by teams on the ground, fall under the remit of the Global Quality System and Regulatory Compliance department. This department manages incident reports in France and the United States and oversees the reports filed in other bioMérieux subsidiaries.

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 Thermo Fisher 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 and patents concerning raw materials in 2024);
- license granted by Spectral to develop and market, in particular VIDAS® Troponine I Ultra tests (patents expire in 2018);
- license granted by Sigris for the marketing of the easyMAG® product line (license expires end-2016);
- molecular marker license granted by PHRI Properties, Inc. to develop and sell the ADIAFOOD® product line in particular (patents expire in 2024 at the latest);
- PCR technology licenses granted by F. Hoffmann-La Roche Ltd. and Roche Molecular Systems, Inc. to develop and sell the ARGENE® test and the Adiavet™ product lines (patents covering the technology currently in use or being developed, expiring in 2017 at the latest).
- PCR technology licenses granted by the University of Utah Research Foundation to develop and sell products in the FilmArray® line (patents expire in 2025 at the latest);
- licenses concerning technologies implemented as part of tests sold exclusively to the U.S. government.

The Company also receives income from its patent portfolio described in section 11.6.3.

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 Company's competitive position relative to its competitors were mentioned in the corresponding paragraphs.

7 ORGANIZATIONAL STRUCTURE

7.1 BRIEF DESCRIPTION OF THE GROUP

History of changes in the Company's ownership

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

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

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

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

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

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

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

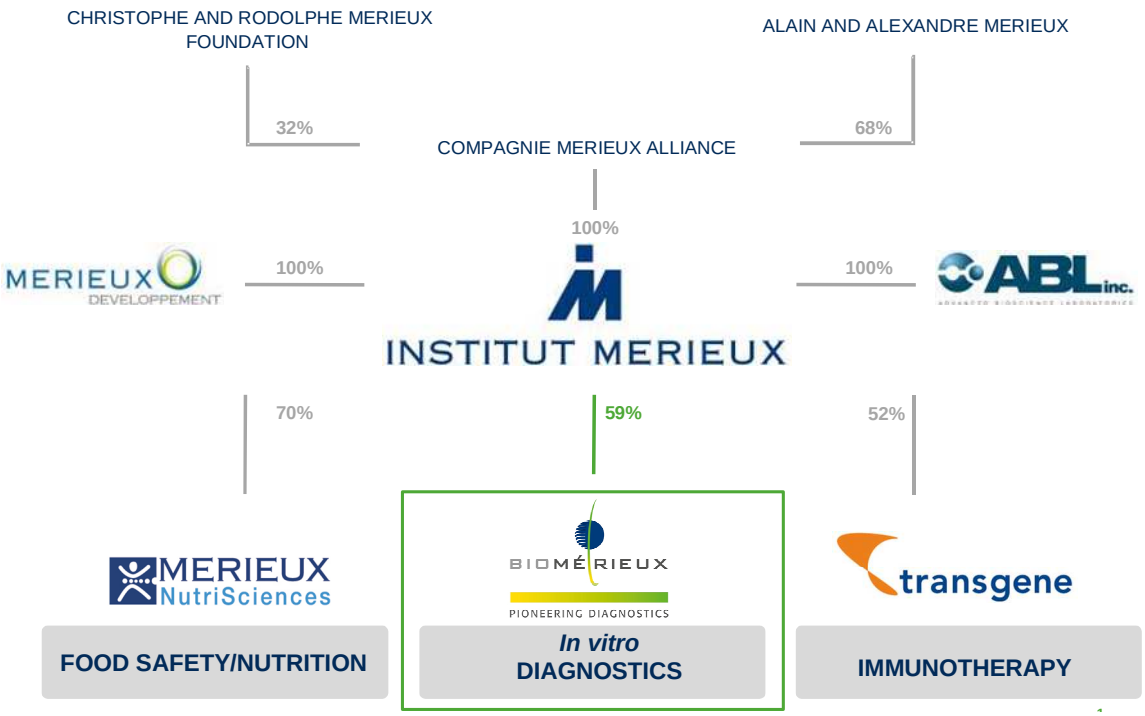
In 2003, the group of companies held by Mérieux Alliance was restructured in order to separate bioMérieux's diagnostics business from Transgène's immunotherapy business.

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

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

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

- 100% of the capital of SGH, the holding entity of Mérieux NutriSciences, an American company which specializes in testing and consulting services in the field of food safety and quality;
- 100% of the capital of TSGH, the holding entity of Transgène SA, an immunotherapy company traded on NYSE Euronext Paris, and of Advanced Bioscience Laboratories Inc. (ABL), an American research laboratory doing work on behalf of research institutes and business corporations; and
- 100% of the capital of Mérieux Développement, which invests in companies.

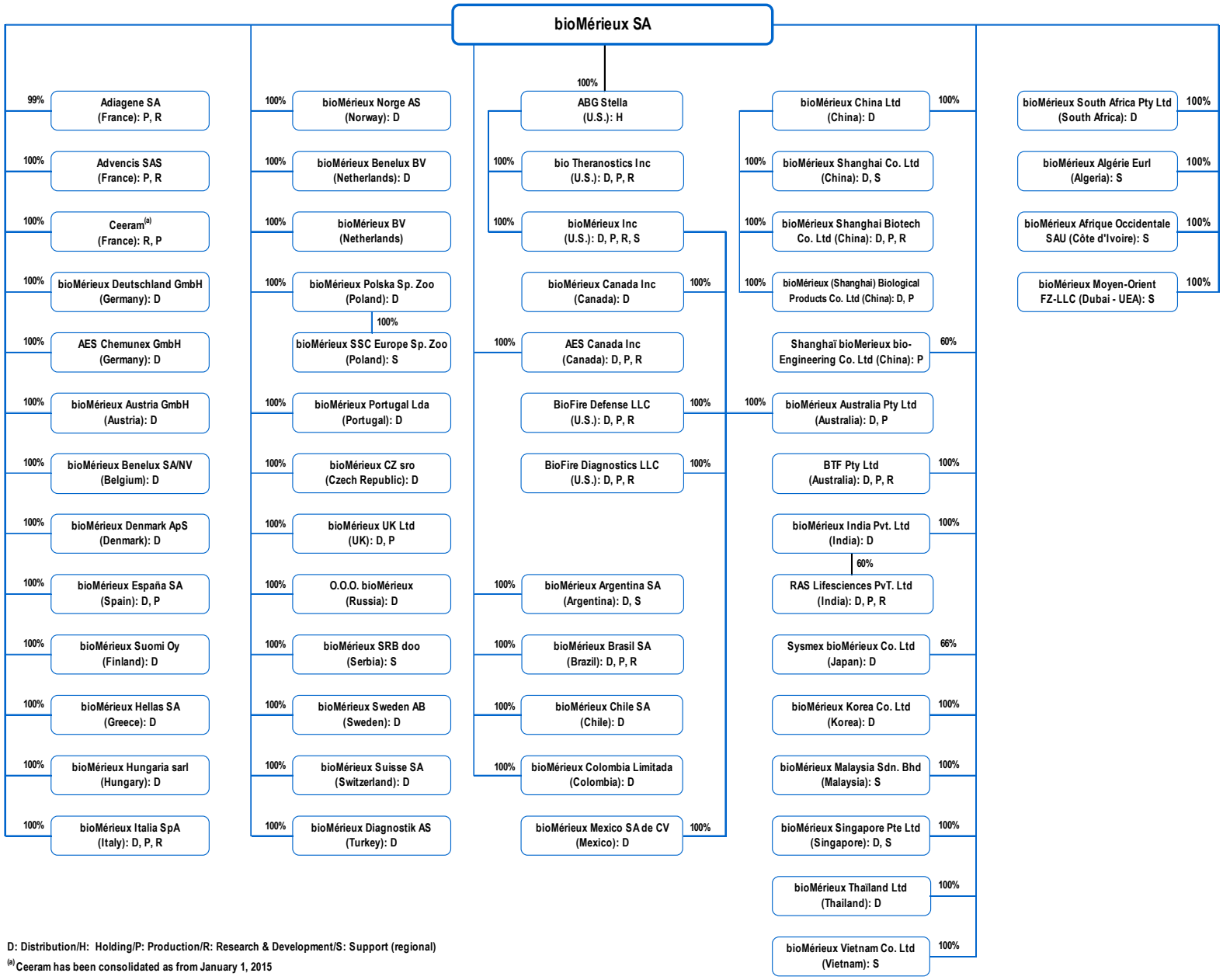


Ownership interests are rounded up to the nearest whole percentage.

7.2 SUBSIDIARIES OF THE ISSUER

7.2.1 LEGAL ORGANIZATIONAL STRUCTURE OF THE BIOMÉRIEUX GROUP AT DECEMBER 31, 2014

The chart below shows the relationship between the Issuer'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).



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

[a] Ceeram has been consolidated as from January 1, 2015

7.2.2 OTHER INFORMATION CONCERNING SUBSIDIARIES AND ACQUISITIONS OF EQUITY INTERESTS

7.2.2.1 Acquisitions of equity interests during 2014

Investments in consolidated companies

In 2014, bioMérieux acquired all outstanding shares of BioFire (U.S.), Advencis and Ceeram (France).

7.2.2.2 New subsidiaries

In 2014, bioMérieux created bioMérieux SRB doo Belgrade in Serbia.

The table of subsidiaries and investments is presented in Note 3.3.1.3 to the 2014 parent company financial statements.

7.2.2.3 Investments in listed companies

The portfolio of listed assets held by the Company (Labtech and Dynavax Technologies) is presented in Note 7.2 to the consolidated financial statements for the year ended December 31, 2014 (see section 20.1.1) and is not material.

8 PROPERTY, PLANT AND EQUIPMENT

8.1 MATERIAL ITEMS OF PROPERTY, PLANT AND EQUIPMENT

8.1.1 REAL ESTATE

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

The Company normally fully owns its production, logistics, research and development sites (including in particular Marcy l'Étoile, Craponne, La Balme, Grenoble, Combourg, St. Louis, Durham, Madrid, Florence, Jacarepagua/Rio de Janeiro and Pudong/Shanghai).

8.1.2 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-2014, the Group operated 21 manufacturing sites organized by product line.

Manufacturing activities are organized by the Group based on the principle of "one site-one product line" (see section 4.1.1.11.1), 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), Pudong/Shanghai (China), Combourg (France), Madrid (Spain), and Lombard, Illinois (U.S.) facilities, as well as at the main production site in Craponne (France).

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

The main production sites are as follows:

Europe – Middle East – Africa

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 48,000 sq.m of built usable floor space) and accommodates reagent manufacturing units (VIDAS® reagent immunoassays, clinical biochemistry) and R&D teams. Approximately 1,370 employees work in General Management, central and support functions, training, manufacturing and R&D.

  The expansion project for the site is referred to in section 5.3.

- **Craponne**
  Located near Lyon, the Craponne site covers an area of 80,000 sq.m, owned by the Company (including 23,000 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 990 people work at the site. In February 2015, bioMérieux received an ANSM injunction concerning this site (see section 6.3.5).

- **La Balme**
  Located between Grenoble and Lyon, the La Balme site covers an area of 119,000 sq.m, of which the Company fully owns 19,000 sq.m of built usable floor space. The site employs 400 people in R&D in microbiology, instruments and software and the manufacturing of API®, ATB™, TEMPO® and Etest® reagent lines.

- **Grenoble**
  Some of the Group's research and manufacturing operations in the molecular biology market (excluding instrument production) are located at this fully owned site. The buildings, constructed on a land parcel of more than 31,500 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 170 people.

- **Combourg**
  Located in Brittany, the Combourg site covers a total area of 43,000 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 190 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 in the ARGENE® line, R&D and the related manufacturing activities. It employs 60 people.

- **Saint-Brieuc (Adiagene)**
  This leased facility is located in Brittany and employs eight people. The site is dedicated to R&D and the production of molecular biology reagents for veterinary applications.

- **La Chapelle-sur-Erdre (Ceeram)**
  This leased facility is located near Nantes and is dedicated to R&D and the production of molecular virology reagents for food and environmental applications. Nine people work at this site whose infrastructure complies with ISO 9001 and 13485.

Western 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 225 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 10,000 sq.m, including 7,000 sq.m of built usable floor space on several levels.

- **Madrid (Spain)**
  This fully owned site employs 76 people in the manufacture of microbiology products (Petri dishes).

Americas

North America

- **Durham**
  The Durham facility is located in North Carolina (United States) on 579,000 sq.m of land fully owned by the Company, with 21,000 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 1,000 people in research and development, the manufacture of microbiology reagents (BacT/ALERT®) and customer services.

  In 2014, the Company improved the site's production levels (see section 9.2.4). The Company also started construction for a production line of blood culture bottles at this site (see section 5.3).

- **St. Louis**
  The St. Louis (Missouri, United States) site, which is fully owned by the Company, covers a floor area of 98,000 sq.m and includes 46,000 sq.m of built usable floor space. 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). A total of 667 people work there.

  In October 2014, bioMérieux received a warning letter from the FDA regarding this site (see section 6.3.5).

- **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 80 people.

- **Salt Lake City**
  - BioFire Diagnostics has five units located at the Utah Research Park on the University of Utah's campus, of which three are fully owned and two are leased. With a total floor area of 13,000 sq.m, these sites are dedicated to R&D and the production of the FilmArray® system (instruments and reagents) and administrative and marketing functions for BioFire Diagnostics. The site complies with FDA 21 CFR Part 820 cGMP and ISO 13485. At end-December 2014, BioFire Diagnostics employed 576 people.

  - To meet the expectations of BioFire's biodefense customers in the United States, BioFire Defense was created. All of the new unit's 79 employees, programs and equipment have been transferred to a separate, secure facility in Salt Lake City, UT.

  The Company will start construction in 2015 on a new facility in Salt Lake City to bring together all of BioFire Diagnostics' teams (see section 5.3).

Latin America

- **Jacarepagua (Rio de Janeiro) 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 170 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.).

Asia-Pacific

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 has initiated a plan to dispose of its microplate business (see section 6.1.3.2.2).

- **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 175 people. The site houses other company functions (marketing, R&D, etc.) as well the Chinese entity's headquarters.

Australia

- The Brisbane facility is located on leased property covering 2,300 sq.m. It employs around 60 people for the manufacture and sale of culture media.

- The BTF site in Sydney, which is a leased facility covering 1,400 sq.m and employing 28 people, is used for the manufacture and sale of microbiology testing reagents (BioBall®, EasyStain™, ColorSeed™, EasySeed™).

India

- **Hyderabad**
  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.

8.1.3 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), the logistics/supply chain team plays an essential role within the Group.

Some 300 people (including temporary employees) 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:

– global platforms (in Europe and 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. With 72 employees, the site is fully owned and 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.

bioMérieux is also continuing a project to outsource and consolidate reagent distribution in the United States.

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

In 2014, the Company set an objective to adapt its supply chain to the concerns of the different regions in which it operates and to revamp its customer service around three main priorities: customer segments, a regional breakdown in line with the new corporate structure and policy consistency.

8.1.4 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 also 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 bioMérieux's activity devoted to manufacturing, purchasing plays a key role for the Company. The related risks are described in Chapter 4, Risk factors.

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 5.2.3.3).

8.2 HEALTH, SAFETY AND ENVIRONMENTAL INFORMATION

The Company’s Health, Safety and Environmental policy and its performance in these areas are described in section 5.2 of the Registration Document.

9 OPERATING AND FINANCIAL REVIEW

9.1 SALES

bioMérieux's 2014 consolidated sales climbed 8.7% at constant exchange rates. They included the €78 million in sales generated by BioFire as from January 16, 2014. Organic growth (at constant exchange rates and scope of consolidation) came to 3.8%. The recent appreciation of the U.S. dollar against the euro helped to limit the negative currency impact to €28 million, or 180 basis points of growth. In this environment, sales for the year amounted to €1,698 million, up a reported 7% from €1,588 million in 2013.

Analysis of sales *In millions of euros*			
Sales - Twelve months ended December 31, 2013	**1,588**		
Currency effect	(28)	-1.8%	
Organic growth (at constant exchange rates and scope of consolidation)	60	+3.8%	+8.7%
Change in the scope of consolidation – Additional sales from BioFire[(a)]	78	+4.9%	
Sales - Twelve months ended December 31, 2014	**1,698**		

(a) BioFire has been consolidated since its acquisition closed on January 16, 2014.

During the year, the Company leveraged all the benefits of its vast geographic footprint. Geographic diversification is an important strategic building block that enables bioMérieux to seize growth opportunities in the various regions where it operates and gives its business model resilience. In 2014, sales rose sharply in the Americas and remained satisfactory in Western Europe. These two regions, which account for 74% of consolidated sales, therefore more than offset the weak sales in China (8% of the consolidated total, down slightly year on year) and the slowdown observed starting in the second half in the Eastern Europe – Middle East – Africa region. Furthermore, the performance in China continued to dampen the pace of organic growth in emerging markets, which stood at just 6% year-on-year. In all, these markets accounted for 29% of consolidated sales for the year. At constant exchange rates and scope of consolidation (like-for-like), 2014 sales may be analyzed by region as follows:

Sales by Region *In millions of euros*	**Twelve months ended December 31, 2014**	Twelve months ended December 31, 2013	% change as reported	**% change** at constant exch. rates and scope of consolidation
Europe[(a)]	**818**	806	+2.4 %	**+2.2%**
North America[(b)]	**441**	349	+26.4%	**+4.9%**
Latin America	**132**	131	+1.2%	**+12.4%**
Americas	**573**	480	+19.5 %	**+6.9%**
Asia-Pacific	**300**	295	+1.7%	**+3.2%**
Total sales from the Regions	**1,691**	1,581	+7.0%	**+3.8%**
R&D-related revenue	**7**	7	-3.5%	**-4.6%**
TOTAL	**1,698**	1,588	+7.0%	**+3.8%**

(a) Including the Middle East and Africa.

(b) Including €76 million in BioFire sales.

– In the Europe – Middle East – Africa region (48% of the consolidated total), sales improved by a significant 2.2% on the prior-year period.

  - Sales rose by 2% in Western Europe (40% of the consolidated total), with gains in every country except the Benelux region and the Czech Republic. In particular, tangible improvements were reported in Germany (up 5%), the United Kingdom (up 6%) and Switzerland (up 5%). In addition, the Southern Europe region saw around a 3% year-on-year increase. Lastly, sales remained stable in France in an uncertain market.

    In clinical applications, growth was driven by instrument sales in microbiology, VIDAS® immunoassays and molecular biology. Industrial application sales varied by country and were penalized by weak equipment sales.

  - As previously announced, geopolitical tensions weighed on demand in the Eastern Europe – Middle East – Africa region in the third and fourth quarters, with the result that overall growth ended the year at 3%.

– In the newly created Americas region, which accounts for more than one-third of consolidated sales, full-year sales were up by nearly 7% in a favorable market environment.

  - In North America (26% of the consolidated total), sales grew by nearly 5% year on year for the second year in a row. In particular, in the United States, bioMérieux Inc. reported growth of 5.2% for the year.

    In clinical applications, sales were driven by VIDAS® reagents, which benefited in particular from the continued success of VIDAS® B.R.A.H.M.S PCT™ in emergency care units. In addition, in microbiology, the Company installed significant numbers of VITEK® MS instruments, the first mass spectrometry system approved by the FDA for the routine identification of a complete menu of disease-causing microorganisms. In industrial applications, reagent sales showed a robust improvement.

  - In Latin America (8% of the consolidated total), sales grew at more than 12% year on year. All the countries with direct distribution enjoyed high growth rates with, in particular, 9% in Brazil, 10% in Mexico and 12% in Columbia.

    Sales of microbiology reagents and VIDAS® tests fueled growth in clinical applications. With a 14% growth rate, industrial applications expanded rapidly in the region.

– In the Asia-Pacific region (18% of the consolidated total), sales rose by more than 3% year on year. Sales in India continued their rapid ascent, with a 20% gain for the year. In China, clinical application sales turned upward in the second half, showing in particular a nearly 9% increase in the fourth quarter. Nevertheless, full-year performance was impacted by weak industrial application sales, resulting in a slight 1% year on year decline. The Company continued to strengthen its local organization and distribution network, with the intention of gradually being able to return to sustainable growth in this strategic country by 2015.

  In the region as a whole, reagent sales for clinical applications were robust across almost every range, with the main exception of microplates, where competitive pressure remains high. In particular, the VIDAS® reagents gained nearly 20% over the year. In industrial applications, slower sales in China continued to weigh on business.

At constant exchange rates and scope of consolidation (like-for-like), 2014 sales may be analyzed by application as follows:

Sales by Application *In millions of euros*	**Twelve months ended December 31, 2014**	Twelve months ended December 31, 2013	% change as reported	**% change** at constant exch. rates and scope of consolidation
Clinical Applications	**1,352**	1,251	+8.0%	**+4.6%**
Microbiology	**802**	793	+1.1%	**+2.8%**
Immunoassays[(a)]	**386**	364	+6.1%	**+8.0%**
Molecular biology[(b)]	**148**	78	+91.3%	**+7.5%**
Other Lines	**16**	16	+0.2%	**+2.3%**
Industrial Applications	**327**	330	-0.9%	**+0.8%**
BioFire Defense	**12**			
R&D-related revenue	**7**	7		
TOTAL	**1,698**	1,588	+7.0%	**+3.8%**

[(a)] Including VIDAS®, up 10%.

[(b)] Including €66 million in BioFire Diagnostics sales.

– Sales of industrial applications increased by 4.6%.

- Microbiology sales increased by 2.8% over the year, with a gain of more than 4% in the third and fourth quarters as production rates at the Durham plant improved. The automated ID/AST range, which includes the VITEK® 2 system and the more recent VITEK® MS mass spectrometry solution for fast bacterial identification, delivered a solid performance for the year. In this favorable environment, the Company will i) continue to introduce its new VIRTUO™ automated blood culture system, which was CE-marked in July; ii) launch its new FAN Plus blood culture bottles using the patented adsorbent polymeric beads (APB) technology in the United States; and iii) start marketing its new "Lab Efficiency"[(6)] solution combining its own platforms and Copan systems.

- In immunoassays, VIDAS® sales grew by 10% over the year, reflecting i) the product range effect stemming from the recent launch of VIDAS® 3 and the marketing of new parameters (including the VIDAS® 25 OH Vitamin D Total test) and ii) the sustained progress made in strategically repositioning the system.

  At a time of market consolidation and declining sales of routine tests in developed countries, demand remained robust for certain high medical value parameters, such as VIDAS® B.R.A.H.M.S PCT™, a test that measures procalcitonin (PCT), a biomarker recognized as the gold standard for the early detection of sepsis in critically ill patients. The test helps doctors to make an early determination whether an infection is bacterial or viral and provides information on the severity of a patient's condition for appropriate treatment. In the United States, it is used on ICU admission and, combined with other laboratory tests and clinical assessments, aids in risk assessment of patients for progression to severe sepsis and septic shock. CE-marked and FDA-cleared in 2007, VIDAS® B.R.A.H.M.S PCT™ has become bioMérieux's best-selling parameter, with sharply rising sales reaching €103 million in 2014. The Company is preparing for a possible increase in competition as from 2016, working to broaden the marker's diagnostic indications and enhance its menu of high medical value VIDAS® tests for emergency applications.

  In addition, VIDAS® continued to enjoy solid growth in emerging markets. In India, for example, VIDAS® sales rose by 34% over the year, even though VIDAS® is already a leader in this country.

[(6)] Operational efficiency of clinical microbiology labs.

- Molecular biology delivered a 7.5% year-on-year increase in organic sales, thanks to fast growth in the ARGENE® line. With the consolidation of BioFire since January 16, 2014, reported growth stood at more than 90% for the year.

– Sales of industrial applications, which represent 19% of the consolidated total, edged up by around 1% year on year, held back by weak sales in China, particularly in instruments. In all of the other regions, sales rose during the year, vigorously in emerging markets with the main exception of China, and more unevenly in mature markets. To sustainably anchor its leadership in this strategic field, bioMérieux is capitalizing on its more than 20 years of expertise, its extensive distribution network and its product line-up, which is currently the broadest in the market and is being enhanced.

– Sales of reagents and services, which represented 88.8% of the consolidated total, rose by more than 5% on an organic basis.

9.2 FINANCIAL POSITION

Audited consolidated data *In millions of euros*	**2014**	2013	% change as reported	*Of which (estimate)* *At constant exchange rates*
Sales	**1,698**	1,588	+7.0%	*+8.7%*
Contributive operating income before non-recurring items[(a)]	**227**	2,602	-13.6%	*-5.8%*
Operating income	**204**	257	-20.9%	*-13.0%*
Net income of consolidated companies	**136**	165	-17.7%	
Net income per share *(in €)*	**€3.42**	4.16	-17.7%	
Free cash flow[(b)]	**158**	111	+42.0%	

(a) Contributive operating income before non-recurring items corresponds to operating income, before non-recurring BioFire acquisition and integration costs and before accounting entries relating to the company's purchase price allocation. Operating income before non-recurring items corresponds to operating income before “material, extraordinary and non-recurring” items, which are included in “Other non-recurring operating income and expenses”.

(b) Before financial investments and dividends.

9.2.1 CONSOLIDATED INCOME STATEMENT

Gross profit amounted to €845 million for the year, representing 49.7% of total sales. It was lifted by the first-time consolidation of BioFire in 2014 but was significantly reduced by an estimated €27 million due to the decline in a large number of currencies against the euro during the year. At constant exchange rates and scope of consolidation, gross margin would have represented close to 50.3% of sales, versus 51.9% in 2013. The year-on-year decline was primarily caused by the higher operating expenses at the Durham, NC site to restore satisfactory production conditions, the recognition of provisions for depreciation on certain assets following the signature of business development agreements and the increase in freight costs, particularly in emerging markets. On the upside, gross margin benefited from a slight increase in average reagent selling prices and the higher proportion of reagents and services in consolidated revenue.

Contributive operating income before non-recurring items[(7)] ended the year at €227 million, in line with the target set in March 2014 and down from the €262 million reported in 2013. As expected, it was deeply impacted by the estimated €21-million negative currency effect over the year and by the estimated $40 million in additional expenses at the Durham site, up by around $10 million year-on-year. In addition, the 2013 figure was increased by the revision of certain pension plans, which had less of an impact in 2014.

(7) Contributive operating income before non-recurring items corresponds to operating income, before non-recurring BioFire acquisition and integration costs and before accounting entries relating to the company's purchase price allocation. Operating income before non-recurring items corresponds to operating income before “material, extraordinary and non-recurring” items, which are included in “Other non-recurring operating income and expenses”.

Selling, general and administrative expenses amounted to €453 million for the year, or 26.6% of sales, compared with €405 million and 25.4% in 2013. The year-on-year increase was led by the consolidation of BioFire and the investments committed by the Company to further develop in emerging markets and support the launch of its new systems.

In 2014, the Company pursued its investment in innovation. Research and development expenses came to €206 million for the year, or 12.1% of sales, versus €186 million or 11.7% in 2013. They were virtually unchanged at constant exchange rates and scope of consolidation.

Research tax credits and grants totaled €28 million, up nearly €7 million year-on-year, primarily due to the stepped-up R&D activity in France.

Other operating income rose to €13 million from €7 million in 2013, primarily led by the royalties received by BioFire.

After €8 million in non-recurring BioFire acquisition and integration costs and €16 million in accounting entries relating to the company's purchase price allocation, operating income before non-recurring items ended the year at €203 million. It totaled €260 million in 2013.

From contributive operating income before non-recurring items to operating income *In millions of euros*	2014	2013
Contributive operating income before non-recurring items	**227**	**262**
BioFire acquisition costs	(7)	(2)
Amortization of BioFire technologies and intangible assets	(13)	
Utilization of BioFire inventory remeasured at fair value	(3)	
Termination fees on BioFire distributor agreements	(1)	
Operating income before non-recurring items – December 31, 2014	**203**	**260**
Non-recurring income and expenses from operations, net	1	(3)
Operating income	**204**	**257**

Given the lack of any material non-recurring items in 2014, operating income stood at €204 million, reflecting the negative currency effect for the year, the expenses incurred at the Durham site and the accounting entries relating to BioFire's acquisition and integration. It ended 2013 at €257 million.

Net financial expense amounted to €16 million, up €2.1 million year on year. It included the interest expense on the debt set up to finance the BioFire acquisition, which was partially offset by the fair value gains on the related interest rate and currency hedges.

Income tax expense stood at €52 million for the year, representing 27.6% of pre-tax income. This improvement from the year-earlier 32.2% rate is due primarily to the increase in tax credits received by the Group and the recognition of differed tax assets in certain Group companies following the improvement in their business outlook.

In these conditions, net income ended the year at €136 million, or 8% of sales, compared with €165 million in 2013.

9.2.2 CONSOLIDATED STATEMENT OF CASH FLOWS

The decrease in contributive operating income before non-recurring items brought EBITDA[8] to €332 million in 2014 versus €353 million the year before.

Income tax paid stood at €57 million, compared with €69 million in 2013. While income tax paid rose in France, it was reduced by the use of BioFire's tax loss carryforwards in the Group's North American tax consolidation group.

[8] EBITDA corresponds to the aggregate of contributive operating income before non-recurring items, depreciation and amortization.

While consolidated sales rose sharply during the year, disciplined operating working capital management resulted in a net €24 million decrease, versus a net €40 million increase in 2013. Expressed as a percentage of sales, operating working capital improved significantly to 23.0% of sales, from 24.8% in the year-earlier period.

– The net value of inventory increased by €19 million, versus a €26-million increase in 2013, due to lower inventory at the Durham plant and tighter control over spare part inventory at certain production facilities.

– Trade receivables increased by €2 million during the year, versus a €10-million increase in 2013. This favorable trend was primarily due to the receipt of €13 million in past-due Spanish public-sector receivables in February 2014. Average days sales outstanding, all customers combined, further improved, to 96 days from 97 days in 2013. At constant exchange rates, it stood at 92 days, a five-day improvement over the year.

– Trade payables rose sharply (€47 million), lifted by the increase in operating purchases in the fourth quarter 2014.

Due to the simultaneous implementation of major capital projects, in particular to increase production capacity, particularly at the Durham and Craponne plants, to extend the Marcy l'Étoile site, and to deploy the Global ERP system, capital expenditure amounted to €166 million in 2014, of which €135 million in industrial capital expenditure and €31 million in placed instruments. In all, they represented 9.8% of sales. In 2013, they totaled €127 million, of which €97 million in industrial capital expenditure and €30 million in placed instruments.

In addition, proceeds from the disposal of the Boxtel site in the Netherlands, which were received in full during the year, added €10 million to cash flow for the period. Because the site was sold for slightly more than its net book value, the disposal did not have a material impact on the 2014 consolidated income statement.

In light of the above, free cash flow[(9)] amounted to €158 million for the year versus €111 million in 2013, a significant 42% improvement as the disciplined management of operating working capital more than offset the increase in capital expenditure.

In January 2014, bioMérieux completed the acquisition of all outstanding shares of BioFire. The total consideration comprised the $450 million acquisition price and assumed the net debt of around $40 million, or the equivalent of €354 million. In addition, €8 million in BioFire acquisition costs were paid during the year.

The other acquisitions represented an aggregate cost of €7 million.

Dividends totaling €39.5 million (€38.7 million in 2013) were paid in June 2014.

As a result, net debt amounted to €249 million at December 31, 2014, compared with €25 million in net cash a year earlier.

The Company has issued €300 million in seven-year bonds, which were placed with institutional investors in October 2013. In addition, it has a €350 million syndicated line of credit whose expiration date was extended in first-half 2014 to May 20, 2019.

9.2.3 OTHER INFORMATION

Installed base

The installed base represented approximately 79,500 instruments at December 31, 2014, including in particular 29,000 VIDAS® instruments in clinical applications and 1,400 FilmArray® instruments. It rose by 4,800 new systems during the year, of which 700 FilmArray® instruments.

(9) Free cash flow corresponds to cash generated from operations, net of cash used in investing activities.

Human resources

As of December 31, 2014, the Company had 8,935 full-time-equivalent employees and agency workers, including 655 BioFire employees. Based on the same method of calculation and excluding BioFire, there were 8,145 full-time-equivalent employees and agency workers at December 31, 2013.

9.2.4 OPERATING HIGHLIGHTS

Deployment of the new operating organization

On April 15, 2014, the Company announced the deployment of a new organization led by Alexandre Mérieux.

Three regional organizations with expanded responsibilities have been created: a Europe – Middle East – Africa region, an Americas region and an Asia-Pacific region. In parallel, two units for bioMérieux's customer segments, a Clinical Unit and an Industry Unit, have been introduced.

The new organization will enable the Company to intensify the deployment of its strategic plan and to pursue its international expansion while always better serving customers.

Acquisition of BioFire

On January 16, 2014, bioMérieux acquired all outstanding shares of BioFire, a privately held North American company. Specialized in the molecular and syndromic diagnosis of infectious diseases, BioFire developed, manufactures and markets the FilmArray® solution. FilmArray® is a CE-marked and FDA-cleared multiplex PCR molecular biology system that is easy to use, accurate and rapid. It makes it possible to identify, in a single reagent or panel, the disease-causing organisms responsible for a syndrome, whether they are viruses, bacteria, fungi or parasites. FilmArray®'s menu currently comprises three panels – respiratory, blood culture ID and gastrointestinal – all of which are CE-marked and FDA-cleared.

The two companies present strong strategic synergies, especially in marketing, manufacturing and innovation.

BioFire continued to enjoy rapid, promising growth in 2014:

- Based on 11.5 months of consolidation over the year (from January 16 to December 31), BioFire contributed sales of €78 million, reported in "change in the scope of consolidation". Organic growth stood at more than 60% for the year, led by the success of the FilmArray® respiratory panel, particularly in the United States.

- Certain distribution agreements with previous BioFire distributors have been terminated and commercial authorizations have been obtained in new territories. However, FilmArray®'s international marketing organization is still in the initial deployment phase. In this context, sales in North America amounted to €76 million for the period from January 16 to December 31, 2014.

- As of end-December, around 1,400 FilmArray® systems had been installed in customer laboratories, an increase of 700 units over the period.

- The research and development strategy has been defined for the coming years, providing a collaborative framework for BioFire and bioMérieux's molecular biology teams.

- In July, a clinical study of the FilmArray® panel to diagnose meningitis and encephalitis was initiated in various U.S. hospital laboratories. The Company hopes to file a request for FDA clearance for this fourth high medical value panel in 2015.

- During the fourth quarter, the FilmArray® clinical Ebola virus detection test (BioThreat-E test™) received Emergency Use Authorization (EUA) from the FDA. It is now available to high and moderate complexity clinical laboratories in the U.S. for the duration of the declaration that circumstances exist justifying the authorization of emergency use.

– Also during the fourth quarter, BioFire filed for FDA clearance of the FilmArray® 2.0 system, a compact instrument whose main feature is its higher throughput, which allows laboratories to process up to 175 samples in a day. The new solution accommodates up to eight FilmArray® 2.0 units operated by a single computer. It is also capable of connecting to Laboratory Information Systems. FilmArray 2.0 was cleared by the FDA and CE-IVD marked at the end of February 2015.

To meet the expectations of BioFire's biodefense customers in the United States, a wholly owned subsidiary dedicated to this business was created. All of the new unit's employees, programs and equipment have been transferred to a separate, secure facility in Salt Lake City, UT. During the year, the U.S. Department of Defense (DoD) awarded BioFire Defense the $240 million Next Generation Diagnostic System (NGDS) Technology Development contract. In the final quarter, the legal protest action initiated by a competing company was dismissed and the related work is now back underway.

Financial aspects

The total consideration comprised the $450 million acquisition price and assumed net debt of around $40 million, or the equivalent of €354 million.

The acquisition costs, totaling around €10 million, were recognized on a separate line in recurring operating expense as "BioFire acquisition's fees and purchase price amortization expense", in an amount of €2 million in 2013 and €8 million in 2014.

In addition, in accordance with IFRS, the purchase price was allocated, depending on the fair value of the acquired assets, to technologies and other intangible assets (in an amount of $365 million), inventory ($4 million), deferred tax assets ($142 million) and residual goodwill ($157 million). Amortization of the acquired technologies and utilization of the inventory represented a current operating expense of €16 million, recognized as "BioFire acquisition's fees and purchase price amortization expense".

The acquisition was mostly financed by bioMérieux's first bond issue, comprising €300 million in seven-year bonds.

BioFire's rapid development is expected to act as a major growth driver for the Group's sales in the area of infectious disease diagnostics.

New product launches

Thirteen new products were brought to market in 2014.

In particular, the VIRTUO™ new-generation BacT/ALERT® system was CE-marked and launched. This unique, innovative automated blood culture system for detecting disease-causing microorganisms has extended the BacT/ALERT® range of solutions. Its increased efficiency enables laboratories to deliver fast results to clinicians, thereby helping to improve patient care and optimize laboratory productivity. As of end-December, it was commercially available in around ten target countries that recognize the CE marking.

In addition, ten new reagents were introduced, including:

– The FilmArray® gastrointestinal (GI) panel, which received FDA 510(k) clearance and was CE-marked in the second quarter. Now commercially available in the United States and Europe, the 22-target GI panel allows a syndromic approach to the diagnosis of infectious diarrhea as it includes bacteria, viruses and parasites in one test. It is the most comprehensive gastrointestinal test to be cleared by the FDA and contains several pathogens receiving FDA clearance for the first time.

– Two new-generation chromogenic media: chromID® CPS® Elite for the isolation, enumeration and direct or presumed identification of microorganisms responsible for urinary infections, and chromID® Salmonella Elite for the faster detection of *Salmonella* strains in clinical stool samples. These tests are part of the new bioMérieux line of chromogenic culture media that deliver a wide range of improvements, notably including more reliable differentiation of pathogens, faster and easier result reading and enhanced sensitivity and specificity parameters for specific bacteria.

– The tenth TEMPO® card, TEMPO® BC, which is used for *Bacillus cereus* group enumeration in 24 hours. Found around the world, these bacteria are transmitted by eating contaminated food (chiefly poorly refrigerated cooked food, like rice) and can cause food poisoning.

Installed base

The installed base represented approximately 79,500 instruments at December 31, 2014. It rose by 4,800 new instruments during the year.

Other acquisitions and agreements

– Acquisition of two industrial application companies to enhance the bioMérieux product line-up

- In October, bioMérieux acquired all outstanding shares in Alsace-based Advencis, a French industrial microbiology start-up with seven employees that has developed an incubator whose innovative, proprietary technology enables the rapid detection of microbial contaminants in water used in manufacturing, particularly by pharmaceutical companies. The easy-to-use, modular system is expected to become commercially available in 2015.

- In late December, bioMérieux acquired all outstanding shares of Ceeram, a French laboratory with nine employees, specialized in molecular virology solutions for the agri-foods industry. Ceeram serves the agri-foods and environmental industries with a comprehensive range of reagents that use RT-PCR molecular biology technology to detect and identify pathogenic viruses (particularly noroviruses and the hepatitis A and E viruses).

– Two marketing agreements, in automated clinical microbiology and molecular biology

- In late December, bioMérieux and Copan, a leading manufacturer of innovative pre-analytic solutions, signed a strategic partnership in clinical microbiology laboratory automation. Under the terms of the agreement, Copan has granted bioMérieux distribution rights for its automated platforms, including the WASP® Walk-Away Specimen Processor and the WASPLab™ solutions, which automate microbiology laboratory tasks and provide digital imaging and analysis. The agreement allows bioMérieux to speed up deployment of its Lab Efficiency vision for the automation and enhanced operational efficiency of clinical microbiology labs. In this field, the two companies also plan to collaborate in particular for the development of innovative clinical microbiology diagnostic solutions.

- In addition, during the fourth quarter, bioMérieux renewed and expanded its distribution agreement with Hain Lifescience, a company specializing in molecular diagnostics. Under this 10-year agreement, bioMérieux will become the exclusive distributor of Hain's current mycobacteria molecular tests in most countries. These tests enable the rapid and accurate diagnosis of tuberculosis (TB), one of the world's deadliest diseases. They also provide rapid results of antibiotic resistance in TB, a key tool in achieving tuberculosis control. The WHO estimates that in 2013 nine million people developed TB and 1.5 million died from the disease. Perfectly adapted to emerging countries' needs, the tests will be commercialized to all customer types, and especially to global health organizations.

– Three research and development agreements to drive innovation and high medical value

- In the fourth quarter, bioMérieux and Illumina, a world leader in genomics, signed an exclusive agreement to launch a next-generation sequencing (NGS) solution for the epidemiological monitoring of bacterial infections for service labs. The collaboration is a first step that will enable bioMérieux to identify opportunities and fields of application that sequencing can bring to infectious disease diagnostics.

- In December, bioMérieux and Astute Medical Inc., a company dedicated to improving the diagnosis of high-risk medical conditions and diseases through the identification and validation of protein biomarkers, signed a global, semi-exclusive agreement regarding the development of a test for the early risk assessment of acute kidney injury (AKI). This innovative test, known as NEPHROCHECK® Test, detects the presence of two biomarkers. Through this worldwide agreement, Astute Medical grants bioMérieux a license to develop, produce and market the NEPHROCHECK® Test for use on its immunoassay system range VIDAS®, mini VIDAS® and VIDAS® 3. A major public health threat, AKI is common, costly and potentially fatal in hospitalized patients.

- In October, bioMérieux signed an agreement with Novartis to validate and potentially commercialize the bioMérieux assay, THxID™-BRAF, as a companion diagnostic for Novartis compounds currently in phase III development for patients with BRAF+ melanoma.

The Durham, NC site in the United States

The Durham plant, which is dedicated to the production of BacT/ALERT® reagents, has returned to a controlled, reliable state of quality and manufacturing, while moving into a positive inventory situation. Standard operating and quality control procedures have been revamped and all production lines are running on a 24-hour, 7-day a week schedule, thereby substantially increasing the reliability of the site's production output. The Durham plant resources have been sustainably reinforced with more than 90 new full-time employees hired in the Quality and Operations team. In July 2014, a new bottle production line, representing a capital investment of about $60 million, broke ground in order to further expand production capacities to satisfy the anticipated growing customer demand in the years to come.

In addition, the Durham team is continuing to dedicate its efforts to complete the deployment of the action plan following the FDA inspection and its warning letter.

FDA warning letter concerning the St. Louis, MO plant in the United States

On October 13, 2014, bioMérieux received a warning letter from the FDA relating to an inspection in July 2014 of its St. Louis, MO site that is dedicated to the production of VITEK® cards and certain microbiology instruments. The letter noted nine points related to the site’s quality system management. The Company answered the FDA warning letter on time and proposed an action plan. The St. Louis plant is working at normal capacity and all of the products made at the St. Louis site respect final acceptance release criteria.

Creation of a marketing subsidiary

In December, bioMérieux opened its 42nd marketing subsidiary, in Belgrade, Serbia, thus strengthening its presence in Central Europe. The new unit is wholly owned by bioMérieux SA.

10 CAPITAL RESOURCES

10.1 SHARE CAPITAL

See statement of changes in consolidated equity and Note 13.1 of section 20.1.1

10.2 SOURCES AND AMOUNTS OF CASH FLOWS

Net debt amounted to €249 million at December 31, 2014, as against net cash of €25 million a year earlier.

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

The consolidated cash flow statement is presented in section 20.1.1.

10.3 BORROWING CONDITIONS AND FINANCING STRUCTURE

The Company has issued €300 million in seven-year bonds, which were placed with institutional investors in October 2013. In addition, it has a €350 million syndicated line of credit whose expiration date was extended in first-half 2014 to May 20, 2019. The details and terms and conditions of these items are provided in Note 15 to the 2014 consolidated financial statements (see section 20.1.1).

10.4 RESTRICTIONS ON THE USE OF THE SHARE CAPITAL

See Note 15.4 of section 20.1.1.

10.5 EXPECTED FINANCING SOURCES

Current industrial capital expenditure is generally financed by the Company's equity (see the consolidated statement of cash flows in section 20.1.1).

11 RESEARCH AND DEVELOPMENT, PATENTS AND LICENSES

11.1 INVESTMENT POLICY

The Company's research and development expenses, which amounted to €206 million or 12.1% of sales in 2014 (compared with €186 million in 2013 and €171 million 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 have two key aims: (i) to enhance both a laboratory's efficiency and (ii) improve the medical value of diagnostic tests.

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 CORPORATE STRUCTURE

Under the new corporate structure rolled out in April 2014 (see section 5.1.5), the Group's research and development activity has been restructured as follows:

- Development activities (reagents, consumables and related instruments and software) are managed by the Clinical and Industry Units.

- A transversal "Innovation" department was created within the Company to manage technology research activities. The department identifies technology opportunities and assesses which are the most relevant from a technical, medical and business point of view.

- Biomarker research is headed by the Medical Business Department which also brings its medical expertise to projects.

The Clinical Application Units are responsible for validating and monitoring projects (approving schedules, human resources requirements, cost and risk). Major projects are periodically reviewed by the Executive Committee.

The newly created Portfolio and Strategic Planning Department ensures that the project portfolio is aligned with the Company's overall strategy and assists the Units in selecting R&D projects.

Research and development activities are supported by nearly 1,400 employees at 21 R&D centers (see list below) in France, the United States, Brazil and China. In 2014, a new R&D center opened in La Balme, France. Teams working at this site adhere to the Company’s open innovation policy, which favors cooperation between the Company's teams and academic researchers, other biotechnology companies and hospitals.

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 at December 31, 2014, by geographical area:

Site	Reagents	Systems	Informatics
St. Louis (Missouri, U.S.)	Automated microbiology (VITEK®)	Microbiology (VITEK® BacT/ALERT®, VITEK® MS, VIRTUO™)	Bio-informatics Microbiology
Durham (North Carolina, U.S.)	Microbiology (blood culture) BacT/ALERT®		
Salt Lake City[10] (Utah, U.S.) – BioFire Diagnostics site	Molecular biology (FilmArray®)	Molecular biology (FilmArray®)	
Salt Lake City[10] (Utah, U.S.) – BioFire Defense site	Molecular biology for the U.S. Department of Defense (DoD)	Molecular biology for the DoD and industrial applications	
Marcy l'Etoile, Craponne, La Balme (France)	Immunoassay (VIDAS®) Microbiology (culture media, Etest®, TEMPO®) Rapid immunoassays (raw materials) Biomarkers	New technologies	Bio-informatics Microbiology
Grenoble and Verniolle (France)[10]	Molecular biology (easyMAG®, FilmArray® and the ARGENE® product line)	Molecular biology Microsystems	Bio-informatics
Combourg, Saint-Brieuc, Kerr Lahn, Ivry (France)	Microbiology (culture medium) and molecular biology kits for industrial applications	Industrial applications: laboratory automation/sample preparation Counting Flow cytometry	
Mutzig (France) – Advencis site		Incubator for microbial detection in industrial applications	
Chapelle sur Erdre (France) – Ceeram site	Molecular virology for food applications		
Laval (Canada)		Molecular biology for industrial applications	
Florence (Italy)		Immunoassays (VIDAS® product line) 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)		

[10] During the BioFire Diagnostics integration process, molecular biology activities were managed independently and placed directly under the supervision of General Management (see section 11.5).

Innovation is a major priority for the Group and, every year, bioMérieux's Patent Awards recognize the Group's inventors who have filed high-potential patents.

11.3 CLINICAL APPLICATIONS R&D

11.3.1 STRATEGY

Innovation has always been a prime focus for bioMérieux whose research and development programs aim to:

- enhance the medical value of diagnostics by constantly reducing the time required to obtain results, identifying new pathogens and providing information tailored to the needs of medical professionals; and
- improve the efficiency and productivity of laboratories and healthcare facilities, thereby optimizing overall healthcare costs.

The research and development teams working in clinical applications are focusing on the development of new platforms and test menus.

11.3.2 PROJECTS

The main research and development projects in clinical applications are described below.

In microbiology:

- continued development of the new generation Virtuo™ blood culture product line;
- continued research on the medical value of new BacT/ALERT FAN® Plus blood culture bottles;
- 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) and the Bioaster Technology Research Institute in Lyon;
- assessment of the suitability of sequencing for the diagnosis of infectious diseases; the first application will be the epidemiology of bacterial infections (see section 11.3.3).

In immunoassays:

- development of new tests on the VIDAS® product line;
- continued collaboration with Quanterix for the development of specialized ultrasensitive and/or multiplex tests using Simoa™ technology; the first focus will be tests for infectious diseases and the assessment of the performance of the future platform;
- expansion of the manual rapid test offering (BIONEXIA® and VIKIA® product lines), used mainly for tropical diseases.

In personalized medicine:

- research and development focusing on infectious diseases and oncology, in particular within the scope of partnership arrangements with pharmaceutical groups (see section 5.1.5 in particular);
- continued development of metastatic cancer tissue testing by bioTheranostics.

11.3.3 AGREEMENTS

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

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

The most significant agreements on clinical applications recently entered into by the Company are summarized below:

– In November 2014, bioMérieux and Illumina signed an agreement to co-develop a next-generation sequencing (NGS) solution for the epidemiological monitoring of bacterial infections (see section 5.1.5);

– At the end of January 2015, bioMérieux and Astute Medical signed a global agreement to develop and market the NephroCheck® Test for Vidas®, an assay to assess the risk of developing acute kidney injury (AKI) (see section 5.1.5).

In October 2014, the Company signed a theranostics agreement with Novartis (see section 5.1.5).

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 (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 BPI, formerly OSEO (see Note 28 to the 2014 consolidated financial statements in section 20.1.1), and its terms and conditions have been approved by the European Commission.

bioMérieux is also a partner 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 in 2013.

11.4 INDUSTRIAL APPLICATIONS R&D

11.4.1 STRATEGY

The Industrial Applications Unit has its own R&D teams.

This unit develops and manufactures the broadest range of industrial microbiological control solutions. It provides solutions for sample preparation, identification and microorganism typing.

The unit provides solutions for:

- the food and water industry;
- the biopharmaceutical industry;
- the cosmetics industry; and
- veterinary diagnostic laboratories.

11.4.2 PROJECTS

In the food industry:

- development of a molecular biology platform;
- development of new tests for the VIDAS® and microbiology product lines;
- optimization of the TEMPO® enumeration platform.

In the food and cosmetics industries:

- optimization of D-Count® automated flow cytometers (25 and 50 tests/hour).

In the biopharmaceutical industry:

- optimization of the ScanRDI® automated cytometer;
- development of new culture media and sterility tests.

In the veterinary industry:

- development of new test cards for the VITEK® 2 Vet platform.

For clinical and industrial applications:

- launch of the Labguard® 3D temperature control system;
- development of new MASTERCLAVE® culture media preparators.

11.4.3 AGREEMENTS

In August 2014, bioMérieux and ATCC (American Type Culture Collection) signed a partnership agreement to expand and consolidate the VITEK® MS database for industrial applications.

11.5 MOLECULAR BIOLOGY R&D

11.5.1 PROJECTS

The main projects focus on:

- the development of new panels for the FilmArray® platform (see section 5.1.5). Several projects are underway, including in particular a study launched in July 2014 on the panel to diagnose meningitis and encephalitis;
- optimization of the FilmArray® platform;
- expansion of the ARGENE® test range, particularly for immunocompromised patients;
- the new generation easyMAG® extraction system;
- development of new markers for the ADNA (*Avancées Diagnostiques pour de Nouvelles Approches thérapeutiques*) program (see section 11.3.3);
- menu customization of RAS Life Sciences Pvt Ltd 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);

11.5.2 AGREEMENTS

During the year, the DoD awarded BioFire Defense the Next Generation Diagnostic System (NGDS) Technology Development contract.

11.6 INTELLECTUAL PROPERTY

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

11.6.1 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, 2014, the Group owned 535 patent families, the majority of which are in force in Europe, the United States, and China. At the same date, the Group held 397 patents granted in the United States and 230 patents granted in Europe.

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 148 countries that are party to the treaty (at December 31, 2014). 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.

11.6.2 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).

11.6.3 LICENSES GRANTED BY THE COMPANY

The Company has granted the following licenses to 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[(11)] for which the basic patents expire between 2013 and 2016. Three of the five patent families are currently in force and the other two have expired in all countries except the United States;

- 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.

11.6.4 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) Epstein-Barr virus, responsible for infectious mononucleosis.

11.6.5 DOMAIN NAMES

The Company owns more than 270 recorded domain names, including those consisting of the name "bioMérieux" and over 90 different extensions.

12 OVERVIEW AND CURRENT TRENDS

12.1 RECENT DEVELOPMENTS

SALES

Consolidated sales amounted to €448 million in the first quarter of 2015, up from €371 million in the year-earlier period. Organic growth (at constant exchange rates and scope of consolidation) came to 8.7%, marking a clear acceleration compared with first-quarter 2014. On a reported basis, sales ended the period up 20.8% year-on-year, lifted by the €37-million positive currency effect (of which €27 million due to the U.S. dollar) and the two additional weeks of sales from BioFire, which was acquired and consolidated as of January 16, 2014.

Analysis of sales *In millions of euros*			
Sales - Three months ended March 31, 2014	**371**		
Currency effect	37	+10.1%	
Organic growth (at constant exchange rates and scope of consolidation)	32	+8.7%	+10.7%
Changes in scope of consolidation[(a)]	8	+2.0%	
Sales - Three months ended March 31, 2015	**448**	+20.8%	

(a) BioFire: sales from January 1 to January 15, 2015 excluded from the organic growth calculation.
CEERAM: first consolidation of sales from this technological start-up acquired in late December 2014.

Sales rose by 8.7% on an organic basis in the first three months of 2015, favored by the more severe winter flu epidemic in the Northern hemisphere, the satisfactory blood culture bottle production conditions at the Durham, NC site in the United States and the upturn in instrument installations in North America after the sharp slowdown in the final quarter of 2014.

The performance also attested to the effective strategic positioning and competitiveness of the Company, which enjoys a well-balanced profile in terms of technological diversification, product portfolio maturity and geographic footprint in a market with high barriers to entry. In particular, the Americas region established itself as a solid growth engine during the quarter, as its strong momentum amply offset the temporarily weaker pace of growth in the emerging markets caused by the slow return to normal sales operations in China. In all, sales in the emerging markets rose by 7% over the period and accounted for 23% of consolidated sales.

At constant exchange rates and scope of consolidation (like-for-like), first-quarter 2015 sales may be analyzed by region as follows:

Sales by Region *In millions of euros*	**Three months ended March 31, 2015**	Three months ended March 31, 2014	% change as reported	**% change** at constant exch. rates and scope of consolidation
Europe[(a)]	**204.0**	193.9	+5.2 %	**+3.9%**
North America	**144.7**	93.4	+55.1%	**+21.0%**
Latin America	**31.8**	26.2	+21.1%	**+14.8%**
Americas	**176.5**	119.6	+47.7%	**+19.6%**
Asia-Pacific	**61.9**	53.5	+15.7%	**+0.8%**
Total sales from the Regions	**442.4**	367.0	+20.5%	**+8.6%**
bioTheranostics	**4.1**	2.1	+90.1%	**+56.6%**
R&D-related revenue	**1.4**	+1.7%		
TOTAL	**447.9**	370.8	+20.8%	**+8.7%**

(a) Including the Middle East and Africa.

– Sales in the Europe – Middle East – Africa region (46% of the consolidated total) rose by nearly 4% overall, but performance varied by country.

  - In Western Europe (40% of the consolidated total), sales gained 3.3% year-on-year, led by the fast growth in Northern Europe (especially in the United Kingdom, Germany, Switzerland and the Nordic countries). On the other hand, sales in France edged back very slightly, dampened in particular by a difficult market environment in the clinical field. Sales rose by 2% in Southern Europe, even though the Greek business environment was impacted by the highly uncertain economic context.

    In the clinical market, growth was driven by reagents in all of the automated microbiology lines, by sales of VIDAS® immunoassay instruments and by molecular biology products. Sales of industrial applications increased 3% year-on-year, held back by flat sales in France, bioMérieux Industrie's largest market in Western Europe.

  - Sales in the Eastern Europe, Middle East and Africa area rose by more than 8% in the first quarter. As announced, however, geopolitical tensions continued to weigh on demand in certain countries, particularly in Russia.

– In the Americas (40% of the consolidated total), 2015 got off to a strong start, with sales climbing nearly 20% in the first three months.

  - Commercial operations in North America (33% of the consolidated total) delivered growth of 21%. In particular, bioMérieux Inc. sales gained nearly 10% year-on-year on positive prior-year comparatives in the blood culture market. In addition, the business environment in the geographic area is favorable, with in particular greater focus on laboratory automation and efficiency and increased vigilance in the fight against bacterial resistance. The Company enjoys differentiated competitive positions, notably with its VIDAS® B.R.A.H.M.S PCT™ test for the diagnosis of sepsis in emergency situations.

    In addition, BioFire sales continued their fast upward trend, buoyed by both the extension of the installed base and a seasonal flu epidemic that was more severe than in 2014. In this environment, molecular biology laboratories appreciated the ease of use, speed and quality of the results delivered by the FilmArray® respiratory panel, amplifying the sales impact of seasonal variations. At the same time, while volumes are still low, sales benefited from positive customer acceptance for the gastrointestinal panel, the most comprehensive panel cleared by the Food and Drug Administration (FDA), which contains several pathogens receiving FDA clearance for the first time.

    In industrial applications, sales of reagents and instruments in North America rose significantly, bringing total growth to around 9% for the quarter.

  - In Latin America (7% of the consolidated total), sales grew at nearly 15% year-on-year. The brisk momentum in Mexico, Colombia and Argentina more than offset flat sales in Brazil, where the challenging economic environment continued to worsen over the quarter.

    The clinical application business was spurred by microbiology equipment sales. Representing around 13%, sales growth in industrial applications remained firm in the region, which is a priority action zone for the Company.

– In the Asia-Pacific region (14% of the consolidated total), sales rose very slightly year-on-year, with performances varying by country. While growth was solid in Japan and India, sales in China were stable compared with first-quarter 2014, as robust reagent sales offset low instrument billings.

  Across the region, sales of clinical and industrial applications alike benefited from solid growth in demand for the VIDAS® line.

Like-for-like first-quarter 2015 sales may be analyzed by application as follows:

Sales by Application *In millions of euros*	**Three months ended March 31, 2015**	Three months ended March 31, 2014	% change as reported	**% change** at constant exch. rates and scope of consolidation
Clinical Applications	**356.8**	292.9	+21.8%	**+9.2%**
Microbiology	**198.1**	174.9	+13.3%	**+4.8%**
Immunoassays[(a)]	**97.6**	85.4	+14.2%	**+5.7%**
Molecular Biology[(b)]	**57.6**	28.8	x 2.0	**+49.2%**
Others	**3.5**	3.8	-8.0%	**-12.0%**
Industrial Applications	**82.5**	72.3	+14.1%	**+5.6%**
bioTheranostics	**4.1**	2.1		
BioFire Defense	**3.1**	1.8		
R&D-related revenue	**1.4**	+1.7%		
TOTAL	**447.9**	370.8	+20.8%	**+8.7%**

[(a)] Of which 8.7% in VIDAS® sales growth.

[(b)] Including €37 million in BioFire Diagnostics sales.

– Clinical application sales rose by 9.2% in the first quarter.

  - Microbiology, the Group's core business, saw sales gain 4.8%, primarily led by strong growth in the Americas region. In particular, the automated ID/AST line reported a good performance during the quarter, supported by both the traditional VITEK® 2 platform and the more recent VITEK® MS mass spectrometry solution, which enables the fast identification of a broad menu of microorganisms and can connect to the VITEK® 2 for antibiotic susceptibility testing. Moreover, blood culture sales, which had declined in first-quarter 2014, benefited this year from the improvement in production conditions at the Durham site. In this environment, and with the ambition to meet customer expectations more effectively, bioMérieux will continue to launch its new clinical microbiology solutions, including VIRTUO™, its new automated blood culture instrument, the FAN® Plus blood culture bottles using the patented adsorbent polymeric beads (APB) technology and the "Lab Efficiency"[(12)] solution combining its own platforms and Copan systems, for which laboratories have expressed promising initial interest.

  - In immunoassays, the VIDAS® line reported an almost 9% increase. Sales of high medical value tests and in emerging markets now represent around 75% of total VIDAS® reagent sales. These sales grew rapidly over the quarter, offsetting the decline in routine test sales in developed markets, where laboratories are continuing to consolidate. Backed by the successful repositioning of its VIDAS® system, bioMérieux is pursuing its vision of being a specialized player in immunoassays.

  - Molecular biology sales soared an organic 49% year-on-year. During the quarter, the FilmArray® system enjoyed sustained commercial success in North America, where the installed base rose to 1,600 systems. In addition, the ARGENE® line had another period of rapid growth.

– Industrial applications, which accounted for 18% of consolidated sales, rose by 5.6% year-on-year. While sales continued to decline in China and remained flat in France, they rose sharply in the Americas and certain European countries, particularly the United Kingdom and Germany. Demand was firm in the pharmaceutical, cosmetics and personal care industries, while TEMPO® for the enumeration of bacterial and fungal flora and VIDAS® for the detection of pathogens maintained their solid expansion in the agri-foods industry.

– Sales of reagents and services, which represented 91.1% of the consolidated total, rose by nearly 9% on an organic basis.

[(12)] Operational efficiency of clinical microbiology labs.

OTHER INFORMATION

- **Net debt**

At March 31, 2015, after payment of taxes and variable compensation, net debt stood at €283 million. It represented €249 million at year-end 2014.

The Company has issued €300 million in seven-year bonds, which were placed with institutional investors in October 2013. It also has a €350-million syndicated line of credit expiring on May 20, 2019. Lastly, on March 31, 2015, it signed a 12-year, €45-million lease financing agreement to fund the extension of the Marcy l'Etoile site.

FIRST-QUARTER OPERATING HIGHLIGHTS

- **Production and quality system**

In the first quarter, the Company pursued the reorganization and realignment of its "Global Quality" function. In parallel, it continued the deployment of its action plans aiming at answering the remarks and warnings from the FDA relating to the Durham and St. Louis sites (United States). In addition, in February 2015, in an injunction letter, France's ANSM drug regulatory agency requested that bioMérieux complete, within 12 months, works required to bring into compliance certain production units of its Craponne site (France). In April 2015, based on discussions with the ANSM, the Company defined the action plan to be deployed in order to meet ANSM requests.

- **Commercial offer**

During the quarter, the new generation FilmArray® system, FilmArray® 2.0, was cleared by the FDA and CE-marked. The main feature of this compact instrument is its higher throughput, which allows laboratories to process up to 175 samples in a day. The solution accommodates up to eight FilmArray® 2.0 units operated by a single computer and is capable of connecting to Laboratory Information Systems (LIS).

In addition, the Company introduced a new version of the NucliSENtral® middleware, which helps to optimize workflows in molecular biology laboratories using notably bioMérieux's ARGENE® tests and easyMAG® and easySTREAM™ automated sample preparation systems.

Lastly, the quarter saw the launch of the bioNexia® Legionella rapid diagnostic test that detects the presence of *Legionella pneumophila* serogroup 1, the most commonly identified pathogen in Legionnaires' disease, directly from urine samples in just 15 minutes. This first-line test rounds out bioMérieux's comprehensive solution, which also includes culture media, mass spectrometry and molecular biology tests, in compliance with recommendations issued by France's HCSP public health agency.

In industrial applications, the TEMPO® enumeration method was added to the U.S. Department of Agriculture's Microbiology Laboratory Guidebook (MLG), which presents best practices for analytical testing and procedures to ensure the optimal safety of the U.S. food supply.

RECENT EVENTS

- ***De novo* application submitted for the FilmArray® Meningitis/Encephalitis Panel**

In April, BioFire submitted a *de novo* classification request to the U.S. FDA for the FilmArray® Meningitis/Encephalitis (ME) Panel. The pioneering FilmArray® ME Panel addresses a critical, unmet need for quickly identifying central nervous system infections by utilizing a comprehensive panel to test cerebrospinal fluid (CSF) for the most common bacteria, viruses and fungi responsible for community acquired meningitis or encephalitis. A one-hour turnaround time has the potential to reduce mortality and morbidity from these devastating diseases and to positively impact patient management. FilmArray® ME will only be available for sale once the FDA has completed its process. The Panel will be the fourth clinical diagnostic test to run on the FilmArray® system, making its syndromic menu the largest commercially available for a multiplexing platform.

12.2 OBJECTIVES

2015 will probably be marked by a persistently tight economic environment, varying by geography. As a result, the Company set the following objectives for the year:

– An organic growth objective of between 4.5% and 6.5% for the year, at constant exchange rates and scope of consolidation.

  In particular, the Company expects BioFire to expand quickly in the United States, thereby playing its role as a driver of faster growth. BioFire's sales should be led by both the start-up of sales of the gastrointestinal panel and the continued success of the FilmArray® respiratory panel. Sales of BioFire Defense and sales of FilmArray®, assuming a flu epidemic of average intensity, should add around 150 basis points to consolidated organic growth for the year.

  In addition, bioMérieux will continue to decentralize its organization in its three key regions, which should enable it to seize growth opportunities in its various markets. The Company will also seek to return to sustainable growth in industrial applications.

– The Company is aiming to increase contributive operating income before non-recurring items[(13)] to between €240 million and €265 million in 2015, at current exchange rates. This objective reflects the selling costs that will be invested to ensure FilmArray®'s success and the operating expenses that will be incurred to strengthen the operating organization in the Asia-Pacific and to anchor the Company's sustained development in the region. It also reflects the gradual absorption of the Durham site's heavier production cost structure as the Company's blood culture sales progressively gain momentum. In line with its roadmap and building on the milestones reached in 2014, the Company will continue to pursue its strategy of innovation and geographic expansion, its two major growth drivers in the years ahead. At the same time, it will strive to strengthen its quality control and production structures at its leading plants, especially in St. Louis and Craponne. This objective also includes the priority projects that will be led by the Company in 2015 to enhance its operating performance, in particular by revamping the supply chain and improving customer service, deploying new sales performance management applications and optimizing the management of R&D programs.

In addition, using its structural capacity for strong cash generation, the Company will increase its industrial capital expenditure potentially to around €200 million. To meet the anticipated rapid growth in some of its flagship product lines, it will invest in the related production sites, in particular in Durham, NC in the United States (as explained in Appendix 1) and in Marcy L'Etoile in France, where a new VIDAS® strip packaging line will be built and a new building will be constructed to extend the site. The Company will also undertake construction of a new facility in Salt Lake City, UT to meet the strong demand for FilmArray® generated by its success in the market and the start of its commercialization by bioMérieux sales forces in the United States.

(13) Contributive operating income before non-recurring items corresponds to operating income, before non-recurring items related to the acquisition and integration of BioFire and before accounting entries relating to the company's purchase price allocation. Operating income before non-recurring items corresponds to operating income before material, extraordinary and non-recurring items, which are included in "Other non-recurring income and expenses from operations".

13 PROFIT FORECASTS

The Group does not provide profit forecasts.

14 ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES AND SENIOR MANAGEMENT

14.1 ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES

Composition of the Board of Directors

The Board of Directors is composed of at least three members and up to the maximum number permitted by law. At December 31, 2014, the Board of Directors comprised nine members.

The table below presents all of the directorships and positions held in other companies by each of the Company's corporate officers based on the information they have submitted:

Jean-Luc Belingard

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

First appointed on September 15, 2006
Current term expires in 2018

Number of bioMérieux shares held: **50**

Main position within the Company:
Chairman and Chief Executive Officer

Other directorships and positions held at December 31, 2014 (all companies)
Director of LabCorp of America (U.S. – listed company), Stallergenes (France – listed company), Transgene SA[(a)] (France – listed company), Pierre Fabre SA, Institut Mérieux[(a)]

Directorships and positions that have expired in the past five years
Director of Applera Corp. (U.S.) (term expired in 2008), NicOx (term expired in 2011), Celera Corporation (U.S.) (term expired in 2011), AES Laboratoire Groupe SA[(a)] (term expired in 2012), AES Chemunex SA[(a)] (term expired in 2013)
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

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

First appointed on April 16, 2004
Current term expires in 2018

Number of bioMérieux shares held: **20**

Main positions within the Company:
Chief Operating Officer

Other directorships and positions held at December 31, 2014 (all companies)
Director, Chief Operating Officer and Vice-President of Institut Mérieux[(a)]
Director of the Christophe and Rodolphe Mérieux Foundation
Director of bioMérieux China Ltd. (China)[(a)], bioMérieux Shanghai Ltd[(a)], Sysmex bioMérieux Ltd[(a)] and Financière Sénior Mendel SAS
President of Mérieux Développement SAS[(a)], SGH[(a)], Foncière de Montcelard (SAS)[(a)], Chairman of Mérieux NutriSciences Corp. (U.S.)[(a)]
Manager of SCI Accra[(a)]

Directorships and positions that have expired in the past five years
Permanent representative of Mérieux NutriSciences Corp[(a)] (formerly Silliker Group Corp), BTF (Australia)[(a)] (term expired in 2012), bioMérieux India Private Ltd. (India)[(a)] (term expired in 2011), bioMérieux Polska sp. z.o.o. (Poland)[(a)] (term expired in 2012), bioMérieux UK Ltd. (UK)[(a)] (term expired in 2011), bioMérieux Singapore Pte Ltd. (Singapore)[(a)] (term expired in 2011), Skiva SAS[(a)] (term expired in 2012), bioMérieux Canada[(a)] (term expired in 2012), AES Laboratoire Groupe SA[(a)] (term expired in 2012), AES Chemunex SA[(a)] (term expired in 2013), bioMérieux Inc. (U.S.)[(a)] (term expired in 2014)

Other professional activities and past positions

Management experience and expertise
HEC Montreal
Marketing Director of Silliker in 2003 and 2004
President of Adriant SAS (term expired in 2008)
Corporate Vice-President of the Industrial Applications Unit of bioMérieux from 2004 to 2011
Corporate Vice-President of the Microbiology Unit and Manufacturing and Supply Operations from 2011 to 2014

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

Alain Mérieux

76 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 2018

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, 2014 (all companies)
President of Compagnie Mérieux Alliance SAS
Chairman and Chief Executive Officer of Institut Mérieux[(a)]
President and director of the Mérieux Foundation; President of Fondation pour l'Université de Lyon
Director and Honorary Chairman of the Christophe and Rodolphe Mérieux Foundation
Director of Compagnie Plastic Omnium SA (listed company), CIC Lyonnaise de Banque, Transgene SA[(a)] (listed company), bioMérieux Italia SpA (Italy)[(a)], Mérieux NutriSciences Corp. (U.S.)[(a)], the Pierre Fabre Foundation and the Pierre Vérots Foundation

Directorships and positions that have expired in the past five years
President of BioAster Technology Research Institute (term expired in 2014), 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)[(a)] (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 40 years

Philippe Archinard

55 years old
Born on November 21, 1959
Nationality: French

First appointed on June 10, 2010
Current term expires in 2018

Number of bioMérieux shares held: **10**

Main position within the Company:
Member of the Audit Committee and **Director of the Immunotherapy division of Institut Mérieux**

Other directorships and positions held at December 31, 2014 (all companies)
Chairman and Chief Executive Officer of Transgene SA[(a)] (listed company)
Chief Executive Officer of TSGH[(a)]
Chairman of the Association LyonBioPôle
Director of Erytech Pharma SA (listed company)
Permanent representative of TSGH[(a)], director of ABL Inc.[(a)]
Representative of LyonBioPôle on the Board of Directors of the Synergie Lyon Cancer Foundation
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

[(a)] Company controlled, within the meaning of article L.233-16 of the French Commercial Code, by Compagnie Mérieux Alliance SAS.

Harold Boël

Independent director[(b)]

50 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:
Chairman of the Audit Committee

Other directorships and positions held at December 31, 2014 (all companies)
Deputy director of Sofina SA (Belgium – listed company), Suez Environnement (France – listed company), Caledonia Investment Plc (UK – listed company), Société de Participations Industrielles (Belgium), Domanoy (Belgium), Mérieux NutriSciences Corporation (U.S.)[(a)]

Directorships and positions that have expired in the past five years
Director of Henex (term expired in 2014), Electrabel (term expired in 2014), 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

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Philippe Gillet

Independent director[(b)]

57 years old
Born on January 26, 1958
Nationality: French

First appointed on May 28, 2014
Current term expires in 2018

Number of bioMérieux shares held: **44**

Main position within the Company:
None

Other directorships and positions held at December 31, 2014 (all companies)
Vice President for academic affairs (Provost) of the Swiss Federal Institute of Technology in Lausanne since 2010
Chairman of the Board of Directors of the "Human Brain Project " (a research project into future and emerging technologies funded by the European Commission)
Chairman of the Board of Directors of the Institut de Physique du Globe de Paris at the VetAgro Sup school
President of the "International Risk Governance Council" Foundation (Switzerland)
Member of the Executive Committee of the BNP Paribas Foundation
Director of the Musée des Confluences (Lyon)

Directorships and positions that have expired in the past five years
N/A

Other professional activities and past positions

Management experience and expertise
PhD in Geophysics and Geochemistry and a Doctorate in Earth Science (Ecole Normale Supérieure de Paris)
Director of Ecole Normale Supérieure de Lyon (2003-2007)
Secretary in the French Ministry of Research and Higher Education (2007-2010)

Marie-Hélène Habert

Independent director[(b)]

49 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: **Member of the Human Resources, Appointment and Compensation Committee**

Other directorships and positions held at December 31, 2014 (all companies)
Director of Communication and Patronage of Dassault Group
Director of Dassault Développement SA[(c)], Dassault Système SA[(c)] and Artcurial SA[(c)]
Director of the Serge Dassault Foundation and Amis de la Fondation

Permanent representative of GIMD on the Supervisory Board of Immobilière Dassault SA[(c)]

Manager of H Investissements SARL and HDH (non-trading company)

Member of the Supervisory Board of Groupe Industriel Marcel Dassault SAS[(c)]

Directorships and positions that have expired in the past five years
Director of Dassault Développement SA[(c)] (term expired in 2014)

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

(a) Company controlled, within the meaning of article L.233-16 of the French Commercial Code, by Compagnie Mérieux Alliance SAS.
(b) Independent director, as defined in the Board of Directors' internal rules, as set out in Appendix 1 of this Registration Document.
(c) Companies controlled by GIMD within the meaning of article L.233-16 of the French Commercial Code

Agnès Lemarchand

Independent director[(b)]

60 years old
Born on December 29, 1954
Nationality: French

First appointed on May 28, 2014
Current term expires in 2018

Number of bioMérieux shares held: **50**

Main position within the Company: **Member of the Audit Committee**

Other directorships and positions held at December 31, 2014 (all companies)
Director of Saint-Gobain (listed company), CGG (listed company)
Member of the Supervisory Board of Vivescia Industries (SCA), representing Bpifrance Participations
President of Orchad
Member of the Supervisory Board of Areva (listed company – term expired in January 2015),

Directorships and positions that have expired in the past five years
Executive Chairman of Steetley Dolomite Limited (term expired in 2014)
Member of the economic, social and environmental committee, working in the economic division (term expired in 2014)
Member of the Supervisory Board of Mersen (listed company – term expired in 2013).

Other professional activities and past positions

Management experience and expertise
Graduate of the National Chemical Engineering Institute in Paris (ENSCP) and Massachusetts Institute of Technology (U.S.) and holds an MBA from INSEAD
Chief Executive Officer of the French Organic Industry (*Industrie Biologique Française* – IBF) from 1986 to 1991
Chief Executive Officer of Prodical (Ciments Français group) from 1991 to 1996
Strategy Director of Lafarge's specialty materials division from 1997 to 1999
Chair and Chief Executive Officer of Lafarge's limestone division from 1999 to 2004
Varied entrepreneurial experience including in management buy-out transactions

Michele Palladino

Independent director[(b)]

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

First appointed on July 6, 2004
Current term expires in 2018

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, 2014 (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

Michel Angé

Independent director[(b)]

75 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 position within the Company: **Chairman of the Audit Committee and Member of the Human Resources, Appointment and Compensation Committee until May 28, 2015, the date on which his term of office expires**

Other directorships and positions held at December 31, 2014 (all companies)
Director at Lyonnaise de Banque SA, Tessi SA (listed company), Apicil Prévoyance, Sogelym-Dixence Holding SAS, Groupe Progrès, Banque Fiducial SA.

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)

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

[(b)] Independent director, as defined in the Board of Directors' internal rules, as set out in Appendix 1 of this Registration Document.

Georges Hibon

77 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 until May 28, 2015, the date on which his term of office expires

Other directorships and positions held at December 31, 2014 (all companies)
Director of Care France (NGO)
Director of ABL[(a)]

Directorships and positions that have expired in the past five years
Director of BioAlliance Pharma (term expired in 2009), Transgene SA[(a)] (listed company, term expired in June 2013)
Chairman of the Board of Shantha Biotechnics Limited (India)[(a)] (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

[(a)] Company controlled, within the meaning of article L.233-16 of the French Commercial Code, by Compagnie Mérieux Alliance SAS.

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.

Limit on directorships

No director exceeds the maximum number of directorships that can be held simultaneously in accordance with the recommendation of the AFEP-MEDEF Corporate Governance Code and the Company applies the laws currently in force in this respect.

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, in 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 in 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, given that, to the best of the Company's knowledge, the five independent directors have no direct or indirect relationship of any kind with the Company, the Group or its Management, there is no conflict of interest which the Board of Directors could be required to discuss.

To the best of the Company's knowledge, no commitments have been undertaken by members of the Board of Directors that restrict their freedom to dispose of their bioMérieux shares, other than the rules on insider trading and closed periods.

In addition, the Company has established corporate governance procedures (see Appendix 1).

Corporate officers' interests in the Company and the Group

In accordance with EC regulation 800-2004, readers are reminded that Alain Mérieux and his son, Alexandre Mérieux, are the main shareholders of Compagnie Mérieux Alliance, the holding company of Institut Mérieux, which is the main shareholder of the Company, of which they own the majority of the share capital and voting rights (see sections 18.1 and 18.2).

15 COMPENSATION AND BENEFITS

15.1 COMPENSATION AND BENEFITS-IN-KIND

15.1.1 DIRECTORS' COMPENSATION

Summary of directors' fees

The total fees payable to all directors are capped at €300,000 per year, in accordance with the fifth resolution of the Annual General Meeting of June 12, 2008.

The rules governing the allocation of Directors' fees were changed in 2014 and are now as follows:

– for the Board of Directors: €4,000/year + €4,000 for each meeting and for each director;

– for the Audit Committee: €1,000/year + €2,500 for each meeting;

– for the Human Resources, Appointment and Compensation Committee: €1,000/year + €3,000 for each meeting.

In accordance with the AFEP-MEDEF Corporate Governance Code, the variable portion linked to directors' attendance at meetings or participation in a committee is greater than the fixed portion.

Board members	Directors' fees paid in 2014 in euros	Directors' fees paid in 2013 in euros
Jean-Luc Belingard	20,000	19,500
Alain Mérieux	24,000	25,000
Alexandre Mérieux	20,000	19,500
Philippe Archinard	28,083	19,500
Harold Boël	36,000	34,500
Marie-Hélène Habert	24,000	19,500
Michele Palladino	24,000	26,500
Agnès Lemarchand	15,917	0
Philippe Gillet	14,333	0
Michel Angé	23,500	41,500
Georges Hibon	13,583	34,500
Total	**243,416**	**240,000**

The directors did not receive any 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. The two quantitative objectives, which were announced to the financial markets at the beginning of the year, relate to growth in sales and contributive operating income before non-recurring items. 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		
	2014	**2013**
Compensation for the year	2,226,358	1,905,914
Value of stock options granted during the year	N/A	N/A
Value of free shares granted during the year[(a)]	N/A	N/A
Total	**2,226,358**	**1,905,914**

Jean-Luc Belingard	Amounts for 2014 in euros		Amounts for 2013 in euros	
	Payable	Paid	Payable	Paid
- fixed compensation[(b)]	891,481	891,481	878,968	878,968
- variable compensation[(c)]	801,291	993,435	993,435	691,560
- extraordinary compensation[(d)]	500,000	500,000	0	0
- directors' fees	20,000	20,000	19,500	19,500
- benefits in kind[(e)]	13,586	13,586	14,011	14,011
Total	**2,226,358**	**2,418,502**	**1,905,914**	**1,604,039**
Value of stock options granted during the year	N/A		N/A	
Value of free shares granted during the year[(a)]	N/A		N/A	

(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 (€329,406) and bioMérieux (€562,075).
(c) Compensation paid by bioMérieux.
(d) Upon the recommendation of the Human Resources, Appointment and Compensation Committee, the Board of Directors approved the payment of an extraordinary bonus to Jean-Luc Belingard in recognition of his contribution to the BioFire acquisition, which was completed in January 2014.
(e) Company car and accommodation provided by Institut Mérieux.

Jean-Luc Belingard is also entitled to two conditional long-term bonuses:

– Target 2016 bonus of €1,200,000 which will be paid in April 2016 subject to 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 operating income before non-recurring items growth objectives over four years) and qualitative objectives (development of the Company's strategy).

– Target 2017 bonus of €1,200,000 which will be paid in April 2017 subject to the condition that he is still present in the Company as Chairman and Chief Executive Officer on March 31, 2015. The payment of this bonus is also conditional on the achievement of quantitative objectives (achievement of sales and operating income before non-recurring items 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 and is rebilled in part to bioMérieux. His gross variable compensation is based on three criteria: financial performance indicators which apply to all of the Company's employees (growth in sales and operating income before non-recurring items), and his individual performance within the Company 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. He also receives variable compensation for his overall performance at the level of the Institut Mérieux group.

Alexandre Mérieux is covered by the collective (defined contribution) pension plan available to Institut Mérieux Group senior executives.

As of January 1, 2015, Alexandre Mérieux is paid both by the Company for his corporate office (80% of his compensation), and by Institut Mérieux (the remaining 20%). The application of this new breakdown does not imply an increase in the overall amount of his compensation from one year to the next.

Summary of compensation, stock options and free shares granted (in euros) to Alexandre Mérieux – Chief Operating Officer		
	2014	**2013**
Compensation for the year	696,114	571,883
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	**696,114**	**571,883**

Alexandre Mérieux	Amounts for 2014 in euros		Amounts for 2013 in euros	
	Payable	Paid	Payable	Paid
- fixed compensation[(a)]	381,538	381,538	291,771	291,771
- variable compensation[(a)]	288,000	253,000	253,120	200,000
- extraordinary compensation	N/A	N/A	N/A	N/A
- directors' fees	20,000	20,000	19,500	19,500
- benefits in kind[(b)]	6,576	6,576	7,492	7,492
Total	**696,114**	**661,114**	**571,883**	**518,763**
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.

Summary of compensation, stock options and free shares granted (in euros) to Alain Mérieux – Director		
Alain Mérieux	**Amounts paid for 2014 in euros**	**Amounts paid for 2013 in euros**
- fixed compensation[(a)]	367,846	362,385
- variable compensation	N/A	N/A
- extraordinary compensation	N/A	N/A
- directors' fees	24,000	25,000
- benefits in kind	N/A	N/A
Total	**391,846**	**387,385**
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.

- **Philippe Archinard**

Philippe Archinard's compensation is paid by Institut Mérieux pursuant to an employment contract. As Director of the Immunotherapy division of Institut Mérieux, a portion of his activities is rebilled to bioMérieux under the service agreement between the two companies. 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 2014 in euros**	**Amounts paid for 2013 in euros**
- fixed compensation[(a)]	439,615	435,000
- variable compensation[(a)]	450,000	450,000
- extraordinary compensation	N/A	N/A
- directors' fees	28,083	19,500
- benefits in kind[(a)]	9,696	8,880
Total	**927,394**	**913,380**
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.

The Company's other directors did not receive any compensation or benefits in kind from the Company, companies controlled within the meaning of article L.233-16 of the French Commercial Code or the company that controls, within the meaning of said article, the company in which the director's term of office is served, except for the above-mentioned directors' fees.

Summary of the information presented above (table 10)

Executive corporate officers	Employment contract[(a)]		Supplementary pension plan[(b)]		Indemnities or benefits due or likely to be due as a result of a termination or change of office		Benefits relating to a non-compete clause	
	Yes	No	Yes	No	Yes	No	Yes	No
Jean-Luc Belingard Chairman and Chief Executive Officer since January 1, 2011 First appointment as director: September 15, 2006 Term expires: at the end of the 2018 AGM		✓		✓	✓			✓
Alexandre Mérieux Chief Operating Officer since December 19, 2008 First appointment as director: April 16, 2004 Term expires: at the end of the 2018 AGM		✓		✓		✓		✓

(a) Jean-Luc Belingard has an employment contract with Institut Mérieux in respect of his duties within that company. He does not have an employment contract with bioMérieux for his compensation as executive corporate officer.

Alexandre Mérieux receives compensation paid by Institut Mérieux, a portion of which is rebilled to bioMérieux. He does not have an employment contract with bioMérieux for his compensation as executive corporate officer.

(b) In respect of their employment contracts with Institut Mérieux, Jean-Luc Belingard and Alexandre Mérieux benefit from a supplementary pension plan with the following characteristics: in accordance with article 83, defined contribution pension to which the company contributes up to salary bracket C.

Other tables referred to in AMF recommendation 2009-16 that are not included in this document

The information required in table 3 (Directors' fees and other compensation received by non-executive directors) is set out in full in the summary table of directors' fees at the beginning of section 15.1.1.

The information required in table 4 (Subscription or purchase options awarded during the financial year to each executive director by the issuer and by any company of the group) and table 6 (Performance shares awarded during the financial year to each executive director by the issuer and by any company of the group) is set out in full in the tables presenting the compensation of corporate officers and directors in section 15.1.1.

Table 5 (Subscription or purchase options exercised during the financial year by each executive director) and table 7 (Performance shares that have become available during the financial year for each executive director) are not required as no stock options have been exercised by executive corporate officers and no performance shares became available during the year.

Table 8 (Past awards of subscription or purchase options) and table 9 (Past awards of performance shares) are not required as no stock options or performance shares have been granted by the Company.

Commitments made in favor of corporate officers

In 2014, the Company made no other commitments whatsoever to its corporate officers, regarding compensation, indemnities or benefits due or likely to be due in connection with their appointment, termination or change of office 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 income 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.

Upon the recommendation of the Human Resources, Appointment and Compensation Committee and in accordance with the AFEP-MEDEF Corporate Governance Code, at its March 2015 meeting, the Board of Directors modified the performance conditions applicable to Jean-Luc Belingard's termination benefits. These conditions are now assessed over two years rather than one year as originally specified in 2010 when he was appointed.

No preferred shares have been allocated to corporate officers for 2014.

Loans and securities granted to corporate officers

None.

Consultation of shareholders on the components of compensation of executive corporate officers

- **Jean-Luc Belingard**

Components of compensation due or granted in respect of 2014	Amounts or accounting value subject to vote	Presentation
Fixed compensation	€891,481	Total gross fixed compensation of €891,481 in respect of 2014. This fixed compensation was paid by Institut Mérieux (€329,406) and bioMérieux (€562,075).
Annual variable compensation	€801,291	On December 17, 2010, the Board of Directors set the variable compensation based on qualitative and quantitative criteria. This compensation is paid by bioMérieux and is reviewed annually by the Human Resources, Appointment and Compensation Committee, which reports its findings to the Board of Directors. – The pre-set quantitative criteria are based on the achievement of objectives of: sales growth and operating income before non-recurring items (EBIT before non-recurring items), as per the market guidance announced at the beginning of the year. – The pre-set qualitative criteria are based on the individual performance within the Company of Jean-Luc Belingard. The qualitative criteria represent 50% of Jean-Luc Belingard's annual variable compensation. Accordingly, the gross variable compensation awarded in respect of 2014 to Jean-Luc Belingard as Chairman and Chief Executive Officer was set at €801,291, i.e., nearly 90% of his annual fixed compensation in respect of 2014.
Deferred variable compensation	€1,200,000	2016 bonus: On March 13, 2012, the Board of Directors set the variable compensation based on qualitative and quantitative criteria, as well as the continued presence of Jean-Luc Belingard as Chairman and Chief Executive Office of the Company at March 31, 2014. The target variable compensation was set at €1,200,000. – The pre-set quantitative criteria are based on the achievement of sales and operating income before non-recurring items growth objectives over four years. – The pre-set qualitative criteria are based on the development of the Company's strategy, and represent 50% of Jean-Luc Belingard's deferred variable compensation.
Deferred variable compensation	€1,200,000	2017 bonus: On March 12, 2013, the Board of Directors set the variable compensation based on qualitative and quantitative criteria, as well as the continued presence of Jean-Luc Belingard as Chairman and Chief Executive Office of the Company at March 31, 2015. The target variable compensation was set at €1,200,000. – The pre-set quantitative criteria are based on the achievement of sales and operating income before non-recurring items growth objectives over four years. – The pre-set qualitative criteria are based on the development of the Company's strategy, and represent 50% of Jean-Luc Belingard's deferred variable compensation.
Multi-year variable compensation	N/A	Jean-Luc Belingard does not receive any multi-year variable compensation.
Extraordinary compensation	€500,000	Jean-Luc Belingard received a special bonus in recognition of his contribution to the BioFire acquisition, which was completed in January 2014.
Stock options, performance shares and other long-term compensation	Stock options = N/A Performance shares = N/A Other long-term compensation = N/A	No stock options were granted during 2014. Jean-Luc Belingard does not receive any performance shares.

Components of compensation due or granted in respect of 2014	Amounts or accounting value subject to vote	Presentation
Directors' fees	€20,000	Jean-Luc Belingard received directors' fees in accordance with the terms and conditions set by the Board of Directors.
Value of benefits in kind	€13,586	Jean-Luc Belingard has the use of a company car and accommodation provided by Institut Mérieux.
Termination benefits	24 months of total fixed and variable compensation	On December 17, 2010, the Board of Directors set termination benefits for Jean-Luc Belingard equal to 24 months of his total fixed and variable compensation. The fixed salary retained for the calculation will be the last basic annual salary. These termination benefits will only be payable after the fulfillment of the pre-set conditions set out below has been established. The termination benefits will be payable only in the event of a forced departure resulting from a change of strategy or control. They will not be payable in the case of resignation, retirement or a change of position within the Group. In addition, they will be payable based on the achievement of sales growth and recurring operating income objectives as per the market guidance for the year preceding the year of Jean-Luc Belingard's departure. The Annual General Meeting of June 15, 2011 approved this related-party agreement (fourth resolution). Upon the recommendation of the Human Resources, Appointment and Compensation Committee and in accordance with the AFEP-MEDEF Corporate Governance Code, at its March 2015 meeting, the Board of Directors modified the performance conditions applicable to Jean-Luc Belingard's termination benefits. These conditions are now assessed over two years rather than one year as originally specified in 2010 when he was appointed.
Benefits in connection with a non-compete clause	N/A	Jean-Luc Belingard does not receive any benefits in connection with a non-compete clause.
Supplementary pension plan	€3,356	In respect of his employment contract with Institut Mérieux, Jean-Luc Belingard benefits from a supplementary pension plan with the following characteristics: in accordance with article 83, defined contribution pension to which the Company contributes up to salary bracket C.

- **Alexandre Mérieux**

Components of compensation due or granted in respect of 2014	Amounts or accounting value subject to vote	Presentation
Fixed compensation	€381,538	Total gross fixed compensation of €381,538 in respect of 2014. This fixed compensation was paid by Institut Mérieux.
Annual variable compensation	€288,000	A portion of this compensation is reviewed annually by the Human Resources, Appointment and Compensation Committee. – The pre-set quantitative criteria are based on the achievement of financial performance indicators which apply to all of the Company's employees (growth in sales and operating income before non-recurring items [recurring EBIT]) – The pre-set qualitative criteria are based on the individual performance within the Company of Alexandre Mérieux. He also receives variable compensation for his overall performance at the level of the Institut Mérieux group. The qualitative criteria represent 50% of Alexandre Mérieux's annual variable compensation. The gross variable compensation for a given year is paid in whole during the following year by Institut Mérieux. Accordingly, the gross variable compensation awarded in respect of 2014 to Alexandre Mérieux as Chief Operating Officer was set at €288,000, i.e., approximately 75% of the total annual fixed compensation in respect of 2014 or 90% of the compensation payable for his corporate office within the Company, as of January 1, 2015.
Deferred variable compensation	N/A	Alexandre Mérieux does not receive any deferred variable compensation.
Multi-year variable compensation	N/A	Alexandre Mérieux does not receive any multi-year variable compensation.
Extraordinary compensation	N/A	Alexandre Mérieux does not receive any extraordinary compensation.
Stock options, performance shares and other long-term compensation	Stock options = N/A Performance shares = N/A Other long-term compensation = N/A	No stock options were granted during 2014. Alexandre Mérieux does not receive any performance shares.
Directors' fees	€20,000	Alexandre Mérieux received directors' fees in accordance with the terms and conditions set by the Board of Directors.
Value of benefits in kind	€6,576	Alexandre Mérieux has the use of a company car provided by Institut Mérieux.
Termination benefits	N/A	Alexandre Mérieux does not receive any termination benefits.
Benefits in connection with a non-compete clause	N/A	Alexandre Mérieux does not receive any benefits in connection with a non-compete clause.
Supplementary pension plan	€14,681	In respect of his employment contract with Institut Mérieux, Alexandre Mérieux benefits from a supplementary pension plan with the following characteristics: in accordance with article 83, defined contribution pension to which the company contributes up to salary bracket C.

15.2 PENSIONS AND OTHER EMPLOYEE BENEFIT OBLIGATIONS

bioMérieux SA's commitment with respect to the defined benefit pension plan amounted to €1.6 million at December 31, 2014.

16 BOARD PRACTICES

16.1 BOARD OF DIRECTORS AND TERMS OF OFFICE

The Board of Directors' duties

The Board of Directors is responsible for defining and implementing the Company's strategies. It has powers to act on all questions concerning the smooth running of the Company and settles all matters affecting the Company by its deliberations, within the limits of the corporate purpose and subject to the powers expressly granted to Shareholders' Meetings. The Board of Directors carries out all controls and procedures that it deems appropriate.

The Board of Directors' internal rules provide that the Board of Directors must decide on (i) the approval of the strategic plans of the Company and its subsidiaries, (ii) the approval of the annual budget and, on a quarterly basis, its implementation, and (iii) the authorization of all key transactions (acquisitions, exchanges, transactions, granting of security interests, financing by any means, etc.) of more than €30 million not provided for in the strategic plan or the budget.

The internal rules also provide that the Board of Directors must be notified of any significant event affecting the operation of the Company and more specifically its financial and cash position and commitments.

The Board of Directors' work

The Chairman organizes and oversees the Board's work and reports thereon to the Shareholders' Meeting.

He ensures that the Company's management bodies operate effectively and that the directors are able to perform their duties.

Information on the duties and work of the Board of Directors can be found in the Chairman's report in Appendix 1 of this Registration Document.

Directors' terms of office

The list of directorships as well as the appointment and expiration dates are provided in Chapter 14 of this Registration Document.

16.2 SERVICE AGREEMENTS

None of the members of the administrative, management or supervisory bodies has a service agreement with the Company or one of its subsidiaries providing for the payment of benefits.

16.3 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.

The skills and competencies of the members of the Audit Committee are described in the Chairman's Report in Appendix 1.

At the date this Registration Document was filed, the Company's Board of Directors had set up three committees: the Audit Committee, the Human Resources, Appointment and Compensation Committee, and the Innovation and Technological Breakthroughs 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.afep.com/uploads/medias/documents/Code_gouvernement_entreprise_societes_cotees_Juin_2013_en.pdf).

The provisions of the code that have not been applied and the reasons for such non-compliance are set out in the following table.

In addition, in 2014 the Company replied to a letter sent by the High Committee for Corporate Governance (*Haut Comité de Gouvernement d'Entreprise* – HCGE). The HCGE's recommendations, which the Company chose not to follow, are set out in the table below.

Directors' terms of office *Staggering of directors' terms of office*	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. The Annual General Meeting held on May 28, 2014 voted to reappoint seven of the nine directors. The Company addressed this point in its letter to the HCGE. While considering the risk associated with renewing the directors' terms of office at the same time to be limited in a controlled company in which the Board of Directors runs smoothly, the Company has stated that the Board will examine the length of the terms of office when they are next renewed simultaneously (in particular at the 2018 Annual General Meeting called to approve the financial statements for the year ending December 31, 2017), with the expectation that said terms will be shortened (two or three years for the first term of office, which may be renewed for a period of four years). In addition, during this interim period, the Board will discuss the need to apply this same rule to all future appointments and reappointments.
Board of Directors' assessment of General Management *The Board of Directors assesses and evaluates 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.
Regular meetings of the non-executive directors without executive or internal directors present	For the reasons indicated above, the Company has never organized meetings for the non-executive directors without the executive or internal directors present. During the Board of Directors' self-assessment, the directors again deemed this idea to be inappropriate, believing that directors attending Board meetings are able to speak freely and discuss issues openly.
Shares held by the directors *Significant number of shares*	In accordance with the Board of Directors' internal rules, on the date of their appointment each of the directors held a number of the Company's shares. While the AFEP-MEDEF Corporate Governance Code does not specify a specific number of shares, in 2015 it will be recommended to directors that they hold an amount equivalent to one years' worth of directors fees.

Compensation of executive corporate officers *Termination benefits payable to the Chairman and Chief Executive Officer*	Upon the recommendation of the Human Resources, Appointment and Compensation Committee, at its March 2015 meeting, the Board of Directors modified the performance conditions applicable to the Chairman and Chief Executive Officer's termination benefits. These conditions are now assessed over two years rather than one year as originally specified in 2010 when he was appointed.
Employment contract and corporate office	The Chairman and Chief Executive Officer has an employment contract with Institut Mérieux. Accordingly, he takes part in strategic discussions within this group, particularly in relation to the Immunotherapy division.
Human Resources, Appointment and Compensation Committee *Independent chairmanship*	The Company decided not to follow the recommendations of the HCGE concerning the chairmanship of the Human Resources, Appointment and Compensation Committee. The Company decided that it was in its best interest that Alain Mérieux chair said Committee to enable policy consistency within the Group to which it belongs (Institut Mérieux) in terms of the procedures for selecting its directors, preparing a succession plan for its senior executives and setting their compensation.

17 EMPLOYEES

17.1 NUMBER OF EMPLOYEES

Information on the Group's workforce, human resources policy and labor relations is provided in section 5.2 of this Registration Document.

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 2014. At the date of this report, no stock options may be exercised.

The Board of Directors granted 5,000 free shares in 2014 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 May 29, 2013.

The table below shows the number of free shares granted to beneficiaries other than corporate officers, and not fully vested at end-2014:

Grant date	Number of shares granted	Share price *(in euros)*
May 28, 2014	3,000	80.80
September 2, 2014	2,000	79.10

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 2014, 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 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. In 2014, the shares were granted under individual plans.

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.

During 2014, no shares were delivered under the 2010 Global Leaders and ExCom plans since the performance conditions had not been met.

However, 4,732 shares were delivered under the Opus 2010 plan.

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

The employee profit sharing agreement is described in section 5.2 of the Registration Document.

18 MAIN SHAREHOLDERS

18.1 MAIN SHAREHOLDERS

Changes in the ownership structure over the past three years

The table below shows the Company's ownership structure on the dates indicated.

Shareholders[a]	December 31, 2014				December 31, 2013				December 31, 2012			
	Number of shares	% of capital	Number of voting rights[f]	% of voting rights	Number of shares	% of capital	Number of voting rights[f]	% of voting rights	Number of shares	% of capital	Number of voting rights	% of voting rights
Institut Mérieux[b]	23,240,090	58.90	46,480,180	70.78	23,240,090	58.90	46,480,180	71.56	23,240,090	58.90	46,480,180	71.56
GIMD[c]	2,013,470	5.10	4,026,940	6.13	2,013,470	5.10	4,026,940	6.20	2,013,470	5.10	4,026,940	6.20
Employees[d]	203,420	0.52	340,314	0.52	217,010	0.55	353,460	0.54	244,095	0.62	375,790	0.58
Treasury stock[e]	5,320	0.01	0	0.00	10,613	0.03	0	0.00	12,314	0.03	0	0.00
Private investors	13,991,440	35.47	14,819,911	22.57	13,972,557	35.42	14,101,793	21.70	13,943,771	35.35	14,070,963	21.66
Total	39,453,740	100	65,667,345	100	39,453,740	100	64,962,373	100	39,453,740	100	64,953,873	100

(a) Only the shareholders representing more than 5% of the capital are named in this table. All 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”).
(e) The shares are held pursuant to the liquidity agreement with Kepler Cheuvreux and an agency agreement with Natixis.
(f) Theoretical voting rights are identical to actual voting rights.

Employee share ownership has not changed materially and the two main shareholders have not increased or decreased their interest in the Company's share capital since December 31, 2014.

Differences between the number of shares and the number of voting rights reflect the existence of double voting rights (see section 18.2). In 2014, the voting rights of the Company's two main shareholders decreased slightly due to certain minority shareholders obtaining double voting rights.

Disclosure thresholds in 2014

On May 22, 2014, Covéa Finance reported that it had decreased its interest to below the disclosure threshold of 1% of the capital for the accounts managed by Covéa Finance and OPCVM Covéa Finance.

On June 17, 2014, UK-based company Baillie Gifford & Co reported that it had decreased its interest to below the disclosure threshold of 1% of the capital.

On July 24, 2014, the Belgian company Sofina reported that it had increased its interest to above the disclosure threshold of 2% of the voting rights.

On September 25, 2014, AXA Investment Managers reported that it had increased its interest to above the disclosure threshold of 1% of the capital.

On October 15, 2014, Institut Mérieux reported that it had decreased its interest to below the disclosure threshold of 71% of the voting rights.

On November 19, 2014, AXA SA reported that it had increased its interest to above the disclosure threshold of 1% of the capital.

Employee share ownership

As of December 31, 2014, employees held:

– 203,420 shares under the Opus Classic mutual fund;

– 33,187 registered shares.

No stock options were granted to corporate officers or employees by the Company or Group companies in 2014. At December 31, 2014, there were no exercisable stock options.

In 2014, 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 VOTING RIGHTS

As described in section 21.2.3 of the Registration Document, all paid-up shares, irrespective of their class, which have been held in registered form by the same shareholder for five years or more, are entitled to double voting rights. Accordingly, as of the date of this Registration Document, all shares held by Institut Mérieux and GIMD have double voting rights.

18.3 CONTROL OF THE ISSUER

Institut Mérieux, which is the holding company owned by the Mérieux family, through Compagnie Mérieux Alliance, held 58.90% of the share capital and 70.78% of the voting rights of the Company at December 31, 2014. Therefore, Institut Mérieux is able to adopt all the resolutions submitted for the approval of shareholders at Shareholders' Meetings.

Despite Institut Mérieux's position as the majority shareholder, the Company, which is managed by a Board of Directors, five of whose nine members are independent and which has assessed its own performance to be satisfactory (see Appendix 1), considers that there is no risk that control be exercised in an abusive manner.

18.4 CHANGE OF CONTROL

To the best of the Company’s knowledge, there are no shareholders’ agreements, parties acting in concert and/or other joint actions, nor any other agreement whose implementation could result in a change of control of the Company.

19 RELATED-PARTY TRANSACTIONS

The Statutory Auditors' special report on related-party agreements for the year ended December 31, 2013 and the description of the transactions with related parties are presented in Chapter 19 and section 20.1.1 (Note 31 to the consolidated financial statements for the year ended December 31, 2013) respectively and in section 20.1.2 (Note 20.6 to the parent company financial statements for the year ended December 31, 2013) of the 2013 Registration Document filed with the French financial markets authority (*Autorité des marchés financiers* – AMF) on April 29, 2014.

For 2014, transactions with related parties are described in section 20.1.1. (Note 29 to the consolidated financial statements for the year ended December 31, 2014) and in section 20.1.2 (Note 3.3.2.3 to the parent company financial statements for the year ended December 31, 2014) of this Registration Document. The Statutory Auditors' special report on related-party agreements for the year ended December 31, 2014 is presented below.

The purpose of most of the related-party agreements for the year ended December 31, 2014 is to extend agreements that have been authorized by the Company's Board of Directors and approved by the Annual General Meeting in previous years. Any changes made to these agreements are mainly formal. In addition, the related-party agreements have been entered into for an indefinite term. The related-party agreements for the year ended December 31, 2014 were re-authorized by the Board of Directors on March 10, 2015.

The service agreement entered into between Institut Mérieux and bioMérieux SA, originally entered into in 2002, now sets out in more detail the lead holding company services provided by Institut Mérieux to bioMérieux. These include both ongoing tasks carried out on behalf of all Institut Mérieux entities, including bioMérieux, and other services provided specifically to bioMérieux, either on an ongoing or an as needed basis.

In light of the above, the amendments made to this agreement involved updating the list of tasks and services, taking into account changes within the organization affecting both bioMérieux and Institut Mérieux.

The general tasks carried out on behalf of bioMérieux and other Institut Mérieux entities now include:

- representing Institut Mérieux entities and defending their interests vis-à-vis any partner, organization, representative body or French or foreign authority;
- negotiating and entering into partnerships and/or framework agreements and/or purchasing investments which benefit the Institut Mérieux group as a whole;
- providing advice and assistance in evaluating scientific potential and opportunities for synergies to boost innovation both within the Group and in terms of production, Group cash management and human resources.

The services provided specifically for bioMérieux include:

- providing the expertise of top management and/or senior executives;
- carrying out external growth studies.

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 and L.225-86 of the French Commercial Code.

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

Pursuant to article L.225-40 of the French Commercial Code, we were informed of the following agreements and commitments that have been authorized by the Board of Directors.

With Mérieux Participations

Person concerned: Alexandre Mérieux

Acquisition of shares in Advencis

Nature and purpose: Under the Share Purchase Agreement of October 15, 2014, the Company acquired all of the shares of Advencis, of which 32.89% from Mérieux Participations.

Terms and conditions: The acquisition was completed for a fixed price of €4,537,293, paid upon the signing of the agreement, of which €1,492,093 was payable to Mérieux Participations. The agreement provides for contingent consideration up to a total amount of €4,650,000, of which €1,529,156 could be payable to Mérieux Participations, and would be based on the achievement of technical milestones.

With the Mérieux Foundation

Persons concerned: Alain Mérieux and Alexandre Mérieux

Sponsorship arrangement – specific projects

Nature and purpose: The Company renewed by tacit agreement the sponsorship agreement of March 8, 2011 covering the allocation of all types of donations for the purpose of specific projects.

An addendum to this agreement authorized by the Board of Directors on December 18, 2014 is being signed and will take effect from January 1, 2015.

Terms and conditions: The amount of annual contributions to the Mérieux Foundation is submitted each year to the Board of Directors for approval. The initial agreement was entered into for a period of two years and may be renewed annually by tacit agreement.

The addendum will change the term of the agreement to an indefinite term while the other terms and conditions remain unchanged.

For the year ended December 31, 2014, the Company recognized an expense of €454,348 in relation to donations (mainly in respect of the fight against tuberculosis and MRSA in China).

Service agreement

Nature and purpose: The Company renewed the service agreement of January 1, 2011, aimed at setting out the compensation due for administrative and technical services, and training provided by the Company to the Mérieux Foundation.

An addendum to this agreement authorized by the Board of Directors on December 18, 2014 is being signed and will take effect from January 1, 2015.

Terms and conditions: The initial agreement was entered into for a period of one year and may be renewed annually by tacit agreement.

The addendum changes the term of the agreement to an indefinite term and removes training services from the definition of services.

For the year ended December 31, 2014, the Company recognized income of €280,777 in relation to the agreement.

With the Christophe and Rodolphe Mérieux Foundation

Persons concerned: Alain Mérieux and Alexandre Mérieux

Humanitarian projects

Nature and purpose: The Company renewed the humanitarian sponsorship agreement of January 1, 2004 with the Christophe and Rodolphe Mérieux Foundation by tacit agreement.

An addendum to this agreement authorized by the Board of Directors on December 18, 2014 is being signed and will take effect from January 1, 2015.

Terms and conditions: The amount of annual contributions to the Christophe and Rodolphe Mérieux Foundation is submitted each year to the Board of Directors for approval. The initial agreement was entered into for a period of two years and may be renewed by tacit agreement for further two-year periods.
The addendum changes the term of the agreement to an indefinite term while the other terms and conditions remain unchanged.

For the year ended December 31, 2014, the Company recognized an expense of €1,325,000 in relation to the agreement.

With Institut Mérieux

Persons concerned: Alain Mérieux, Alexandre Mérieux and Jean-Luc Belingard

Service agreement

Nature and purpose: The Company renewed the service agreement of January 1, 2002 with Institut Mérieux (amended by two addenda in 2007) by tacit agreement.

A new agreement authorized by the Board of Directors on December 18, 2014 is being signed and will take effect from January 1, 2015.

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, 2014, the Company recognized an expense of €4,334,000 in relation to the agreement.

The new agreement authorized by the Board of Directors on December 18, 2014 will replace the previous service agreement and its addenda. It changes the term of the agreement to an indefinite term and revises the terms and conditions of compensation as follows:

As consideration for the provision of the services described in the agreement (including both ongoing services provided to all Group entities and other services specifically provided to the Company), Institut Mérieux, as the Group's lead holding company, will receive compensation calculated on the basis of the costs incurred to provide said services (including personnel costs, salaries and payroll taxes, as well as all other direct employee-related costs) plus 8%. The allocation keys for the services provided to all Group companies will be based on the weighting of fixed assets, sales and payroll costs.

Business and travel expenses incurred by Institut Mérieux employees assigned to the provision of the services will be invoiced at cost price, on presentation of supporting documents.

Costs relating to Institut Mérieux's use of consultants will be invoiced at cost, on presentation of supporting documents.

The services will be invoiced on a quarterly basis by Institut Mérieux based on an estimated budget with an annual adjustment to be made before June 30 of the following year.

With Institut Mérieux, Mérieux NutriSciences Corp., Transgene, ABL Inc. and Mérieux Développement

Persons concerned: Alain Mérieux, Alexandre Mérieux, Jean-Luc Belingard and Philippe Archinard

Agreement concerning the allocation of costs related to the termination of the employment contract of a Group employee

Nature and purpose: The Company renewed, by tacit agreement, the agreement of December 17, 2007 providing for the sharing of the financial consequences of the possible termination of employment contracts of employees who have worked for several Group entities.

A new agreement authorized by the Board of Directors on December 18, 2014 is being signed and will take effect from January 1, 2015.

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.

The new agreement, which will replace the previous agreement from January 1, 2015, changes the term of the agreement to an indefinite term while the other terms and conditions remain unchanged.

This agreement had no impact on the year ended December 31, 2014.

AGREEMENTS AND COMMITMENTS ALREADY APPROVED BY THE SHAREHOLDERS' MEETING

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 2014.

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 the Company as of January 1, 2011.

These termination benefits, which are equal to 24 months of his salary, will only be paid once the Board of Directors has ensured that certain conditions have been met.

They will not be payable in the case of resignation, retirement or a change of position within the Group.

Lyon, March 20, 2015

The Statutory Auditors

Diagnostic Révision Conseil
Hubert de Rocquigny du Fayel

ERNST & YOUNG et Autres
Marc-André Audisio

20 FINANCIAL INFORMATION

20.1 HISTORICAL FINANCIAL INFORMATION

20.1.1 CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2014

The consolidated financial statements for the years ended December 31, 2013 and December 31, 2012 are respectively presented in section 20.1.1 of the Registration Document filed with the French financial markets authority (*Autorité des marchés financiers* – AMF) on April 29, 2014 under number D14-0443 and section 20.1.1 of the Registration Document filed on May 17, 2013 under number D13-0542.

CONSOLIDATED INCOME STATEMENT

In millions of euros	Notes	2014	2013
Sales	3	**1,698.4**	**1,587.9**
Cost of sales		(853.9)	(763.3)
Gross profit		**844.5**	**824.6**
Other operating income	18	**41.1**	**28.2**
Selling and marketing expenses		(311.3)	(283.2)
General and administrative expenses		(141.7)	(121.4)
Research and development expenses		(205.8)	(185.8)
Total operating expenses		**(658.8)**	**(590.4)**
Contributive operating income before non-recurring items		**226.8**	**262.4**
Fees and amortization of the BioFire purchase price[(a)]	22	(23.9)	(1.9)
Operating income before non-recurring items		**202.9**	**260.5**
Other non-recurring income and expenses from operations, net[(a)]	23	0.6	(3.0)
Operating income		**203.6**	**257.5**
Cost of net debt	21.2	(7.2)	(3.9)
Other financial income and expenses, net	21.3	(8.9)	(10.1)
Income tax expense	24	(51.7)	(78.4)
Share in earnings (losses) of associates		(0.3)	(0.4)
Net income for the year		**135.5**	**164.7**
Attributable to non-controlling interests		0.6	0.4
Attributable to owners of the parent		**134.9**	**164.3**
Basic earnings per share		€3.42	€4.16
Diluted earnings per share		€3.42	€4.16

(a) In order to improve the understanding of operating income and in view of BioFire's size, the relevant acquisition-related fees as well as the amortization of the assets acquired valued during the purchase price allocation, are presented on a separate line of operating income before non-recurring items. In order to facilitate year-on-year comparisons, the data published at December 31, 2013 have been adjusted.

STATEMENT OF COMPREHENSIVE INCOME

In millions of euros	Notes	2014	2013
Net income for the year		**135.5**	**164.7**
Items to be reclassified to income		**39.2**	**(32.1)**
Change in fair value of financial assets and financial instruments	(a)	(0.9)	(2.9)
Tax effect		0.4	1.6
Movements in cumulative translation adjustments	(b)	39.6	(30.8)
Items not to be reclassified to income		**(15.2)**	**13.0**
Remeasurement of employee benefits	(c)	(24.6)	20.1
Tax effect		9.4	(7.2)
Total other comprehensive income (expense)		**24.0**	**(19.1)**
Total comprehensive income		**159.4**	**145.5**
Attributable to non-controlling interests		1.2	0.1
Attributable to owners of the parent		**158.2**	**145.4**

(a) Including gains and losses on the effective portion of hedging instruments.
(b) The change in cumulative translation adjustments between 2014 and 2013 is chiefly attributable to fluctuations in the U.S. dollar exchange rate (acquisition of BioFire in 2013).
(c) See Note 14.3.

CONSOLIDATED BALANCE SHEET

Assets *In millions of euros*	**Notes**	**Dec. 31, 2014**	**Dec. 31, 2013**	**Dec. 31, 2012**
. Intangible assets	4	460.1	149.7	157.0
. Goodwill	5	437.8	305.0	313.1
. Property, plant and equipment	6	486.9	404.8	386.7
. Non-current financial assets	7	35.1	31.9	34.7
. Investments in equity-accounted companies		0.5	0.4	0.0
. Other non-current assets		21.9	24.5	29.6
. Deferred tax assets	24.4	86.0	33.9	42.2
Non-current assets		**1,528.3**	**950.1**	**963.4**
. Inventories and work-in-progress	8	299.2	261.7	245.9
. Trade receivables	9	449.3	420.5	433.4
. Other operating receivables	10	82.5	67.5	71.2
. Current tax receivables	10	21.0	7.7	20.7
. Non-operating receivables	10	19.6	10.9	8.4
. Cash and cash equivalents	11	119.7	428.0	65.6
Current assets		**991.4**	**1,196.2**	**845.4**
Assets held for sale	12	**60.8**	**50.3**	**45.7**
TOTAL ASSETS		***2,580.5***	***2,196.6***	***1,854.4***

Equity and liabilities *In millions of euros*		**Dec. 31, 2014**	**Dec. 31, 2013**	**Dec. 31, 2012**
. Share capital	13.1	12.0	12.0	12.0
. Additional paid-in capital and reserves	13	1,234.0	1,084.5	1,007.0
. Attributable net income for the year		134.9	164.3	134.4
Equity attributable to owners of the parent		**1,380.9**	**1,260.8**	**1,153.4**
Non-controlling interests		**7.8**	**6.5**	**6.8**
Total equity		**1,388.6**	**1,267.3**	**1,160.2**
. Long-term borrowings and debt	15	305.7	304.6	9.8
. Deferred tax liabilities	24.4	145.1	35.6	46.3
. Provisions	14	105.4	73.3	103.0
Non-current liabilities		**556.2**	**413.4**	**159.1**
. Short-term borrowings and debt	15	63.5	98.5	104.2
. Provisions	14	11.1	10.2	11.0
. Trade payables	16	188.9	132.3	145.1
. Other operating payables	16	251.3	222.8	217.9
. Current tax payables	16	15.4	19.7	20.2
. Non-operating payables	16	81.4	19.6	23.8
Current liabilities		**611.5**	**503.2**	**522.2**
Liabilities related to assets held for sale	12	**24.2**	**12.7**	**13.0**
TOTAL EQUITY AND LIABILITIES		***2,580.5***	***2,196.6***	***1,854.4***

CONSOLIDATED STATEMENT OF CASH FLOWS

In millions of euros	Notes	2014	2013
Net income for the year		135.5	164.7
- Share in earnings (losses) of associates		0.3	0.4
- Cost of net debt		7.2	3.9
- Other financial income and expenses, net		8.9	10.0
- Current income tax expense		51.7	78.4
- Net additions to depreciation and amortization of operating items – non-current provisions		105.4	90.9
- Non-recurring income and expenses, net		23.2	4.9
EBITDA (before non-recurring items)	**15**	**332.2**	**353.3**
Other 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)*		(8.2)	1.7
Other financial income and expenses *(excluding provisions and disposals of non-current financial assets)*		(8.9)	(7.6)
Net additions to operating provisions for contingencies and losses		1.4	(6.2)
Fair value gains (losses) on financial instruments		(1.3)	4.1
Share-based payment		1.1	0.8
Elimination of other non-cash, non-operating income and expenses		**(15.9)**	**(7.2)**
Change in inventories		(19.3)	(26.3)
Change in trade receivables		(2.0)	(9.5)
Change in trade payables		46.5	(9.6)
Change in other operating working capital		(1.4)	5.3
Change in other operating working capital[(a)]		**23.8**	**(40.1)**
Other non-operating working capital		9.8	(0.3)
Change in non-current non-financial assets and liabilities		5.1	3.7
Change in working capital requirement		**38.7**	**(36.7)**
Income tax paid		**(56.7)**	**(68.9)**
Net cash from operating activities		**298.3**	**240.5**
Purchases of property, plant and equipment and intangible assets		(158.1)	(131.1)
Proceeds from disposals of property, plant and equipment and intangible assets		16.4	4.6
Purchases/proceeds from disposals of non-current financial assets, net		(2.2)	(1.7)
Impact of changes in Group structure	15	(358.9)	(0.4)
Net cash used in investing activities		**(502.7)**	**(128.6)**
Cash capital increase		0.0	0.2
Purchases and sales of treasury shares		0.2	(0.3)
Dividends paid to owners		(39.5)	(38.7)
Cost of net debt		(7.2)	(3.9)
Change in committed debt		(36.9)	293.3
Net cash from (used in) financing activities		**(83.4)**	**250.6**
Net change in cash and cash equivalents		**(287.8)**	**362.5**
Net cash and cash equivalents at beginning of year		**414.9**	**52.5**
Impact of changes in exchange rates on net cash and cash equivalents		(23.2)	(0.1)
Net cash and cash equivalents at end of the year		**103.9**	**414.9**

(a) Including additions to and reversals of current provisions.

STATEMENT OF CHANGES IN CONSOLIDATED EQUITY

	Attributable to owners of the parent										Non-controlling interests
In millions of euros	**Share capital**	Additional paid-in capital and consolidated reserves[a]	Cumulative translation adjustments	Fair value gains and losses on financial instruments[b]	Actuarial gains and losses[g]	Treasury shares	Share-based payment	**Total additional paid-in capital and reserves**	**Net income for the year**	**Total**	**Total**
Equity at December 31, 2012 – restated[h]	**12.0**	1,038.5	3.7	3.8	(40.0)	(0.9)	1.9	**1,007.0**	**134.4**	**1,153.4**	**6.8**
Total comprehensive income for the year			(30.5)	(1.3)	13.0			**(18.8)**	**164.3**	**145.5**	**0.1**
Appropriation of 2012 net income		134.4						**134.4**	**(134.4)**	**0.0**	
Dividends paid[c]		(38.7)						**(38.7)**		**(38.7)**	**0.0**
Treasury shares		(0.3)				0.1		**(0.2)**		**(0.2)**	
Share-based payment[d]		0.1 [e]					0.7	**0.8**		**0.8**	
Changes in ownership interest								**0.0**		**0.0**	**(0.4)** [f]
Equity at December 31, 2013	**12.0**	1,134.0	(26.8)	2.5	(27.0)	(0.8)	2.5	**1,084.5**	**164.3**	**1,260.8**	**6.5**
Total comprehensive income for the year			39.0	(0.4)	(15.2)			**23.3**	**134.9**	**158.2**	**1.2**
Appropriation of 2013 net income		164.3						**164.3**	**(164.3)**	**0.0**	
Dividends paid[c]		(39.5)						**(39.5)**		**(39.5)**	**0.0**
Treasury shares		(0.2)				0.3		**0.2**		**0.2**	
Share-based payment[d]							1.2	**1.2**		**1.2**	
Capital increase		(0.1) [i]						**(0.1)**		**(0.1)**	**0.1** [i]
Equity at December 31, 2014	**12.0**	**1,258.6** [j]	**12.1** [k]	**2.0**	**(42.2)**	**(0.4)**	**3.8**	**1,234.0**	**134.9**	**1,380.9**	**7.8** [l]

[a] Including €63.7 million in additional paid-in capital.
[b] Including changes in the fair value of Labtech shares and hedging instruments.
[c] Dividend per share: €1.00 in 2014 and €0.98 in 2013.
[d] Fair value of benefits related to the share grants are being recognized over the vesting period.
[e] Free shares vested and delivered to beneficiaries.
[f] Non-controlling interests in Adiagène.
[g] Actuarial gains and losses on employee benefit obligations.
[h] Data at December 31, 2012 have been restated to reflect the impact of applying the amended IAS 19 "Employee Benefits".
[i] Capital increase at RAS Lifesciences.
[j] Including €802 million in distributable reserves at bioMérieux SA.
[k] See Note 13.2.
[l] Including Shanghai bioMérieux Bio-engineering, bioMérieux Japan and RAS Lifesciences.

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 42 subsidiaries and a large network of distributors.

The consolidated financial statements were approved by the Board of Directors on March 10, 2015 but will only be considered definitive after approval by the Company's shareholders at the Annual General Meeting on May 28, 2015.

The consolidated financial statements are presented in millions of euros.

1. Significant events and changes in the scope of consolidation in 2014

1.1 Significant events of 2014

1.1.1 Finalization of the acquisition of BioFire Diagnostics Inc.

On January 16, 2014, bioMérieux acquired all outstanding shares of BioFire, a privately held U.S. company specialized in molecular biology. BioFire invented, manufactures and markets the FilmArray® system, a simple and rapid multiplex PCR molecular biology solution. FilmArray® makes it possible to take a syndromic approach to infectious disease diagnostics, and with a single reagent, identify the disease-causing organisms responsible for this syndrome, whether they are viruses or bacteria.

The acquisition price was USD 450 million (€330 million) plus the reimbursement of the company's debt (USD 40 million or €29.3 million) before cash and cash equivalents acquired (USD 6.8 million or €5 million).

Transaction related costs amounted to €1.9 million in 2013 and €7.8 million in 2014, recognized in "Fees and amortization of the BioFire purchase price" within operating income before non-recurring items (see Note 22).

The amortization expense relating to the assets acquired and remeasured as part of the purchase price allocation in 2014 (technologies, inventories, etc.) was also recognized in "Fees and amortization of the BioFire purchase price" within operating income before non-recurring items in the amount of €16.1 million.

The two acquirees (BioFire Diagnostics and BioFire Defense) were included from the date of acquisition in the 2014 interim consolidated financial statements of bioMérieux.

The purchase price allocation gave rise to the recognition of technologies for €243 million, other intangible assets (licenses, brands, etc.) for €25.1 million and the remeasurement of inventories acquired for €3.2 million. The Group also recognized future tax benefits in the amount of €26.6 million and tax loss carryforwards for €14.2 million, in addition to deferred tax liabilities on the fair value of the assets acquired for USD 104 million and residual goodwill for €115 million. Goodwill reflects the potential synergies on customer relationships and the commercial leads derived from the extension of the Group's service offering.

However, the purchase price accounting remains provisional at December 31, 2014.

BioFire generated consolidated sales of €78.5 million in 2014, including €66 million for the Diagnostics business, driven by the commercial success of its respiratory tests and growth in the FilmArray® installed base.

1.1.2 Microplates

As part of the streamlining of its product portfolio, bioMérieux decided to discontinue the production and commercialization of certain lines of microplate accounting for less than 1% of 2014 consolidated sales. These reagents – which are mainly produced in China by Shanghai Bioengineering Biotech as well as in Brazil – will either be completely discontinued at end-2015, or gradually wound down in the event of a transfer of skills and expertise to an investor.

The Company has therefore undertaken to seek an acquirer for this activity. At the end of December 2014, a Letter of Intent was issued by a potential acquirer with a view to purchasing the assets related to the activity (inventories, machines and installed base).

These assets (€8 million) have therefore been classified within "assets held for sale" at December 31, 2014. In view of the amount of the offer, no impairment losses were recognized against these assets.

1.1.3 Strategic partnership with Copan

On December 19, 2014, bioMérieux and Copan signed a strategic partnership in clinical microbiology laboratory automation. Under the terms of the agreement, Copan has granted distribution rights for its automated platforms (including the WASP® Walk-Away Specimen Processor and the WASPLab® solutions) to bioMérieux. This agreement allows bioMérieux to speed up deployment of its Lab Efficiency program.

In connection with the signing of the agreement, at December 31, 2014 the Group set aside provisions chiefly in respect of equipment that will no longer be utilized.

1.1.4 Changes to the bioMérieux Inc. pension plan

In 2014, bioMérieux Inc. proposed the payment of an indemnity in respect of pension entitlements of former employees. At December 31, 2014, the impact of the curtailment of the U.S. pension plan was a €4.2 million reversal of provisions recognized in operating income.

In 2013, bioMérieux Inc. had begun the curtailment of the existing defined benefit pension plan, which gave rise to a €12.5 million reversal of provisions recognized in operating income.

1.1.5 Partnership agreement with Astute Medical, Inc.

On December 29, 2014, bioMérieux and Astute Medical, a company dedicated to improving the diagnosis of high-risk medical conditions and diseases through the identification and validation of protein biomarkers, signed a worldwide, semi-exclusive agreement regarding the development of a test for the early risk assessment of acute kidney injury. Through this agreement, Astute Medical grants bioMérieux a license to develop, produce and market the NephroCheck® test for use on its VIDAS® , mini VIDAS® and VIDAS® 3 immunoassay system lines.

At December 31, 2014, USD 10 million in market entry fees were recognized in intangible assets.

1.1.6 CEERAM

On December 19, 2014, bioMérieux acquired all outstanding shares of Nantes-based CEERAM (France), a company specialized in virological detection using molecular biology technologies, thereby entering the market for food-related molecular virology tests.

The purchase price amounted to €2.75 million.

In view of its non-material nature and the fact that the acquisition was completed late in the year, CEERAM was not consolidated at December 31, 2014.

1.2 Summary of significant events in 2013

Durham site

During the first half of 2014, activity at the Durham plant, which is dedicated to the production of BacT/ALERT reagents, continued to be hindered by production problems, which led to a significant increase in costs due to the implementation of the action plan in response to the FDA inspection and its warning letter. Consequently, available blood culture bottle supplies were regularly disrupted, giving rise to additional transportation costs.

During the second half of the year, the site returned to a controlled, reliable state of manufacturing, while moving into a positive inventory situation.

Standard operating and quality control procedures have been revamped and all production lines are running on a 24-hour, seven-day a week schedule, thereby substantially increasing the site's output. The Durham plant resources have been durably reinforced with more than 90 new full-time employees hired in the Quality and Operations team.

In addition, the Durham team is continuing to dedicate its efforts to complete the deployment of the action plan following the FDA inspection and its warning letter.

The costs relating to this situation are estimated at USD 40 million for 2014, USD 11 million higher as compared to 2013.

1.3 Changes in the scope of consolidation

1.3.1 BioFire

On January 16, 2014, bioMérieux acquired all outstanding shares of BioFire, a privately held U.S. company specialized in molecular biology. As explained in Note 1.1.1, the two acquirees (BioFire Diagnostics and BioFire Defense) were included in bioMérieux's consolidated financial statements as from the acquisition date.

1.3.2 Advencis

On October 15, 2014, bioMérieux acquired all outstanding shares in Alsace-based industrial microbiology start-up Advencis. Advencis has developed an incubator whose innovative, proprietary technology is able to rapidly detect microbial contaminants in water used in manufacturing, particularly by pharmaceutical companies. The incubator enables the early detection of MSRA colonies and is expected to become commercially available in 2015.

The purchase price amounted to €9.4 million, after taking into account the company's debt, and includes contingent consideration for a total amount of €5 million, based on the achievement of three technical milestones.

Advencis has been consolidated by bioMérieux with effect from October 15, 2014.

At December 31, 2014, the initial purchase price accounting led to the recognition of technology for €6.6 million (including deferred tax liabilities), and goodwill for €3 million. Goodwill reflects the potential synergies with the Group's commercial offering.

The purchase price accounting was not definitive at December 31, 2014.

2. Summary of significant accounting policies

Standards, amendments and interpretations

The 2014 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, 2014.

The standards and interpretations adopted by the European Union can be consulted on the European Commission's website at (http://ec.europa.eu/finance/accounting/ias/index_en.htm).

The bioMérieux Group has applied the standards, amendments and interpretations that are mandatorily applicable to financial periods beginning on or after January 1, 2014, as described below. The application of these standards did not have a material impact on the Group's financial position or performance. The new standards, amendments and interpretations mainly concern:

– IFRS 10 "Consolidated Financial Statements".

– IFRS 11 "Joint Arrangements".

- IFRS 12 "Disclosure of Interests in Other Entities".
- Amendments to IFRS 10, 11 and 12 "Transition Guidance".
- Amendments to IAS 36 "Recoverable Amount Disclosures for Non-Financial Assets".

The application of these standards did not have a material impact on the Group's financial position or performance. In particular, the assessment of control criteria defined by IFRS 10 did not lead to any changes in the consolidation methods applied to companies within the scope of consolidation (the Group did not consolidate any entities using the proportional method in 2013). Furthermore, the Group does not use the fair value method to determine the recoverable amount of non-financial assets, except for assets held for sale.

bioMérieux elected not to early adopt the standards, amendments and interpretations adopted by the European Union by the reporting date – or not yet adopted by the European Union and available for early application – which come into force after December 31, 2014. This notably concerns IFRIC 21 "Levies", and the 2010-2012 and 2011-2013 "Annual Improvements" cycles. Based on the Group's current analysis, these standards, amendments and interpretations are not expected to have a material impact on consolidated equity. However, application of IFRIC 21 will have an unfavorable impact on first-half operating income.

bioMérieux does not expect the standards, amendments and interpretations published by the IASB and effective in 2014 but not yet adopted by the European Union (and not available for early adoption in Europe) to have a material impact on its consolidated financial statements in the coming reporting periods.

The financial statements of 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 recommendation 2013-03 issued on November 7, 2013.

The Group applies the indirect presentation method for the statement of cash flows, based on the format recommended by the CNC in recommendation 2013-03.

2.1 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 a significant change in the level of uncertainty related to these estimates and assumptions, except for the highly volatile discount rate used to measure employee benefit obligations, and assumptions related to translation adjustments (see Note 14.3).

2.2 Basis of consolidation

As described above, bioMérieux has applied the new consolidation standards with effect from January 1, 2014.

Companies over which bioMérieux has control are fully consolidated.

The Group determines whether it controls an investee based on the criteria set out in IFRS 10 (direct or indirect power over the investee to direct the financial and operating policies of the relevant activities, exposure to variability of returns and ability to use its power to affect the amount of the returns). Control is generally deemed to exist when the Group directly or indirectly owns more than one-half the voting rights of the investee. In determining whether control exists, the Group considers any currently exercisable potential voting rights, including those held by agents.

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.

Further to its assessment of joint arrangements based on the criteria set out in IFRS 11, the Group identified a number of joint ventures and no joint operations. Joint ventures are accounted for using the equity method.

Although governed by a proxy board, BioFire Defense has been fully consolidated in view of the fact that bioMérieux exercises control over the economic benefits of that company.

Subsidiaries are fully consolidated from the date on which control is effectively transferred to the Group.

The 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).

2.3 Financial year-end

All Group companies have a December 31 year-end, except for the Japanese subsidiary and certain Indian subsidiaries, for which interim accounts are drawn up and audited at the Group's reporting date.

2.4 Foreign currency translation

The functional currency of bioMérieux is the euro and the consolidated financial statements are presented in millions of euros.

2.4.1 Translation of the financial statements of foreign companies

The financial statements of foreign subsidiaries whose functional currency is not the euro are translated based on the principles set out below.

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 historical 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 net income 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 2014 were as follows:

Average rates					
1 EURO =	**USD**	**JPY**	**GBP**	**CNY**	**BRL**
2014	1.32	141	0.81	8.14	3.13
2013	1.33	130	0.85	8.16	2.87
2012	1.29	103	0.81	8.11	2.51

Year-end rates					
1 EURO =	**USD**	**JPY**	**GBP**	**CNY**	**BRL**
2014	1.21	145	0.78	7.54	3.22
2013	1.38	145	0.83	8.35	3.23
2012	1.32	114	0.82	8.22	2.7

2.4.2 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 26.1 "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.

3. Operating income before non-recurring items and segment information

3.1 Recurring income

Revenue is accounted for in accordance with IAS 18 "Revenue".

3.1.1 Sales

Revenue from the sale of products (reagents and instruments) and related services (technical support, training, shipping, etc.) is reported as "Sales" in the consolidated 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 6.4).

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.

3.1.2 Other operating income

Ancillary revenue – which essentially consists of net income from royalties – is included in "Other operating income" and is recognized when earned. Research tax credits are also presented under "Other operating income" (see Note 18).

From 2013, in order to harmonize the accounting presentation with research tax credits, research grants are recognized in other operating income (€2.4 million in 2013). Research grants were previously recognized as a deduction from research expenditure.

3.2 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.

Operating expenses

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. From 2013, grants received under research programs are no longer deducted from development expenses and are presented in other operating income (see Note 3.1.2).

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.

Other information relating to recurring 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.

In the context of long-term employee benefits, current service costs and interest expense net of the return on plan assets are recognized within operating income before non-recurring items.

CICE tax credits (*crédit d'impôt pour la compétitivité et l'emploi*) designed to promote competitiveness and employment are recognized as a deduction from personnel costs.

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 income.

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).

3.3 Contributive operating income and operating income before non-recurring items

The Group's key financial performance indicator is contributive operating income before non-recurring items, corresponding to recurring income less recurring expenses as defined in Notes 3.1 and 3.2, excluding non-recurring income and expense from operations (as defined in Note 23.1) as well as the acquisition-related fees and amortization of the assets acquired and valued during the BioFire purchase price allocation.

The BioFire acquisition-related fees are presented on a separate line within operating income before non-recurring items. In order to facilitate year-on-year comparisons, the data published at December 31, 2013 have been adjusted. Depreciation and amortization charges relating to prior acquisitions have not been restated as they are not deemed to be individually material.

Operating income before non-recurring items is the sum of contributive operating income before non-recurring items and acquisition-related fees and amortization of the assets acquired and valued during the BioFire purchase price allocation (see Note 22).

3.4 Segment information

Pursuant to IFRS 8 "Operating Segments", the Group has identified only one operating segment (the *in vitro* diagnostics segment) and no geographic segments.

In accordance with IFRS 8, in Note 3.5 the Group discloses information on sales and assets broken down by geographic area which has been prepared using the same accounting policies as those applied to prepare the consolidated financial statements. For information purposes, a number of operating performance indicators (gross profit and contributive operating income before non-recurring items) corresponding to regional and corporate activities have been added for the year ended December 31, 2014. However, in the absence of available information, the Group does not present comparative data for 2013 in Note 3.5.

3.5 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.

2014 *In millions of euros*	Americas	EMEA	ASPAC	bioTherapnostics	Corporate	Group
Consolidated sales	**561.9**	**818.0**	**300.1**	**11.1**	**7.2**	**1,698.4**
Cost of sales	(288.5)	(391.8)	(151.6)	(4.7)	(17.3)	(853.9)
Gross profit	**273.4**	**426.2**	**148.5**	**6.4**	**(10.1)**	**844.5**
Other operating income and expenses	(113.0)	(125.2)	(50.9)	(16.5)	(312.1)	(617.7)
Contributive operating income before non-recurring items	**160.4**	**301.0**	**97.6**	**(10.1)**	**(322.2)**	**226.8**

DECEMBER 31, 2014 *In millions of euros*	Americas	EMEA	ASPAC	bioTherapnostics	Corporate	Group
Non-current assets						
Intangible assets	14.4	32.8	5.5		407.4	**460.1**
Goodwill					437.8	**437.8**
Property, plant and equipment	188.2	210.3	25.6		62.8	**486.9**
Current assets						
Inventories and work-in-progress	118.2	145.6	35.5			**299.2**
Trade receivables	138.1	241.4	69.8			**449.3**
Assets held for sale		4.3	3.8	52.7		**60.8**

Regional data include commercial activities, corresponding mainly to sales in each of the corresponding geographic areas, the related cost of goods sold and operating expenses necessary for these commercial activities, as well as the unallocated costs of the relevant production sites.

Corporate data mainly include the research costs incurred by the Clinic and Industry units, as well as the costs incurred by the Group's corporate functions.

Revenue related to the co-development of companion tests is presented in Corporate data as revenue from the Clinic and Industry units.

3.6 Information by technology and application

The table below provides a breakdown of sales by technology and application:

In millions of euros	2014	2013
Clinical applications	**1,341.0**	**1,241.7**
Microbiology	801.8	793.5
Immunoassays	386.0	363.8
Molecular biology	137.3	68.6
Other product lines	15.9	15.8
Industrial applications	**326.8**	**329.7**
Total per application	**1,667.8**	**1,571.4**
Revenues from joint development programs	7.2	7.5
BioFire Defense	12.3	
bioTheranostics	11.1	9.0
Total	**1,698.4**	**1,587.9**

4. Intangible assets

4.1 Accounting policies

4.1.1 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 consolidated 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. In practice, all subsequent costs are expensed.

4.1.2 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.

Significant 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, on a phased basis where applicable.

Intangible assets are carried at their initial cost less accumulated amortization and any accumulated impairment losses. Amortization is recognized in the consolidated income statement based on the assets' function. Impairment losses are recognized under "Other non-recurring income and expenses from operations, net" if they meet the applicable definition (see Note 23.1). For ERP-type management software, any termination of a project or batch constitutes an indication that the asset is impaired.

4.2 Changes during the year

Gross value *In millions of euros*	Patents Technologies	Software	Other	Total
December 31, 2012	**152.7**	**98.9**	**23.4**	**275.0**
Translation adjustments	(4.1)	(2.6)	(0.8)	(7.5)
Acquisitions/Increases	3.7	3.8	12.7	20.2
Changes in Group structure	0.0	0.0	0.0	0.0
Disposals/Decreases	(7.2)	(0.6)	(2.1)	(9.9)
Reclassifications	(1.3)	7.2	(5.9)	0.0
December 31, 2013	**143.8**	**106.7**	**27.3**	**277.8**
Translation adjustments	39.4	3.8	0.8	44.0
Acquisitions/Increases	13.7	7.8	10.5	32.0
Changes in Group structure	278.7	1.5	1.8	282.0 (a)
Disposals/Decreases	(1.5)	(0.7)	(0.1)	(2.3)
Reclassifications	0.9	9.7	(9.7)	0.9
December 31, 2014	**474.9**	**128.8**	**30.8**	**634.5**

Amortization and impairment *In millions of euros*	Patents Technologies	Software	Other	Total
December 31, 2012	**62.1**	**52.8**	**3.1**	**118.0**
Translation adjustments	(2.2)	(1.0)	(0.2)	(3.4)
Additions	13.9	9.7	0.5	24.1
Reversals/Disposals	(7.3)	(0.6)	(2.0)	(9.9)
Reclassifications	(0.6)	0.0	(0.1)	(0.7)
December 31, 2013	**65.9**	**60.9**	**1.3**	**128.1**
Translation adjustments	5.4	2.3	0.3	8.0
Additions	22.3	12.2	2.3	36.8
Changes in Group structure	1.0	0.7	1.2	2.9 (a)
Reversals/Disposals	(1.5)	(0.6)	0.0	(2.1)
Reclassifications	0.5	0.5	(0.3)	0.7
December 31, 2014	**93.6**	**76.0**	**4.8**	**174.4**

Carrying amount *In millions of euros*	Patents Technologies	Software	Other	Total
December 31, 2012	**90.6**	**46.1**	**20.3**	**157.0**
December 31, 2013	**77.9**	**45.8**	**26.0**	**149.7**
December 31, 2014	**381.4**	**52.8**	**25.9**	**460.1**

(a) BioFire (€269 million) and Advencis (€10 million) acquisitions.

Intangible assets increased by €310 million year on year, reflecting the recognition of technology acquired as part of the BioFire transaction and at the time of the acquisition of control in Advencis, as well as the capitalization of the costs incurred in the development and rollout of the global ERP.

5. Goodwill

5.1 Accounting policies

In application of IFRS 3R, 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 income, 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 income after the acquisition date (including during the measurement period). The amount of contingent consideration is discounted if the impact is material and any discounting adjustments to the carrying amount of the liability are recognized in "Cost of net debt".

For business combinations in which the Group holds less than 100% of the equity interest in the acquiree at the acquisition date, the non-controlling interest in the acquiree is measured on an acquisition-by-acquisition basis, either at fair value (full goodwill method) or at the non-controlling interest's proportionate share of the acquiree's net assets (partial goodwill method).

When the Group purchases an additional interest in an acquired entity after the acquisition date, the difference between the consideration paid and the Group's share in the acquiree's net assets is recognized directly in consolidated reserves. Similarly, if the Group sells an interest in an acquired entity without losing control, the resulting impact is also recognized directly in consolidated reserves.

Goodwill is recognized on a separate line of the balance sheet at cost less any accumulated impairment losses. Any negative goodwill is recognized directly in income during the year in which the controlling interest was acquired.

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 (see Note 5.2). 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. The methods used for performing the tests and recognizing any identified impairment losses are described in Note 5.2 "Impairment of non-current assets".

5.2 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 consolidated 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 cash-generating unit (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 technology] which generate cash flows as a result of products based on the same technology).

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 was allocated an 11-year projection period in 2014 (14-year period in 2013) in order to take into account the particular circumstances of this market and the BioFire business development strategy.

Exceptionally, the recoverable amount of the bioTheranostics CGU was determined based on fair value (see Note 5.3) to reflect the ongoing search for new 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 in 2014 of 2.5% (see Note 5.3).

Cash flow projections do not include any expansion investments or restructurings that have not already commenced.

The discount rate applied to cash flows corresponds to the weighted average cost of capital (WACC), calculated using a risk-free rate (French government OAT bond rate), the equity market risk premium and the beta ratio (which adjusts the overall equity market risk in relation to the specific industry risk). In certain cases, a specific risk premium is included, chiefly to reflect technology risk and the individual market risk. The WACC determined by the Group is compared with the figure calculated by analysts who track the Company's stock. The discount rate calculated for the main CGUs (technology product lines) is between 8.9% and 13% for 2014, and between 9% and 12% in 2013. These rates are net of tax, although applying a 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 changes in certain actuarial and operating assumptions (see Note 5.3).

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 "Other non-recurring income and expenses from operations" if they meet the applicable definition (see Note 22.1). Impairment losses against goodwill in respect of fully consolidated entities may not be reversed unless the asset is sold.

5.3 Changes during the year

Goodwill *In millions of euros*	**CGU**	**Dec. 31, 2014**	**Dec. 31, 2013**	**Dec. 31, 2012**
BioFire[(a)]	Molecular biology	129.3	-	-
AES	Industrial applications	126.1	126.1	126.1
AB bioMérieux	Bacteriology	65.7	69.7	71.9
Organon Teknika	Bacteriology	51.9	50.2	51.3
Argène	Molecular biology	19.3	19.3	19.3
PML	Industrial applications	11.8	11.8	12.4
Bacterial Barcodes	Bacteriology	8.0	7.1	7.4
BTF	Industrial applications	6.0	5.7	7.0
bioMérieux Inc.	Bacteriology	4.7	2.5	2.6
Advencis[(a)]	Industrial applications	3.0	-	-
MDI	Bacteriology	1.9	1.9	2.0
bioMérieux Spain	Bacteriology	1.8	1.8	1.8
bioMérieux Poland	Entity	1.7	1.7	1.8
bioMérieux Greece	Entity	1.7	1.7	1.7
Micro Diagnostics	Bacteriology	1.7	1.6	2.0
Zenka	Bacteriology	1.5	1.3	1.4
bioMérieux South Africa	Entity	1.4	1.4	1.8
RAS Lifesciences	Molecular biology	0.5	0.4	0.5
bioMérieux Brazil	Entity	0.0	0.0	0.4
Biotrol	Biochemistry	0.0	0.9	2.0
Carrying amount		**437.8**	**305.0**	**313.1**

[(a)] Provisional goodwill in accordance with IFRS 3R.

No provisional goodwill was recognized in the consolidated financial statements at December 31, 2013.

Movements in this caption can be analyzed as follows:

In millions of euros	**Carrying amount**
December 31, 2012	**313.1**
Translation adjustments	(6.6)
Impairment[(a)]	(1.5)
December 31, 2013	**305.0**
Translation adjustments	15.9
Changes in Group structure[(b)]	117.8
Impairment[(c)]	(0.9)
December 31, 2014	**437.8**

(a) Biotrol (€1.1 million) and bioMérieux Brazil (€0.4 million).
(b) BioFire and Advencis goodwill.
(c) Biotrol (€0.9 million).

The impairment tests carried out in 2014 in accordance with the rules set out in Note 5.3 led to the recognition of a €0.9 million impairment loss against Biotrol, reducing its carrying amount to nil. The results of the impairment test did not lead to the recognition of impairment losses against the CGU's other assets.

Further to the impairment tests carried out in 2013, the Group recognized impairment losses against the following items:

– Biotrol goodwill for €1.1 million, bringing accumulated impairment losses to €3.9 million. The net residual value of this goodwill was €0.9 million at December 31, 2013;

– the full amount of bioMérieux Brazil goodwill (tested on an individual basis at the level of bioMérieux Brazil), representing €0.4 million. The tests did not lead to the recognition of impairment losses on the CGU's other assets.

The inputs used in the impairment tests carried out on the Group's main CGUs are set out below:

CGU	2014			2013		
	Carrying amount[(a)]	Discount rate	Perpetuity growth rate	Carrying amount[(a)]	Discount rate	Perpetuity growth rate
Molecular biology	149.0	13.0%	2.5%	19.7	12.0%	2.5%
Industrial applications	146.9	8.9%	2.0%	143.7	9.0%	2.0%
Bacteriology	146.2	9.5%	2.0%	136.0	9.0%	2.0%
Biochemistry	0.0	9.0%	-	0.9	9.0%	-

(a) Net amount of goodwill allocated to the CGU.

In accordance with IAS 1 "Presentation of Financial Statements", the notes to the financial statements were adapted and only present the impairment tests resulting in material impairment losses for the Group. The explanatory notes do not therefore include the inputs used to test bioMérieux Poland, bioMérieux Greece and bioMérieux South Africa, or the analysis of their sensitivity to changes in assumptions.

An analysis was carried out to assess the sensitivity of the impairment tests to changes in discount rates (adverse change of 100 basis points), perpetuity growth rates (adverse change of 50 basis points) and the operating margin (fall of 500 basis points in the ratio of operating income before non-recurring items to terminal value). Further to this analysis, no additional impairment losses would be recognized against any of the CGUs.

6. Property, plant and equipment – Finance lease receivables

6.1 Accounting policies

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 material borrowing costs as it does not have a material level of debt in respect of the acquisition of property, plant and equipment.

Routine maintenance and repair costs of property, plant and equipment are expensed as incurred. Other subsequent expenses are capitalized only if they satisfy the applicable recognition criteria, such as for replacing an identified component.

Property, plant and equipment is carried at cost less accumulated depreciation and any accumulated impairment losses.

Items of property, plant and equipment are depreciated using the straight-line method, with their depreciable value corresponding to cost as they are not considered to have any material residual value.

The assets are depreciated over their useful lives as follows:

- Machinery and equipment: 3-10 years
- Instruments: 3-5 years
- Shell: 30-40 years
- Finishing work, fixtures and fittings: 10-20 years

Depreciation periods in respect of buildings are calculated separately for each component.

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 5.2) is less than its carrying amount, either its useful life is adjusted or an impairment loss is recorded in "Other non-recurring income and expenses from operations", if the applicable definition is met (see Note 23.1).

Capital gains on intra-group sales of property, plant and equipment (mainly instruments) are eliminated in consolidation. The impact of this elimination (€9.2 million at December 31, 2014) is not deducted from property, plant and equipment but is included in "Deferred income".

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".

6.2 Analysis of movements in property, plant and equipment

GROSS VALUE *In millions of euros*	Land	Buildings	Machinery and equipment	Capitalized instruments	Other	Assets under construction	Total
December 31, 2012	**25.2**	**302.0**	**257.9**	**333.0**	**95.1**	**48.6**	**1,061.8**
Translation adjustments	(0.4)	(5.0)	(4.0)	(15.9)	(3.8)	(1.6)	**(30.7)**
Acquisitions/Increases	7.3	13.2	12.9	30.3	5.2	37.7	**106.6**
Disposals/Decreases		(0.5)	(7.9)	(37.2)	(3.5)	(0.2)	**(49.3)**
Reclassifications	1.6	8.7	14.5	0.7	4.4	(30.7)	**(0.8)**
December 31, 2013	**33.7**	**318.4**	**273.4**	**310.9**	**97.4**	**53.8**	**1,087.6**
Translation adjustments	1.1	12.7	11.8	8.3	6.0	6.4	**46.4**
Changes in Group structure		12.4	8.0	1.8	2.7	1.6	**26.5**
Acquisitions/Increases	0.5	6.7	15.9	31.3	5.8	73.8	**134.0**
Disposals/Decreases	0.0	(2.7)	(9.6)	(32.6)	(2.5)	(0.7)	**(48.0)**
Reclassifications	1.8	4.9	10.7	(9.9)	16.4	(40.0)	**(16.2)**
December 31, 2014	**37.1**	**352.4**	**310.3**	**309.8**	**125.8**	**94.8**	**1,230.2**

DEPRECIATION AND IMPAIRMENT *In millions of euros*	Land	Buildings	Machinery and equipment	Capitalized instruments	Other	Assets under construction	Total
December 31, 2012	**1.1**	**152.8**	**177.1**	**271.0**	**72.8**		**674.8**
Translation adjustments		(2.3)	(2.5)	(12.4)	(2.8)		**(20.0)**
Additions	0.1	15.2	21.1	27.2	7.6		**71.2**
Disposals/Decreases		(0.5)	(7.6)	(32.3)	(3.2)		**(43.6)**
Reclassifications		0.2	(0.3)	0.5	(0.1)		**0.3**
December 31, 2013	**1.2**	**165.4**	**187.8**	**254.0**	**74.3**		**682.7**
Translation adjustments	0.1	5.9	7.3	6.3	4.3		**23.8**
Changes in Group structure		2.1	3.8	0.8	1.6		**8.4**
Additions	0.2	18.8	24.8	28.1	8.6		**80.5**
Disposals/Decreases	0.0	(3.3)	(9.4)	(27.6)	(2.2)		**(42.6)**
Reclassifications	(0.1)	(0.3)	(3.9)	(12.5)	7.3		**(9.5)**
December 31, 2014	**1.4**	**188.6**	**210.3**	**249.2**	**93.8**		**743.3**

CARRYING AMOUNT *In millions of euros*	Land	Buildings	Machinery and equipment	Capitalized instruments	Other	Assets under construction	Total
December 31, 2012	**24.1**	**149.2**	**80.8**	**62.0**	**22.3**	**48.6**	**386.7**
December 31, 2013	**32.5**	**152.9**	**85.6**	**56.9**	**23.1**	**53.8**	**404.8**
December 31, 2014	**35.8**	**163.7**	**100.0**	**60.7**	**32.0**	**94.8**	**486.9**

Changes in the scope of consolidation in 2014 mainly correspond to the acquisition of BioFire.

Reclassifications in 2014 mainly concern the non-current assets of the Microplates activity which are now presented in assets held for sale (€4 million).

In 2014, the main additions for the year correspond to capacity investments, in particular for a new production line for blood culture bottles in Durham (€17 million) and a new production line for culture media in France (€8 million), as well as preliminary investments for the construction of the Group's future global headquarters (€11 million).

6.3 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 6.1.

The corresponding finance lease liability for these capitalized assets – which is included in the balance sheet under borrowings – was €2.8 million at December 31, 2014 and €3.8 million at December 31, 2013 (see Note 15.6).

In millions of euros	Land	Buildings	Machinery and equipment	Other	Total
December 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**
December 31, 2013					
Gross value	0.4	10.1	0.8	2.4	13.7
Accumulated depreciation	0.0	(3.2)	(0.7)	(2.2)	(6.1)
Carrying amount	**0.4**	**6.9**	**0.1**	**0.2**	**7.6**
December 31, 2014					
Gross value	0.4	10.1	0.8	2.4	13.7
Accumulated depreciation	0.0	(3.6)	(0.7)	(2.3)	(6.6)
Carrying amount	**0.4**	**6.5**	**0.1**	**0.1**	**7.1**

6.4 Finance lease receivables

Certain instruments are sold under finance lease arrangements (see Note 6.1). The usual lease term is five years and the interest rate applied is around 10%.

Finance lease receivables totaled €35.2 million at December 31, 2014.

In millions of euros	Due within 1 year	Due in 1 to 5 years	Due beyond 5 years	**Total**
Gross value of finance lease receivables	15.2	23.4	0.2	**38.8**
Accrued interest	(1.6)	(1.7)	0.0	**(3.3)**
Present value of minimum future lease payments	13.6	21.7	0.2	**35.5**
Impairment losses	(0.3)			**(0.3)**
Net present value of minimum future lease payments	13.3	21.7	0.2	**35.2**

The current portion of finance lease receivables is shown in trade receivables (see Note 10), while the non-current portion is carried in other non-current assets for €21.9 million.

7. Non-current financial assets

7.1 Accounting policies

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 26. Capital gains and losses on the sale of securities are recognized in accordance with the FIFO (first-in-first-out) method.

7.2 Changes during the year

In millions of euros	Dec. 31, 2014	Dec. 31, 2013	Dec. 31, 2012
Loans and receivables	6.7	6.9	6.8
Available-for-sale financial assets	25.5	24.9	27.7
Financial assets at fair value through income under the fair value option	0.1	0.1	0.2
Interest in Ceeram in the process of consolidation	2.8		
Total	**35.1**	**31.9**	**34.7**

Loans and receivables include a guarantee covering the Group's pension obligations in Germany in the amount of €2.9 million.

In millions of euros	Gross value	Impairment and changes in fair value	Carrying amount
December 31, 2012	**50.3**	**15.6**	**34.7**
Translation adjustments	(0.6)	(0.1)	(0.5)
Acquisitions/Increases	1.6	2.7	(1.1)
Disposals/Decreases	(0.2)	(0.2)	0.0
Reclassifications	(1.2)		(1.2)
December 31, 2013	**49.9**	**18.0**	**31.9**
Translation adjustments	0.9	0.5	0.4
Acquisitions/Increases	3.4	0.0	3.4
Disposals/Decreases	(3.2)	(2.2)	(1.0)
Reclassifications	0.3		0.3
December 31, 2014	**51.4**	**16.3**	**35.1**

Acquisitions for 2014 mainly concern bioMérieux SA's investment in Ceeram (€2.8 million).

Disposals and decreases for the year chiefly relate to the retirement of Europrotéome shares following its liquidation (the gross value of €2 million had previously been written down in full) as well as deposits and guarantees (€0.6 million).

Reclassifications for the year include changes in the fair value of Labtech shares recognized in other comprehensive income (€0.2 million).

In millions of euros	Carrying amount	Statutory data			Latest available financial data
		% ownership	Equity excl. net income	Net income/(loss) for the year	
Available-for-sale financial assets					
Quanterix	11.8	14.0%	(34.1)	(5.3)	Dec. 31, 2013
Biocartis Group	7.8	3.5%			First financial period: 2014
Virgin Instruments	2.1	17.2%	1.4	(0.0)	Dec. 31, 2013
ReLia	1.7	7.0%	(3.7)	(0.9)	Dec. 31, 2013
MyCartis	1.2	3.9%	2.4	(2.2)	Dec. 31, 2013
Labtech	0.7	9.8%	9.1	0.2	June 30, 2014
ATI	0.3	1.8%	11.0	(1.4)	Dec. 31, 2013
Dynavax Technologies	0.1	0.1%	183.5	(50.2)	Dec. 31, 2013
Total	**25.5**				

8. Inventories and work-in-progress

8.1 Accounting policies

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 actual production cost, including direct and indirect costs.

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.

8.2 Changes during the year

In millions of euros	Dec. 31, 2014	Dec. 31, 2013	Dec. 31, 2012
Raw materials	100.3	85.5	84.7
Work-in-progress	49.6	41.2	37.8
Finished products and goods held for resale	176.6	156.3	142.0
Gross value	**326.6**	**283.1**	**264.5**
Raw materials	(5.8)	(5.5)	(4.7)
Work-in-progress	(4.8)	(3.4)	(2.5)
Finished products and goods held for resale	(16.7)	(12.4)	(11.3)
Impairment losses	**(27.3)**	**(21.4)**	**(18.5)**
Raw materials	94.5	80.0	80.1
Work-in-progress	44.8	37.8	35.2
Finished products and goods held for resale	159.9	143.9	130.6
Carrying amount	**299.2**	**261.7**	**245.9**

Inventories relating to instruments account for 30% of the gross value of this caption.

No pledges of inventories had been granted at December 31, 2014.

9. Trade receivables

In millions of euros	Dec. 31, 2014	Dec. 31, 2013	Dec. 31, 2012
Gross trade receivables	468.5	439.6	458.2
Impairment losses	(19.2)	(19.0)	(24.8)
Carrying amount	**449.3**	**420.5**	**433.4**

In total, 29.6% of the Group's trade receivables are due from government agencies and may be paid later than the date shown on the invoice.

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 are less than six months. They include the short-term portion of finance lease receivables (see Note 6.4). Net past-due receivables owed by private-sector companies represented 14.3% of total outstanding trade receivables at end-2014, versus 18.9% at end-2013.

10. Other receivables

In millions of euros	Dec. 31, 2014	Dec. 31, 2013	Dec. 31, 2012
Advances and downpayments	4.1	2.8	4.9
Pre-paid expenses	10.5	7.3	8.2
Other	68.0	57.5	58.2
Impairment losses	(0.1)	(0.1)	(0.1)
Carrying amount of other operating receivables	**82.5**	**67.5**	**71.2**
Current tax receivable	**21.0**	**7.7**	**20.7**
Carrying amount of non-operating receivables	**19.6**	**10.9**	**8.4**

Other operating receivables chiefly comprise research tax credit receivables (€35.6 million at December 31, 2014 versus €36.3 million at end-2013 and €29.7 million at end-2012), and other tax-related receivables. CICE tax credit receivables stood at €6.1 million at end-2014, versus €2.5 million at December 31, 2013.

The non-current portion of operating receivables amounted to €39.1 million and includes research tax credits (€32 million) and CICE tax credit receivables (€6.1 million).

Non-operating receivables relate mainly to the fair value of derivative instruments (€17.7 million at end-2014 versus €9.9 million at December 31, 2013) (see Note 26.2).

11. Cash and cash equivalents

11.1 Accounting policies

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 income (see Note 26).

None of the Group's investments are pledged or subject to restrictions.

11.2 Changes during the year

In millions of euros	Dec. 31, 2014	Dec. 31, 2013	Dec. 31, 2012
Cash at bank and in hand	91.6	138.1	49.5
Cash pooled with Institut Mérieux	5.5	27.0	15.0
Short-term investments	22.6	262.9	1.1
Cash and cash equivalents	**119.7**	**428.0**	**65.6**

A portion of cash investments are in SICAV money-market funds (€9.4 million at December 31, 2014 versus €2.9 million at end-2013).

At the end of 2013, cash proceeds from the bonds issued to fund the acquisition of BioFire in the U.S. were invested in term accounts or in various monetary funds for €260 million.

Investments are placed with leading credit institutions. No adjustments were recognized in respect of the risk of non-collection associated with these financial assets following the analysis carried out pursuant to IFRS 13 (see Note 27).

Cash investments in SICAV money-market funds are as follows:

	Dec. 31, 2014	Dec. 31, 2013	Dec. 31, 2012
Investment	3-month SICAV CA AM	3-month SICAV CA AM	3-month SICAV CA AM
Amount	€9.4 million	€2.9 million	€1.1 million
Type	Short-term money market fund	Short-term money market fund	Short-term money market fund
ISIN code	FR0000296881	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.

12. Assets and liabilities held for sale

12.1 Accounting policies

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. The related assets were sold at the end of June 2014.

In view of the Group's search for new partners, at December 31, 2012, the assets and liabilities of bioTheranostics were reclassified within assets held for sale and liabilities related to asset held for sale.

Impairment tests were carried out by comparing the value of the net assets to the fair value less costs to sell (see Note 5.2).

Lastly, following the decision to streamline the production and commercialization of certain lines of microplate, the related assets were reclassified to assets held for sale with effect from December 31, 2014 (see Note 1.1.2).

12.2 Changes during the year

In millions of euros	Dec. 31, 2014	Dec. 31, 2013	Dec. 31, 2012
Assets held for sale	**60.8**	**50.3**	**45.7**
o/w Boxtel site		9.2	10.2
o/w bioTheranostics	52.7	41.1	35.5
o/w Microplates activity	8.1		
Liabilities related to assets held for sale[(a)]	**24.2**	**12.7**	**13.0**

(a) bioTheranostics.

At December 31, 2014, the Group was committed to sale processes for its interest in bioTheranostics and a portion of its Microplates business. The related assets and liabilities were reclassified in the consolidated balance sheet within items held for sale.

Boxtel site

In 2013, based on a valuation of the property carried out in September 2013 which valued the site at €9.2 million (net of €0.3 million in disposal costs), the Group recognized an additional €1 million impairment loss during the year within other non-recurring income and expense.

The Boxtel site was sold in the first half of 2014 for an amount of €10 million excluding disposal costs. After accounting for the costs associated with the disposal of the site, the impact on the consolidated financial statements was not material at December 31, 2014.

bioTheranostics

In 2012, the Group reclassified the net assets of bioTheranostics within "assets held for sale" in an amount of €35.5 million. 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, less costs to sell.

In 2013 and 2014, the Group pressed ahead with the search for new partners to speed up the development of bioTheranostics. Accordingly, and in view of the planned divestment, bioTheranostics' assets were maintained at their end-2012 fair value within assets held for sale. At December 31, 2014, bioTheranostics' assets amounted to €52.7 million (including €23.9 million in impairment) and its liabilities stood at €24.2 million.

Microplates business

In order to streamline its commercial offering, bioMérieux has initiated a plan to dispose of its Microplates business (see Note 1.1.2). At December 31, 2014, the related assets were classified within assets held for sale in an amount of €8.1 million, including €10 million in impairment.

13. Shareholders' equity and earnings per share

13.1 Share capital

The Company's share capital amounted to €12,029,370 at December 31, 2014 and was divided into 39,453,740 shares, of which 26,215,915 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, 2014.

There were no changes in the number of outstanding shares in 2014.

The Company is not subject to any specific regulatory or contractual obligations in terms of its share 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.

13.2 Cumulative translation adjustments (excluding non-controlling interests)

In millions of euros	Dec. 31, 2014	Dec. 31, 2013	Dec. 31, 2012
U.S. dollar[(a)]	17.9	(20.8)	(9.4)
Latin America	(2.4)	(1.5)	1.8
Europe - Middle East - Africa	(11.8)	(7.5)	1.1
Other countries	8.4	2.0	9.4
Total	**12.1**	**(27.8)**	**2.8**

(a) U.S. and Hong Kong dollars.

In 2014, the change in cumulative translation adjustments was chiefly attributable to the acquisition of BioFire.

13.3 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 17.

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 impacts of all corresponding transactions recorded in the individual financial statements are also recognized directly in equity (disposal gains and losses, impairment etc.).

At December 31, 2014, the parent company held 4,339 of its own shares in connection with a liquidity agreement entered into with an independent investment firm for market-making purposes. During the year, the Company purchased 404,727 of its own shares and sold 410,288 in connection with the liquidity agreement.

At December 31, 2014, it also held 981 shares in treasury for allocation under the share grant plans authorized at various Annual General Meetings. During 2014, the Company acquired 5,000 shares to cover free share grants and definitively allocated 4,732 free shares to employees (see Note 18).

13.4 Other comprehensive income (expense)

The main components of other comprehensive income are changes in the fair value of available-for-sale financial assets, actuarial gains and losses on defined-benefit pension plans, changes in the fair value of cash flow hedges, changes in translation adjustments at subsidiaries whose reporting currency is not the euro, and changes in the value of property, plant and equipment and intangible assets (if measured at fair value).

In accordance with an amendment of IAS 1 effective from January 1, 2013, the Group presents other comprehensive income showing discretely the components of other comprehensive income that may or may not be subsequently reclassified to income.

13.5 Earnings per share

Basic earnings per share is calculated by dividing net income 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.

14. Provisions – Contingent assets and liabilities

14.1 Accounting policies

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.

Material contingent liabilities are disclosed in Note 14.5, unless the probability of an outflow of resources embodying economic benefits is remote.

Material contingent assets are disclosed in Note 14.5 where an inflow of economic benefits is probable.

14.2 Movements in provisions

In millions of euros	Pension and other employee benefit obligations	Product warranties	Restructuring	Disputes	Other contingencies and losses	Total
December 31, 2012	**100.7**	**3.4**	**1.0**	**6.8**	**2.1**	**114.0**
Additions	2.8	3.4	0.0	3.3	0.3	9.8
Reversals (utilizations)	(9.4)	(2.9)	(0.3)	(0.5)	(0.4)	(13.5)
Reversals (surplus)	(0.4)	(0.7)	(0.5)	(1.6)	(0.2)	(3.4)
Net additions (reversals)	(7.0)	(0.2)	(0.8)	1.2	(0.3)	(7.1)
Actuarial (gains) losses	(20.1)	0.0	0.0	0.0	0.0	(20.1)
Other changes	0.0	0.0	0.0	0.0	(0.3)	(0.3)
Translation adjustments	(2.3)	(0.2)	0.0	(0.5)	0.0	(3.0)
December 31, 2013	**71.3**	**3.0**	**0.2**	**7.5** (a)	**1.5**	**83.5**
Additions	7.6	3.5	1.0	1.1	4.6	17.8
Reversals (utilizations)	(9.6)	(2.6)	(0.1)	(1.6)	(0.8)	(14.7)
Reversals (surplus)	(0.5)	(0.6)	(0.1)	(0.5)	(0.2)	(1.9)
Net additions (reversals)	(2.5)	0.3	0.8	(1.0)	3.6	1.2
Actuarial (gains) losses	24.3	0.0	0.0	0.0	0.0	24.3
Changes in Group structure	0.0	0.2	0.0	0.0	0.0	0.2
Other changes	0.0	0.0	0.0	(0.1)	0.0	(0.1)
Translation adjustments	6.7	0.1	0.0	0.5	0.1	7.4
December 31, 2014	**99.8**	**3.6**	**1.0**	**6.9** (a)	**5.2**	**116.5**

(a) See Note 14.4.1.

Provisions at December 31, 2012 are shown including the impact of the amended IAS 19.

Provisions for product warranties are recognized based on an estimate of the costs relating to the contractual warranty for instruments sold over the remaining period under warranty.

Short-term provisions represented €11.1 million at December 31, 2014, €10.2 million at December 31, 2013 and €11 million at December 31, 2012.

Net additions in 2013 primarily affect operating income before non-recurring items for €1.4 million. Reversals of utilized provisions mainly concern contributions to the pension plan assets of U.S. companies.

14.3 Pension and other long-term benefit obligations

14.3.1 Accounting policies

14.3.1.1 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.

14.3.1.2 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 paid in the form of annuities (primarily in the U.S., France and Germany) and contractual retirement payments (primarily in France and Japan);
- health insurance for retired employees.

The Group's defined benefit pension obligation is estimated by actuaries, in accordance with the amended IAS 19, as presented hereafter.

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 are set out below in Note 14.3.2.

For the purpose of determining the discount rate, the Group analyzed various market rates and, as prescribed by the amended IAS 19, chose an estimated average of the Iboxx Corporate AA and Bloomberg indices (euro, U.S. dollar and pound sterling) at December 31, 2014, taking into account the average durations of the Group's plans where these differ from the observable maturities of the bonds used for those indices.

Post-employment benefit obligations are presented in the balance sheet for their total amount less the fair value of plan assets.

The impact on the service cost for the year and on the interest cost net of the return on plan assets is recognized in operating income before non-recurring items.

Impacts of changes in actuarial gains and losses related to benefit obligations and plan assets (actuarial assumptions and experience adjustments) are immediately recognized under other comprehensive income at their net-of-tax amount, and are not reclassified to income.

Impacts resulting from modifications to and curtailments of pension plans are immediately recognized in income. No modifications to pension plans occurred in 2014, other than those described in Note 1.1.4.

The expected return on plan assets recognized in income is calculated using the discount rate used to estimate the total benefit obligation.

Tests are performed to measure the sensitivity of the Group's post-employment benefit obligation to changes in certain actuarial assumptions (see Note 14.3.8).

IFRIC 14 "The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction" is not relevant to the Group.

14.3.1.3 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.

14.3.2 Assumptions used

Pension and other benefit obligations are covered by provisions and essentially concern the U.S. and France. These obligations are calculated by actuaries using several different assumptions.

The main assumptions used at December 31, 2013 and 2014 were as follows:

	France		U.S.	
	Dec. 31, 2014	Dec. 31, 2013	Dec. 31, 2014	Dec. 31, 2013
Expected salary increase rate	2.50%	3.00%	3.50%	3.50%
Discount rate	2.00%	3.00%	4.10%	4.75%
Average duration of plans	14.3	14.6	18.6	18.6

The expected return on plan assets corresponds to the discount rate applied to the Group's pension obligations, in accordance with the amended IAS 19.

14.3.3 Breakdown of provisions for employee benefits

In millions of euros	Dec. 31, 2014	Dec. 31, 2013
Post-employment benefits	88.6	61.0
Long service awards	11.2	10.2
Total provisions for long-term employee benefits	**99.8**	**71.3**

14.3.4 Change in provisions for post-employment benefit obligations

In millions of euros	Present value of obligation	Fair value of plan assets[(a)]	**Provisions for pensions**	Post-employment health insurance	**Total provisions for post-employment benefits**
December 31, 2013	**163.6**	**(104.2)**	**59.4**	**1.6**	**61.0**
Current service cost	5.6		**4.9**	0.0	**4.9**
Interest cost	7.3	(4.5)	**2.8**	0.1	**2.8**
Retirements	(15.2)	13.5	**(12.8)**	(0.1)	**(12.9)**
Plan modifications	(4.2)		**(4.2)**		**(4.2)**
Contributions	0.0	(7.0)	**(7.3)**		**(7.3)**
Impact on operating income	**(6.5)**	**1.9**	**(16.6)**	**0.0**	**(16.6)**
Actuarial gains and losses (Other comprehensive income [expense])	**25.9**	**(1.4)**	**24.7**	0.0	**24.7**
Other movements (incl. impact of exchange rates)	18.1	(10.5)	**19.4**		**19.4**
December 31, 2014	**201.1**	**(114.2)**	**86.9**	**1.7**	**88.6**

(a) Plan assets or scheduled payments.

Changes in actuarial gains and losses result mainly from the significant decrease in the discount rate applied for pension obligations in the eurozone (100 basis-point decrease) and the U.S. (65 basis-point decrease).

Changes in actuarial gains and losses result mainly from the U.S. pension plan.

In millions of euros	Present value of obligation	Fair value of plan assets[a]	**Provisions for pensions**	Post-employment health insurance	**Total provisions for post-employment benefits**
December 31, 2012[b]	**189.6**	**(100.4)**	**89.2**	**1.8**	**91.0**
Current service cost	10.3		**10.3**	0.0	**10.3**
Interest cost	6.7	(3.5)	**3.3**	0.1	**3.3**
Retirements	(5.9)	1.8	**(4.0)**	(0.1)	**(4.1)**
Plan modifications	(12.5)		**(12.5)**		**(12.5)**
Contributions		(7.6)	**(7.6)**		**(7.6)**
Impact on operating income	**(1.4)**	**(9.3)**	**(10.7)**	**0.0**	**(10.6)**
Actuarial gains and losses (Other comprehensive income [expense])	**(18.3)**	**(1.7)**	**(20.0)**	(0.2)	**(20.2)**
Other movements (incl. impact of exchange rates)	(6.4)	7.2	**0.9**		**0.9**
December 31, 2013	**163.6**	**(104.2)**	**59.4**	**1.6**	**61.0**

(a) Plan assets and scheduled payments.
(b) Under the amended IAS 19.

14.3.5 Net post-employment benefit expense for the year

In millions of euros	**2014**	**2013**
Current service cost	5.6	10.3
Return on plan assets	(4.5)	(3.5)
Interest expense on obligation	7.3	6.8
Plan curtailments and settlements	(4.2)	(12.5)
Total	**4.1**	**1.2**

Year-on-year changes in this expense relate primarily to the curtailment of a pension plan in the U.S. This plan generated a gain of €12.5 million in 2013, which is shown in operating income. In 2014, a payment was made to former U.S. employees to settle the obligation, which generated a gain of €4.2 million.

The current service cost decreased in 2014 due in particular to the curtailment of the U.S. pension plan in 2013.

14.3.6 Breakdown of net obligation by country

In millions of euros	Dec. 31, 2014			
	U.S.	France	Other countries	Total
Present value of obligation	153.5	28.4	19.2	201.1
Fair value of plan assets[(a)]	(96.3)	(15.1)	(2.9)	(114.2)
Provisions for pensions	**57.2**	**13.4**	**16.3**	**86.9**
Post-employment health insurance	1.7	0.0		1.7
Other long-term employee benefits				0.0
Total post-employment benefits	**58.9**	**13.4**	**16.3**	**88.6**
Long service awards		11.2		11.2
Total provision for pensions and other long-term benefits	**58.9**	**24.6**	**16.3**	**99.8**

(a) Plan assets or scheduled payments.

14.3.7 Information on plan assets

14.3.7.1 Allocation of plan assets

In millions of euros	Dec. 31, 2014		Dec. 31, 2013	
	France	U.S.	France	U.S.
Equities	0.8	37.8	1.0	31.0
Bonds	11.1	56.5	11.7	47.6
Other	1.0	0.7	1.3	1.1
Total	**12.9**	**95.0** [(a)]	**14.0**	**79.7** [(a)]

(a) Excluding scheduled payments.

Plan assets in France and in the U.S. are placed with insurance companies.

14.3.7.2 Actual return on plan assets

	2014	2013
France	3.2%	2.2%
U.S.	6.9%	5.9%

There was no change in accounting policy regarding the calculation of the actual return on the main plan assets in 2014.

14.3.8 Other information

The timing of future benefit payments at December 31, 2014 is as follows:

In %	Future benefit payments (as a % of net obligation)
Less than 1 year	5%
1-5 years	31%
Beyond 5 years	64%

A portion of these payments will be funded by the plan assets. Contributions will be decided on a yearly basis.

A 0.5-point increase in the discount rate would have had a positive impact of around 9% (€14.6 million) on the Group's defined benefit obligations.

14.4 Other provisions

14.4.1 Provisions for claims and litigation

The Group is involved in a certain number of claims arising in the ordinary course of business, the most significant of which are described below. Based on available information, the Group considers that these claims will not have a materially adverse impact on its ability to continue as a going concern. 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 €6.9 million at December 31, 2014 and €7.5 million at December 31, 2013.

In particular, the Group is involved in a dispute with a distributor over the termination of its distribution contract. There were no developments in this dispute in 2014. A provision has been set aside for the probable amounts that the Group will have to pay based on the plaintiff's claims. The provision totaled €4.2 million at December 31, 2014.

14.4.2 Provisions for tax disputes

Tax audit in Sweden

Sweden-based AB bioMérieux underwent a tax audit relating to the 2010 and 2011 financial years, resulting in a claim by the Swedish tax authorities for additional tax in a total amount of €3.5 million. Based on its position, the Swedish tax authorities also issued a provisional tax deficiency notice in respect of 2012 for a total amount of €1.5 million.

In agreement with it legal counsel, and based on the available information, AB bioMérieux considers that the Swedish tax authorities' claims are unfounded and is vigorously contesting their conclusions. The Group will pursue all available remedies to defend its position. The duration and outcome of this dispute cannot be anticipated at this stage of the proceedings. In October 2014, the court of first instance partially ruled in favor of AB bioMérieux, but upheld the claim that AB bioMérieux had been left with an insufficient margin in consideration for the use of its technology and brand.

AB bioMérieux appealed the court's decision in December 2014.

14.4.3 Other provisions for contingencies and losses

At December 31, 2014, other provisions for contingencies and losses increased by €3.7 million versus end-2013. These provisions notably include the costs of transitioning to the Lab Efficiency model further to the signing of a partnership agreement with Copan.

14.5 Contingent assets and liabilities

Tax audits in Italy

Further to two tax audits in Italy in respect of the 2004 to 2007 and 2009 to 2010 periods, bioMérieux Italy has received tax deficiency notices relating to transfer prices and the portion of shared costs allocated to this subsidiary.

The total amount claimed by the tax authorities is €43 million, breaking down as €23 million in income tax, €15 million in penalties and €5 million in accrued interest.

In agreement with its legal counsel, and based on the available information, the Company considers that the Italian tax authorities' claims are unfounded and is vigorously contesting their conclusions. The Group will pursue all available remedies to defend its position. The duration and outcome of this dispute cannot be anticipated at this stage of the proceedings. For each adjustment, the Company and bioMérieux Italy have initiated proceedings with the competent authorities of the French and Italian states based on the European Arbitration Convention of July 23, 1990, as amended by the protocol of May 25, 1999.

The deficiency notice for 2009 and 2010 was received in 2014, and the second proceedings based on the European Arbitration Convention opened during the year. These proceedings guarantee the elimination of the double taxation of companies from different Member States owing to an upward adjustment of profits of one of the companies in a Member State (as regards transfer pricing). In any event, the amounts of the tax adjustment included in the European mutual agreement procedures will be neutralized.

No other significant changes occurred in these disputes during 2014.

15. Net debt/Net cash

15.1 Consolidated statement of cash flows

The consolidated statement of cash flows is broadly 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 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 receivable from the sale of non-current assets.

Net cash and cash equivalents correspond to the Group’s net 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. EBITDA as presented by bioMérieux is equal to the sum of operating income before non-recurring items and net additions to depreciation and amortization.

In millions of euros	2014	2013
Additive method		
- Net income for the year	135.5	164.7
- Non-recurring income and expenses	23.2	4.9
- Cost of net debt	7.2	3.9
- Other financial income and expenses	8.9	10.0
- Current income tax expense	51.7	78.4
- Investments in equity-accounted companies	0.3	0.4
- Net additions to depreciation and amortization of operating items – non-current provisions	105.4	90.9
EBITDA	**332.2**	**353.3**
Simplified additive method		
- Contributive operating income before non-recurring items	226.8	262.4
- Depreciation and amortization expense	105.4	90.9
EBITDA	**332.2**	**353.3**

Changes in the scope of consolidation as shown in the consolidated statement of cash flows can be analyzed as follows:

In millions of euros	2014	2013
Acquisition of BioFire (net of cash and cash equivalents acquired)	(354.3)	
Acquisition of Advencis	(4.5)	
Acquisition of non-controlling interests in AES Adiagène		(0.4)
Impact of changes in Group structure	**(358.9)**	**(0.4)**

15.2 Changes in net debt

At December 31, 2014, after the €39.5 million dividend payout to bioMérieux SA shareholders, the Group's net debt stood at €249.5 million and mainly comprised the bond issue.

In October 2013, bioMérieux issued €300 million worth of seven-year bonds to institutional investors, redeemable at par on maturity. The bonds pay interest at an annual rate of 2.875%.

The bond issue is shown on the balance sheet at amortized cost calculated using the effective interest rate method for an amount of €297.3 million, reflecting the issue price net of issue fees and premiums. Interest costs were calculated by applying the effective interest rate including issue fees and premiums.

bioMérieux SA also has a syndicated revolving five-year loan of €350 million whose maturity was extended to May 20, 2019 in May 2014.

15.3 Maturities of borrowings

The maturity schedule below refers to balance sheet amounts.

In millions of euros	Dec. 31, 2012	Dec. 31, 2013	Change	Changes in Group structure	Change in statement of cash flows	Translation adjustments [(a)]	Dec. 31, 2014
Cash and cash equivalents[(c)]	65.6	428.0	(318.3)	5.0	(313.3)	5.0	119.7
Bank overdrafts and other uncommitted debt	(13.6)	(14.0)	25.5	0.0	25.5	(27.6)	(16.1)
Net cash and cash equivalents (A)	**52.0**	**414.0** [(b)]	**(292.8)**	**5.0**	**(287.8)**	**(22.6)**	**103.6** [(b)]
Committed debt (B)	**100.4**	**389.1**	**(36.9)**	**0.2**	**(36.7)**	**0.7**	**353.1**
o/w due beyond five years	1.6	298.8					297.3
o/w due in 1 to 5 years	8.2	5.8					8.4
o/w due within 1 year	90.6	84.5					47.4
Net debt (Net cash and cash equivalents) (B) - (A)	**48.4**	**(24.9)**	**255.9**	**(4.8)**	**251.1**	**23.3**	**249.5**

(a) Including the reclassification of cash at bank relating to bioTheranostics within assets held for sale.
(b) Excluding cash relating to bioTheranostics classified within assets held for sale (€0.3 million at end-2014 and €0.9 million at end-2013).
(c) See Note 11.2.

At December 31, 2014 and 2013, borrowings maturing in over five years mainly concern the bond issued to fund the acquisition of BioFire in the U.S. for €297.3 million (net of issue fees and premiums calculated using the amortized cost method). Borrowings maturing between one and five years include the employee profit-sharing account for €1.1 million, and finance lease liabilities of €1.9 million. Borrowings maturing within one year mainly include commercial paper for €30 million.

At December 31, 2014, the Group had not breached any of its repayment schedules.

At end-2014 and end-2013, the Group had no liabilities in respect of borrowed securities or short sales.

No loan agreements were signed prior to December 31, 2014 concerning loans to be set up in 2015.

15.4 Debt covenants

In the event of a change of control of the Company as defined in the issue notice, bondholders may ask for their bonds to be redeemed.

The syndicated loan is subject to compliance with a single financial ratio: further to the signing of the addendum to the loan agreement in June 2014, net debt may not exceed 3.5 times operating income before non-recurring items (EBITDA) before depreciation/amortization and acquisition expenses. The Group complied with this ratio at December 31, 2014.

The Group's other term borrowings at December 31, 2014 primarily corresponded to commercial paper, finance lease liabilities related to assets in Italy and the employee profit-sharing account. None of these borrowings are subject to covenants

15.5 Interest rates

Before hedging, 84.5% of the Group's borrowings are at fixed rates (€298.4 million) and the balance is at floating rates (€54.7 million).

Fixed-rate borrowings comprise the €297.3 million bond issue maturing in 2020 and paying a coupon of 2.875%, and the restricted current employee profit-sharing account for €1.1 million.

Floating-rate borrowings are essentially based on the currency's interest rate plus a margin.

15.6 Borrowings corresponding to finance lease liabilities

15.6.1 Principal amount of the borrowings

In millions of euros	Dec. 31, 2014	Dec. 31, 2013	Dec. 31, 2012
Due within 1 year	1.0	0.9	1.0
Due in 1 to 5 years	1.9	2.8	3.5
Due beyond 5 years	0.0	0.0	0.2
Total	**2.8**	**3.8**	**4.6**

15.6.2 Future lease payments (principal and interest)

In millions of euros	Dec. 31, 2014	Dec. 31, 2013	Dec. 31, 2012
Minimum future payments	**3.0**	**4.1**	**5.1**
Due within 1 year	1.0	1.1	1.1
Due in 1 to 5 years	2.0	3.0	3.8
Due beyond 5 years	0.0	0.0	0.2
Less interest	(0.2)	(0.3)	(0.5)
Present value of future lease payments	**2.8**	**3.8**	**4.6**

15.7 Breakdown of net debt (net cash) by currency

In millions of euros	Dec. 31, 2014	Dec. 31, 2013	Dec. 31, 2012
Euro	(114.2)	(53.4)	139.5
U.S. dollar[(a)]	391.0	33.6	(28.6)
Brazilian real	11.9	9.6	11.8
Japanese yen	6.8	8.8	7.5
Russian rouble	(1.7)	(2.6)	3.5
Canadian dollar	(3.0)	(2.4)	0.4
Indian rupee	(3.5)	1.3	0.4
Australian dollar	(4.4)	(3.2)	(0.9)
Swedish krona	(8.6)	(5.6)	(4.2)
Chinese yuan	(23.3)	(14.0)	3.3
Other currencies	(1.3)	3.0	(1.5)
Total	**249.5**	**(24.9)**	**131.2**

(a) See Note 27.1.2.

15.8 Loan guarantees

None of the Group's assets have been pledged as collateral to a bank.

bioMérieux SA may be required to issue a first call guarantee to banks granting facilities to subsidiaries with recourse to external funding.

Hedging agreements are discussed in Note 26.

16. Trade and other payables

In millions of euros	Dec. 31, 2014	Dec. 31, 2013	Dec. 31, 2012
Trade payables	**188.9**	**132.3**	**145.1**
Advances and downpayments received	4.2	3.6	3.4
Accrued payroll and other taxes	171.1	156.5	152.4
Deferred income	55.5	47.5	44.8
Other	20.4	15.2	17.3
Other operating payables	**251.3**	**222.8**	**217.9**
Current tax payables	**15.4**	**19.7**	**20.2**
Due to suppliers of non-current assets	31.2	18.2	22.4
Other	50.2	1.4	1.4
Non-operating payables	**81.4**	**19.6**	**23.8**

Operating and non-operating payables generally fall due within one year, except for certain deferred income.

Other non-operating receivables relate mainly to the fair value of derivative instruments (€48.5 million at end-2014 versus €1.3 million at December 31, 2013 – see Note 26.2).

17. Share-based payment and share grant plans

17.1 Share-based payment

Share-based payment concerns:

– the bioMérieux SA free share plans approved by shareholders at the Annual General Meetings of June 10, 2010, June 12, 2011, May 30, 2012, May 29, 2013 and May 28, 2014;

– the bioTheranostics stock option plan approved by that company's shareholders at its Annual General Meeting of September 24, 2008.

A summary of these plans is presented below.

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. Any changes are 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.

17.2 Share grant plans

Number of shares	Year in which plan opened						
	2008	2009	2010	2011	2012	2013	2014
Initial number of options granted	25,000	52,256	252,851	51,567	26,000	41,700	5,000
Forfeited shares		6,659	243,861	5,399	1,400	9,200	
Number of shares remitted in 2014			4,737				
Total number of vested shares	25,000	45,597	8,990	1,437			
Number of shares to be remitted as of Dec. 31, 2014	0	0	0	44,731	24,600	32,500	5,000

Between 2009 and 2014, 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 two or four years.

Moreover, the free shares will only vest if certain performance conditions are met. These conditions are the same as those used to calculate the variable compensation of the Group's key senior executives and are based either on sales and operating income or on other specific objectives. In addition to the vesting period, the free shares are subject to a two-year lock-up period. However, this may be waived for shares granted to non-French tax residents provided that the shares concerned are subject to a four-year vesting period.

In 2014, the Group recognized a net expense of €1.2 million in personnel costs in respect of share-based payment (versus a net expense of €0.6 million in 2013).

At December 31, 2014, bioMérieux SA held 981 of its own shares for allocation under the above-described share grant plans. The Company will have to purchase a further 105,850 shares to cover its commitments, the cost of which would be €9.1 million based on the share price at December 31, 2014. Taking into account the forecast achievement of performance conditions at that date, the Company will have to purchase 58,024 treasury shares, representing a cost of €5.0 million based on the same market price.

17.3 Stock option plans

Company	bioTheranostics
Date of Shareholders' Meeting authorizing the plan	September 24, 2008
Maximum number of shares that may be granted	3,900,000
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 2.28-2.29
Number of options granted in 2014	1,128,500
Total number of options granted at Dec. 31, 2014	3,935,800
Number of shares that may be subscribed at Dec. 31, 2014	1,236,375
Number of options exercised at Dec. 31, 2014	350
Number of shares subscribed at Dec. 31, 2014	360
Number of options forfeited in 2014	317,150
Total number of options forfeited at Dec. 31, 2014	1,355,515
Number of options outstanding at Dec. 31, 2014	1,319,715

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 was increased from 1 million to 2 million. In 2014, the Board of Directors decided to increase the number of shares that may be granted to 3.9 million.

The related expense recognized in personnel costs in 2014 was not material.

bioTheranostics' stock option plan has no impact on the calculation of the Group's diluted earnings per share.

18. Other operating income and expenses

In millions of euros	2014	2013
Net royalties received	12.3	6.8
Research tax credits	27.4	18.9
Research grants	0.6	2.4
Other	0.8	0.1
Total	**41.1**	**28.2**

In accordance with IAS 20, bioMérieux presents research tax credits as a subsidy within other operating income.

19. Personnel costs

In millions of euros	2014	2013
Wages and salaries	423.0	379.7
Payroll taxes	161.0	135.6
Employee profit-sharing	9.5	9.2
Total	**593.5**	**524.5**

Wages and salaries take into account the share in the fair value of share-based payment (see Note 17).

Payroll taxes include amounts paid into defined contribution plans for €9.4 million.

CICE tax credits introduced in France to promote competitiveness and employment are recognized as a deduction from payroll taxes (see Note 3.2).

Incentive plans only concern bioMérieux SA. No profit-sharing was recognized in 2014.

	2014	2013
Headcount at year-end*	7,893	7,724
Average headcount*	7,703	7,609

* Excluding BioFire.

At December 31, 2014, BioFire had a headcount of 655.

20. Depreciation, amortization, provisions and impairment

In millions of euros	2014	2013
Depreciation and amortization of non-current assets	118.2	97.7
Provisions	1.2	(7.1)
Impairment of current assets	6.0	(1.7)
Impairment of non-current financial assets	(2.1)	2.7
Total	**123.3**	**91.6**

21. Net financial expense

21.1 Accounting policies

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 interest income on instruments sold under finance lease arrangements, the impact of disposals and writedowns 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.

21.2 Cost of net debt

In millions of euros	2014	2013
Finance costs	(14.6)	(4.3)
Interest rate hedging derivatives[(a)]	5.3	0.4
Foreign exchange gains (losses)	2.2	
Total	**(7.2)**	**(3.9)**

(a) In 2014, the gain arises on the change in fair value of interest rate hedging instruments that do not qualify for hedge accounting, taken out in connection with the BioFire acquisition.

In 2014, the cost of net debt chiefly includes interest in respect of the bond issue.

21.3 Other financial income and expenses

In millions of euros	2014	2013
Interest income on leased assets	2.2	2.7
Impairment and disposals of shares in non-consolidated companies	(0.0)	(2.5)
Currency hedging derivatives	(12.2)	(11.8)
Other	1.1	1.5
Total	**(8.9)**	**(10.1)**

21.4 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.

Foreign exchange 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 2014 and 2013:

	2014	2013
Sales	(1.4)	(1.2)
Purchases	0.1	5.1
Financial items	2.2	0.0
Total	**0.8**	**4.0**

22. Fees and amortization of the BioFire purchase price

In order to improve the understanding of operating income and due to the transaction's scale, the fees relating to the acquisition of BioFire Diagnostics and BioFire Defense – consolidated for the first time at June 30, 2014 – are shown on a separate line of operating income before non-recurring items. In order to enable year-on-year comparisons, the data published at end-December 2013 have been adjusted.

This line includes:

– depreciation and amortization charged against identifiable assets acquired whose fair value was estimated within the scope of the purchase price accounting (technology, inventories, etc.), representing €16.1 million at December 31, 2014;

– acquisition-related fees representing €4.7 million in 2014 and €1.9 million in 2013;

– other operating expenses inherent to the acquisition, totaling €3.1 million in 2014.

To facilitate year-on-year comparisons, contributive operating income before non-recurring items and before the depreciation/amortization of the fair value of assets acquired can be analyzed as follows:

In millions of euros	2014	2013
Operating income before non-recurring items – published	**202.9**	**260.5**
Amortization of fair value of BioFire assets		
Acquisition fees and other related expenses	23.9	1.9
Contributive operating income before non-recurring items	**226.8**	**262.4**
Amortization of fair value of assets resulting from prior-period acquisitions	6.1	5.5
Contributive operating income before non-recurring items and before amortization of fair value of assets acquired	**232.9**	**267.9**

23. Other non-recurring income and expenses from operations

23.1 Accounting policies

Other 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 5).

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.

23.2 Changes during the year

In millions of euros	2014	2013
Impairment of receivables owed by the Greek State	0.6	5.5
Impairment of Biocartis technology		(6.0)
AbBiodisk earnout		(1.1)
Disposal and impairment of Boxtel site	0.2	(1.0)
Other	(0.2)	(0.4)
Total	**0.6**	**(3.0)**

24. Current and deferred income tax

24.1 Accounting policies

The income tax expense for the period comprises current and deferred tax.

Tax credits (excluding research tax credits and tax credits for competitiveness and employment – see Note 3.2) are presented as a deduction from income tax expense.

Where applicable, taxes on the payment of dividends are presented as a deduction from income tax expense.

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 following 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 temporary differences, consolidation adjustments and tax losses carried forward are only recognized if they can be utilized against future deductible temporary differences, or where there is a reasonable probability of their utilization or recovery against future taxable income. In practice, and notably in the case of tax loss carryforwards, this rule is applied based on budget forecasts approved by General Management using a maximum time horizon of two years. The calculation of deferred taxes takes account of new tax provisions applicable for tax loss carryforwards (utilization ceilings, etc.).

24.2 Analysis of income tax expense

In millions of euros	2014		2013	
	Amount	Rate	Amount	Rate
Theoretical tax at standard French tax rate	**71.2**	**38.0%**	**92.5**	**38.0%**
- Impact of income tax at reduced tax rates, foreign tax rates, and permanent differences	(7.4)	-3.9%	(9.1)	-3.8%
- Taxes on dividends	1.5	0.8%	(0.7)	-0.3%
- Deferred tax assets not recognized on tax losses carried forward	0.3	0.1%	3.9	1.6%
- Impact of tax on the payment of dividends	1.3	0.7%	1.2	0.5%
- Impact of presenting research and CICE tax credits in operating income	(11.7)	-6.3%	(8.1)	-3.3%
- Tax credits (other than research tax credits)	(1.0)	-0.5%	(1.0)	-0.4%
- Utilization of prior-period deferred tax assets	(2.5)	-1.4%		
Actual income tax expense	**51.7**	**27.6%**	**78.4**	**32.2%**

The basic corporate income tax rate in France is 33.33%. Act no. 99-1140 of December 29, 1999 on social security funding introduced a surtax that raised the statutory rate by 1.1%. The amended 2013 Finance Act increased the temporary surcharge rate from 5% to 10.7%, bringing the theoretical tax rate to 38% at December 31, 2013. This rate remains applicable to income tax for 2014 and short-term deferred taxes.

The difference between the theoretical tax rate (38%) and the effective tax rate is mainly attributable to the positive effect of tax credits (corresponding to a 6.3% reduction in the tax rate) and the impact of items taxed at reduced tax rates (corresponding to a 3.9% reduction), resulting from Group earnings in territories with lower levels of taxation.

24.3 Change in deferred tax

In millions of euros	Deferred tax assets	Deferred tax liabilities
December 31, 2012	**42.2**	**46.3**
Translation adjustments	(1.6)	(0.2)
Changes in Group structure	0.0	0.0
Movements recognized in income	(0.7)	(10.2)
Other comprehensive income (expense)	(5.6)	
Other movements	(0.4)	(0.3)
December 31, 2013	**33.9**	**35.6**
Translation adjustments	8.5	13.1
Changes in Group structure	40.8	107.1
Movements recognized in income	(7.1)	(9.8)
Other comprehensive income (expense)	9.4	
Other movements	0.5	(0.7)
December 31, 2014	**86.0**	**145.1**

Deferred tax assets are mainly generated in the U.S., and result from:

– the recognition of tax loss carry forwards and tax benefits within the scope of the BioFire purchase price allocation (€40.8 million at the acquisition date, of which €14.2 million in respect of tax loss carryforwards). At December 31, 2014, these tax loss carryforwards amounted to €11 million;

– temporary differences due in particular to the non-deductibility of certain provisions and the elimination of internal margins on inventories.

Deferred taxes on other comprehensive income items correspond to fair value adjustments to financial instruments (€0.5 million in 2014) and deferred taxes on actuarial differences relating to pension obligations (€8.2 million in 2014) and on treasury shares.

At December 31, 2014, unrecognized deferred tax assets amounted to €37.2 million (including €24.3 million in respect of unrecognized tax loss carryforwards), representing a potential tax saving of €10.3 million (including €6.6 million in respect of unrecognized tax loss carryforwards).

At December 31, 2013, unrecognized deferred tax assets amounted to €43.3 million (including €30.1 million in respect of unrecognized tax loss carryforwards), representing a potential tax saving of €12.5 million (including €8.5 million in respect of unrecognized tax loss carryforwards).

Deferred tax liabilities primarily relate to the fair value recognition of non-current assets acquired as part of the business combinations with BioFire (€109.9 million), bioMérieux SA (€24.5 million), Advencis (€3.4 million), Spain (merged with Biomedics: €2.7 million), BBI (€1.3 million) and BTF (€1.1 million).

25. Statutory Auditors' fees

In thousands of euros	2014							2013						
	Ernst & Young		PwC		Other		Total	Ernst & Young		DRC		Other		Total
Audit	**1,208**	***89%***	**153**	***47%***	**39**	***100%***	**1,400**	**1,042**	***88%***	**143**	***100%***	**53**	***100%***	**1,239**
- bioMérieux SA	187	*14%*	147	*45%*		*0%*	333	160	*13%*	130	*91%*		*0%*	290
- fully consolidated subsidiaries	1,022	*75%*	6	*2%*	39	*100%*	1,067	882	*74%*	13		53	*100%*	949
Related assignments	156	*11%*	2	*0%*			**156**	142					*0%*	**142**
AUDIT	**1,364**	***100%***	**154**	***48%***	**39**	***100%***	**1,557**	**1,184**	***100%***	**143**	***100%***	**53**	***100%***	**1,380**
Legal, tax, labor-related services	0	*0%*	168	*52%*			168		*0%*					0
Other	0	*0%*		*0%*			0	4	*0%*					4
Other services	**0**	***0%***	**168**	***52%***	**0**	***0%***	**168**	**4**	***0%***	**0**	***0%***	**0**	***0%***	**4**
Total	**1,364**	***100%***	**322**	***100%***	**39**	***100%***	**1,725**	**1,188**	***100%***	**143**	***100%***	**53**	***100%***	**1,384**

26. Financial instruments: financial assets and liabilities

26.1 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 their initial recognition and subsequent measurement at the end of each reporting period. The categories and methods are described below.

26.1.1 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.

26.1.2 Financial assets and liabilities at fair value through income

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 income under the fair value option, as permitted by 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 26.1.4 below);

– "cash and cash equivalents", including marketable securities (presented in the balance sheet under the specific “Cash and cash equivalents” heading).

The Group does not currently hold any financial liabilities that fall within this category.

“Financial assets and liabilities at fair value through income" are initially recognized (excluding transaction costs) and subsequently remeasured to fair value at each year-end. 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.

26.1.3 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 amortized cost (calculated using the effective interest method, as described in Note 15.2) less any principal repayments and impairment losses. The year-end carrying amount of assets and liabilities at amortized cost (excluding the bond issue) represents a reasonable approximation of their fair value.

26.1.4 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 at the 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 income.

– 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 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.

26.1.5 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 consolidated 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 consolidated 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, and in the income statement for the 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 to income in the same period(s) during which the hedged forecast cash flows affect income.

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 2014 or 2013.

Presentation of financial assets and liabilities at fair value through income

In accordance with IFRS 13, and in line with the prior treatment under the amended IFRS 7, financial instruments are presented in one of the three levels (see Note 26.2) of the fair value hierarchy:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 – market inputs for the asset or liability that are observable either directly (e.g., adjusted level 1 quoted prices), or indirectly (e.g., inputs derived from quoted prices).
- Level 3 – unobservable inputs for the asset or liability (e.g., quoted prices in markets that are not active or valuations based on market multiples for unlisted equities).

The application of IFRS 13 did not have a material impact on the fair values of derivative financial instruments at December 31, 2014.

26.2 Changes during the year

The table below provides 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 26.1), and a comparison between their carrying amount and fair value:

December 31, 2014 *In millions of euros*	Financial assets at fair value through income (excl. derivatives)	Available-for-sale financial assets	Receivables and borrowings at amortized cost	Derivative instruments	Carrying amount	Fair value	Level
Financial assets							
Other shares in non-consolidated companies	0.1	28.3			28.4	28.4	1-3
Other non-current financial assets			6.7		6.8	6.8	-
Other non-current assets			21.9		21.9	21.9	
Derivative instruments (positive fair value)				17.7	17.7	17.7	2
Trade receivables			449.3		449.3	449.3	-
Other receivables			4.1		2.8	2.8	-
Cash and cash equivalents	119.7				0	0	1
Total financial assets	**119.8**	**28.3**	**482.0**	**17.7**	**526.9**	**526.9**	
Financial liabilities							
Bonds[(a)]			297.3		297.3	303.9	1
Other financing facilities			8.4		8.4	8.4	2
Derivative instruments (negative fair value)				48.5	48.5	48.5	2
Borrowings – current portion[(b)]			63.5		98.5	98.5	2
Trade payables			189.0		132.3	132.3	-
Other current liabilities			55.8		55.8	55.8	-
Total financial liabilities	**-**	**-**	**614.0**	**48.5**	**640.8**	**647.4**	

(a) The carrying amount of the bond issue is shown net of issue fees and premiums.

Levels 1 to 3 correspond to the fair value hierarchy as defined by IFRS 13 (see Note 26.1).

In practice, financial assets and liabilities at fair value essentially concern certain securities, cash investments and derivative instruments. In other cases, fair value is shown in the table above for information purposes only.

No level in the fair value hierarchy is shown when the carrying amount approximates fair value.

bioMérieux enters into derivative instruments as part of master agreements that provide for offsetting in the event of counterparty default. The impact of these master netting agreements on the fair value of derivative instruments at December 31, 2014 was a net negative exposure of €30.8 million (net exposure of €8.6 million at end-2013).

No inter-category reclassifications were carried out in 2014. None of the Group's financial assets have been pledged as collateral.

Impairment losses recorded against financial assets in 2014 primarily corresponded to writedowns of trade receivables (see Note 9) and non-current financial assets (see Note 7).

December 31, 2013 *In millions of euros*	Financial assets at fair value through income (excl. derivatives)	Available-for-sale financial assets	Receivables and borrowings at amortized cost	Derivative instruments	Carrying amount	Fair value	Level
Financial assets							
Other shares in non-consolidated companies	0.1	24.9			25.0	25.0	1-3
Other non-current financial assets			6.8		6.8	6.8	-
Other non-current assets			24.5		24.5	24.5	
Derivative instruments (positive fair value)				9.9	9.9	9.9	2
Trade receivables			420.5		420.5	420.5	-
Other receivables			2.8		2.8	2.8	-
Cash and cash equivalents	428.0				428	428	1
Total financial assets	**428.1**	**24.9**	**454.6**	**9.9**	**917.5**	**917.5**	
Financial liabilities							
Bonds[(a)]			296.9		296.9	303.9	1
Other financing facilities			7.7		7.7	7.7	2
Derivative instruments (negative fair value)				1.3	1.3	1.3	2
Borrowings – current portion[(b)]			98.5		98.5	98.5	2
Trade payables			132.3		132.3	132.3	-
Other current liabilities			37.0		37.0	37.0	-
Total financial liabilities	**-**	**-**	**572.4**	**1.3**	**573.7**	**580.7**	

(a) The carrying amount of the bond issue is shown net of issue fees and premiums.

Movements in financial instruments whose fair value was determined using Level 3 inputs were as follows in 2013 and 2014 (see Note 26.1):

In millions of euros	**Available-for-sale financial assets**
December 31, 2012	**27.7**
Gains and losses recognized in income	(2.3)
Gains and losses recognized in equity	(0.8)
Acquisitions	0.8
Changes in Group structure, translation adjustments and other	(0.6)
December 31, 2013	**24.9**
Gains and losses recognized in income	2.2
Gains and losses recognized in equity	0.2
Acquisitions	0.6
Disposals	(3.2)
Changes in Group structure, translation adjustments and other	0.8
December 31, 2014	**25.5**

In 2014, changes in the fair value of available-for-sale securities were recognized in income, since the impairment recognized against the shares concerned was considered other-than-temporary, except the change in fair value of Labtech shares, which was recognized through equity in an amount of €0.2 million.

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 impacted by changes in exchange rates between the euro and other currencies. Sales are particularly affected by euro/U.S. dollar exchange rate fluctuations (with about 31% of sales in 2014 denominated in U.S. dollars) and, more occasionally, by fluctuations in the rate of the euro against other currencies.

In view of the size of the Group's operations in the U.S., certain operating expenses are settled in U.S. dollars, thereby mitigating the impact of fluctuations in the U.S. dollar on operating income, although its remains significant.

Other currencies represent 34% of consolidated sales. However, as costs denominated in other currencies are limited, the Group 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 5% of the Group’s sales. This exposure thus becomes significant if several of the currencies concerned fluctuate against the euro in the same direction, without any set-off.

The Group's current policy is to seek to hedge the impact of exchange rate fluctuations on budgeted net income. It uses hedging instruments, when they are available at a reasonable cost, in order to 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 denominated 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 Group's earnings, exchange rate fluctuations can affect its equity. Due to its worldwide presence, many of the Group’s assets and liabilities are recorded in U.S. dollars or in other currencies. To date, the Group does not hedge exchange rate risks on its net assets.

Hedges consist mainly of forward currency sales and purchases and options (maturing within 18 months at December 31, 2014). Detailed information on hedging transactions is provided in Note 27.1.3.

27.1.2 Exposure to exchange rate risk

In millions of euros	2014		2013	
Euro	**600**	**35%**	**586**	**37%**
Other currencies				
U.S. dollar[(a)]	529	31%	453	29%
Chinese yuan	92	5%	81	5%
Japanese yen	41	2%	45	3%
Brazilian real	45	3%	45	3%
Pound sterling	51	3%	45	3%
Canadian dollar	34	2%	37	2%
Australian dollar	30	2%	30	2%
South Korean won	31	2%	29	2%
Other currencies	245	14%	236	15%
Sub-total	**1,098**	**65%**	**1,002**	**63%**
Total	**1,698**	**100%**	**1,588**	**100%**
Sensitivity	**-11**		**-10**	

(a) U.S. and Hong Kong dollars.

The sensitivity analyzed above shows the impact on sales of a 1% increase in the euro exchange rate against all currencies.

Consolidated equity

A 5% increase in the euro exchange rate against all currencies would have had the following effect:

In millions of euros	2014	2013
Net income for the year	**(2.8)**	**(5.4)**
Equity[(a)]	**(27.0)**	**(23.1)**

(a) Translated at the year-end rate.

Exposure of assets and liabilities

The table below shows the five main currencies to which the Group is exposed at December 31, 2014:

	USD	KRW	BRL	INR	JPY
In millions of currency units					
Assets denominated in foreign currencies	38.1	14,816	26.5	618	906
Liabilities denominated in foreign currencies	(16.8)	0	0.0	0	(23)
Net exchange exposure before hedging	**21.4**	**14,816**	**26.5**	**618**	**883**
Impact of hedging	9.0	17,067	17.5	461	972
Net exchange exposure after hedging	**12.4**	**(2,251)**	**8.9**	**157**	**(90)**
In millions of euros					
Net exchange exposure after hedging	10.2	(1.7)	2.8	2.1	(0.6)
Sensitivity	**(0.5)**	**0.1**	**(0.1)**	**(0.1)**	**0.0**

The sensitivity analyzed above shows the impact of a 5% increase in the exchange rate on the net foreign exchange exposure at December 31, 2014, taking into account fair value hedges.

Exposure of borrowings

The Group's borrowings with third parties are primarily denominated in euros and contracted by bioMérieux SA. However, since these borrowings were contracted in order to finance an acquisition in the U.S., they were converted into U.S. dollars using a cross currency swap (see Note 27.4.1).

The Group's policy is to prefer inter-company financing in the subsidiary's currency, generally hedged by currency swaps. When the Group cannot grant loans to its foreign subsidiaries, the subsidiaries borrow from leading banks in their local currency.

27.1.3 Currency hedging instruments

The table below shows currency hedging instruments in effect at December 31, 2014 that were set up as part of the currency hedging policy:

Currency hedges at December 31, 2014 *In millions of euros*	Expiration date 2014 <1 year	 1-5 years	Market value 2014[(a)]
Hedges of existing commercial transactions			
- currency forward contracts	89.0	0.0	(0.1)
- options	6.1	0.0	0.0
Total	**95.1**	**0.0**	**(0.1)**
Hedges of future commercial transactions			
- currency forward contracts	180.9	19.8	3.1
- options	50.3	1.4	0.0
Total	**231.2**	**21.2**	**3.1**

(a) Difference between the hedging rate and the market rate at December 31, 2014.

Currency hedges in effect at December 31, 2013 were as follows:

Currency hedges at December 31, 2013 *In millions of euros*	Expiration date 2013 <1 year	 1-5 years	Market value 2013[(a)]
Hedges of existing commercial transactions			
- currency forward contracts	112.6	0.0	1.3
- options			
Total	**112.6**	**0.0**	**1.3**
Hedges of future commercial transactions			
- currency forward contracts	144.7	0.1	2.6
- options	25.3		0.6
Total	**170.0**	**0.1**	**3.2**
Hedges related to acquisition of BioFire (options)	536.0	0.0	1.0
Total	**536.0**	**0.0**	**1.0**

(a) Difference between the hedging rate and the market rate at December 31, 2013, including premiums paid/received.

As part of the acquisition of BioFire in the U.S., the Group set up a currency hedging program in 2013 using options against the risk of a fall in the value of the euro against the U.S. dollar, in order to limit the debt incurred as a result of this acquisition. In the first quarter of 2014, a portion of these options were sold and the balance was held to maturity without being exercised.

In 2014, these options (sold and held to maturity) had a negative €5 million impact on net income for the year.

The positive €3.1 million market value of hedges of future commercial transactions recorded in the balance sheet at December 31, 2014 included €2.6 million in fair value gains recognized in other comprehensive income and €0.5 million in fair value gains recognized in income. At December 31, 2013, the positive €3.2 million market value included €4.1 million in fair value gains recognized in other comprehensive income and €0.9 million in fair value losses recognized in income.

There were no net investment hedges of foreign operations at December 31, 2014.

All of the currency forward contracts and options outstanding at December 31, 2014 had maturities of less than 18 months.

The effective portion of gains and losses on cash flow hedges reclassified to operating income before non-recurring items from other comprehensive income amounted to a negative €4.1 million in 2014 versus a negative €6.1 million in 2013.

27.2 Credit risk

The Group is not exposed to significant credit risk. At December 31, 2014 and 2013, investments were solely in short-term instruments for which a net asset value is calculated daily.

No IFRS 13 adjustments were therefore applied to financial assets in respect of the risk of non-collection.

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 on its current financial assets and liabilities since its total current financial assets far exceed its total current financial liabilities.

Accordingly, the only maturity schedule disclosed pertains to net debt (see Note 15.3).

The table below shows projected cash flows from the bond issue and the hedges related to contractual redemption of the principal at par and to contractual interest payments at December 31, 2014:

In millions of euros	Due within 1 year	Due in 1 to 5 years	Due beyond 5 years
Bonds[(a)]	(8.6)	(25.9)	(317.3)
Cross currency swap	(11.3)	(28.4)	(14.3)
Options[(b)]	(0.1)	(0.3)	0.0
Interest rate swap[(b)]	2.0	5.9	3.1

(a) Contractual flows of principal and interest.
(b) Based on the IRS yield curve at December 31, 2014.

27.4 Interest rate risk

27.4.1 Exposure to interest rate risk

As part of its interest rate risk management policy aimed primarily at managing the risk of an increase in interest rates, the Group splits its debt between fixed and floating interest rates.

After taking account of interest rate derivatives, the bond issue breaks down as €150 million at fixed rates and €150 million at floating rates (capped at 3.3%). Further to the €300 million bond issue, the Group set up interest rate swaps converting the fixed rate to a floating rate for €150 million, and options for €150 million. In order to hedge the exchange rate and interest rate risk on the repayments of the U.S. dollar denominated loan by bioMérieux SA to bioMérieux Inc. to finance the acquisition of BioFire, the Group set up a cross currency swap in January 2014 for USD 470 million, thereby converting the debt into U.S. dollars.

Exposure to interest rate risk on other borrowings is not material and is not subject to hedging.

27.4.2 Hedging instruments and sensitivity

At December 31, 2014, the interest rate risk hedging portfolio comprised interest rate swaps for €150 million, options for €150 million and a cross currency swap for USD 470 million (see Note 27.4.1 above).

The market value of these instruments amounted to a net liability of €30.1 million, breaking down as follows:

In millions of euros	Market value 2014
Cross currency swap	(39.5)
Options	(0.7)
Interest rate swap	10.1

Sensitivity of net income to changes in the cost of net debt (excluding the impact of the cross currency swap) attributable to fluctuations in short-term interest rates

The impact on the cost of net debt (calculated on a full-year basis) resulting from changes in net debt at year-end attributable to fluctuations in short-term interest rates is shown in the table below including the impact of interest rate hedging at December 31, 2014:

In millions of euros	Net income for the year
50-bp increase	(0.29)
50-bp decrease	0.00

Sensitivity of equity and net income to changes in the fair value of interest rate derivatives

Changes in the fair value of interest rate derivatives attributable to changes in the interest rate curve adopted at year-end would have the following impact on the Group's equity and net income:

– The impacts recognized in equity relate to the effective portion of the instruments classified as cash flow hedges.

– The impacts recognized in income relate to the ineffective portion of instruments classified as cash flow hedges, and to the impact of changes in the fair value of instruments that do not qualify for hedge accounting.

A change of 50 basis points applied to the entire yield curve at year-end and to transactions in effect at December 31, 2014 would lead to an increase (decrease) in equity and net income for the following amounts (based on constant exchange rates and volatility):

In millions of euros	Equity excl. net income	Net income for the year
50-bp increase	0.0	(3.1)
50-bp decrease	0.0	5.0

Sensitivity of equity and net income to changes in the fair value of the cross currency swap

A change of 50 basis points applied to the entire yield curve (euro and U.S. dollar) and a change of 5% in the euro/U.S. dollar closing rate at year-end (1.2141) as well as to transactions in effect at December 31, 2014 would lead to an increase (decrease) in equity and net income for the following amounts:

In millions of euros	2014
50-bp increase	3.76
50-bp decrease	(4.12)

The impact on the cost of net debt (calculated on a full-year basis) resulting from changes in net debt at year-end attributable to fluctuations in short-term interest rates is shown in the table below including the impact of interest rate hedging at December 31, 2014:

In millions of euros	Equity excl. net income	Net income for the year
50-bp increase	0.0	20.1
50-bp decrease	0.0	(22.5)

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.

In accordance with IFRS 13, an analysis was carried out to assess credit risk in light of the fair value of financial instruments. Counterparty risk was not considered material given the short-term maturity (less than one year) of the Group's currency hedges, the fair value of interest rate derivatives at December 31, 2014 and the rating of bioMérieux's banking counterparties.

28. Off-balance sheet commitments

Outstanding commitments given or received at December 31, 2014 are described below:

28.1 Off-balance sheet commitments relating to Group companies

- When the Group acquired CEA-Industrie's interest in Apibio in December 2004, bioMérieux SA agreed to an incentive clause with CEA-Industrie covering the period from 2010 to 2014, under which it would pay CEA-Industrie 3.5% of any revenue generated by products based on the Apibio technology (primarily MICAM and OLISA). This incentive mechanism is capped at €1.1 million. As bioMérieux did not generate any revenue from products featuring this technology in 2014, no incentive payment was due for the year.

- The Group is subject to a number of earn-out clauses relating to acquisitions and disposals. At end-2014, it was not deemed probable that these clauses would be triggered, or the amount involved could not be reliably estimated.

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 26.

28.2.1 Commitments given

– Bank guarantees given by the Group in connection with bids submitted totaled €98.5 million at December 31, 2014.

28.2.2 Commitments received

– bioMérieux SA has a syndicated credit facility for an amount of €350 million, set up in 2012 and amended in June 2014, repayable in full at maturity in 2019 (see Note 15.1).

28.3 Off-balance sheet commitments relating to the Group's operating activities

28.3.1 Commitments given

– bioMérieux SA participates in a research program coordinated by Institut Mérieux, together with bioMérieux, Transgene, 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 (renamed Bpifrance in July 2013). The public financing agreement was approved by the European authorities on October 22, 2008. In this setting, and in light of the supplemental agreements modifying the initial research program, bioMérieux SA agreed to undertake research and development for an estimated amount of €67.5 million between 2007 and 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 pay back the grants according to a payment schedule based on sales generated, and then pay 3.4% of sales until 2029.

– 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 (€18.1 million).

– Real estate rent commitments given by Group companies amounted to €40.8 million at December 31, 2014, of which €34.3 million was payable beyond one year.

– As part of an agreement entered into in 2012, bioMérieux acquired an €11.8 million interest in a company developing a new technical platform in the field of immunoassays, and committed to acquiring a further USD 10 million interest within two years, subject to validation of the platform. An amount of USD 5 million was paid in respect of this agreement in February 2015.

– 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 234,613 shares to cover its commitments, in addition to the 981 of its own shares already held in treasury, the cost of which would be €20.1 million based on the share price at December 31, 2014.

– 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 is being put in place through partnership agreements with Bioaster, is estimated at €4 million over the 2012-2015 period (of which €2.8 million has already been contracted at December 31, 2014). This amount does not include the cost of internal bioMérieux resources which are used in these jointly-led projects.

– Other commitments given (endorsements and guarantees other than real estate rent obligations) amounted to €2.6 million.

– At December 31, 2014, 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 312,531 hours.

– Other commitments given amounted to €1.2 million.

28.3.2 Commitments received

– Other commitments received amounted to €4.4 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 €10.8 million in compensation in 2014. This amount can be broken down as follows:

Compensation allocated to senior executives	2014	2013
Fixed compensation	3.8	3.8
Variable compensation	4.0	4.4
Benefits in kind	0.0	0.1
Free shares	0.7	0.2
Directors' fees	0.2	0.2
Termination benefits	1.3	0.5
Total	**10.1**	**9.2**

29.2 Other transactions with non-consolidated affiliates

– bioMérieux Japan – which is 34%-owned by Sysmex under a joint venture agreement – paid Sysmex €6.7 million in commission on sales generated in 2014. In addition, bioMérieux Japan provided Sysmex with €5.5 million worth of instruments and reagents during the year.

– Institut Mérieux, which held 58.9% of bioMérieux SA's shares at December 31, 2014, provided consultancy and support services to bioMérieux SA, bioMérieux Inc. and BioFire valued at €7.6 million for the year. Conversely, bioMérieux SA billed Institut Mérieux €0.2 million for expenses incurred on its behalf.

– During 2014, the Group supplied €7 million worth of reagents and instruments to entities of the Mérieux NutriScience Corp. group, in which Institut Mérieux holds a majority interest.

– Théra Conseil, which is 99.2%-owned by Institut Mérieux, billed bioMérieux SA €1.34 million for services in respect of 2014.

– Also during the year, bioMérieux SA contributed €1.3 million to the Christophe and Rodolphe Mérieux Foundation and €0.4 million to the Mérieux Foundation for humanitarian projects. Conversely, bioMérieux SA billed Fondation Mérieux €0.3 million for expenses incurred on its behalf.

– bioMérieux Inc. provided services to ABL (wholly-owned by TSGH, itself 98.66%-controlled by Institut Mérieux), valued at €0.1 million for the year. ABL billed bioMérieux SA for raw materials in the amount of €0.5 million in 2014.

– bioMérieux SA billed €0.2 million worth of services in 2014 to Mérieux Université, in which it holds 40% of the share capital. The remaining 60% are held by Institut Mérieux (40%) and Mérieux NutriSciences (20%). Conversely, bioMérieux SA paid €0.2 million to Mérieux Université for training fees.

– 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. This mutual fund generated a surplus in 2013 and paid €0.1 million to bioMérieux SA in 2014.

- bioMérieux SA has entered into a number of research and development agreements with Transgene (in which Institut Mérieux indirectly holds a 52% equity interest through TSGH) under which the Company received €0.1 million in fees for 2014.

- On October 15, 2014, bioMérieux acquired the entire share capital of Advencis, including 32.9% from Mérieux Participations, an indirect subsidiary of Institut Mérieux. The total price for the entire share capital was €9.2 million (including €4.6 million in contingent consideration and whose effective disbursement is considered probable).

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, 2014.

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, 2014

Changes of control that took place in 2014 are described in Note 1.3.

		2014 (a)	2013 (a)	2012 (a)
bioMérieux SA	69280 Marcy l'Étoile – France Trade and Companies Registry of Lyon under number B 673 620 399	Parent company		
AB bioMérieux	Dalvägen 10 169 56 Solna, Stockholm – Sweden	100%	100%	100%
ABG Stella	1409 Foulk Road, Suite 102, P.O.Box 7108 Wilmington, DE 19803-0108 – U.S.	100%	100%	100%
Adiagene SA	38 Rue de Paris 35170 Bruz – France	100%	99%	82%
Advencis SAS	1 Rue Gambrinus, Parc de la Brasserie 67190 Mutzig – France	100%		
AES Canada Inc.	500 boul. Cartier Ouest, suite 262 H7V 5B7 Laval, QC – Canada	100%	100%	100%
AES Chemunex GmbH	Zeiloch 20 - 76646 Bruschal – Germany	100%	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%
AES Laboratoire Italia SRL	Via Pana, 56/b 35027 Noventa padovana – Italy			100%
AES Chemunex Espana SA	Pol. Ind. Santa Margarida II – C/ A. Einstein 08223 Terrassa – Spain			100%
Argène Inc.	45 Ramsey Road Shirley, NY 11967 – U.S.	100%	100%	100%
Bacterial Barcodes Inc.	425 River Road – Athens – GA 30602 – U.S.	100%	100%	100%
BioFire Defense Inc.	79 W 4500 S, Suite 14 Salt Lake City, UT 84107 – U.S.	100%		
BioFire Diagnostics Inc.	390 Wakara Way Salt Lake City, Utah 84108 – U.S.	100%		
bioMérieux South Africa	7 Malibongwe Dr, Cnr Aimee St. Fontainebleau, Randburg, PO Box 2316 Randburg 2125 – South Africa	100%	100%	100%
bioMérieux West Africa	Avenue Joseph Blohorn - 08 BP 2634 Abidjan 08 – Côte d'Ivoire	100%	100%	100%
bioMérieux Algeria	Bois des cars 2 – Lot 11 1er étage – 16302 Dely Ibrahim Algiers – Algeria	100%	100%	100%
bioMérieux Germany	Weberstrasse 8 – D 72622 Nürtingen – Germany	100%	100%	100%
bioMérieux Argentina	Edificio Intecons - Arias 3751 3er piso - C1430CRG Buenos Aires – Argentina	100%	100%	100%
bioMérieux Australia	Unit 25, Parkview Business Centre – 1 Maitland Place Baulkham Hills NSW 2153 – Australia	100%	100%	100%
bioMérieux Austria	Eduard-Kittenberger-Gasse 95-B, A-1230 Vienna – Austria	100%	100%	100%
bioMérieux Belgium	Media Square – 18-19 Place des Carabiniers 1030 Brussels – Belgium	100%	100%	100%
bioMérieux Benelux BV	Hogeweg 5 (2nd floor) – 5301 LB zaltbommel – Postbus 2104 5300 CC Zaltbommel – Netherlands	100%	100%	100%
bioMérieux Brazil	Estrada Do Mapuá, 491 Jacarepaguá – CEP 22710 261 Rio de Janeiro – RJ – Brazil	100%	100%	100%
bioMérieux BV	Boseind 15 – PO Box 84 – 5281 RM Boxtel – Netherlands	100%	100%	100%
bioMérieux Canada	7815 boulevard Henri Bourassa – West – H4S 1P7 Saint Laurent (Quebec) – Canada	100%	100%	100%
bioMérieux Chile	Seminario 131 – Providencia – Santiago – Chile	100%	100%	100%
bioMérieux China	17/Floor, Yen Sheng Center 64 Hoi Yuen Road, Kwun Tong – Kowloon – Hong Kong – China	100%	100%	100%

		2014 (a)	2013 (a)	2012 (a)
bioMérieux Colombia	Carrera 7 no. 127–48 – Oficina 806 – Bogota DC – Colombia	100%	100%	100%
bioMérieux Korea	1st and 2nd floor Yoo Sung Building #830-67, Yeoksam-dong, Kangnam ku – Seoul – South Korea	100%	100%	100%
bioMérieux CZ	Hvezdova 1716/2b – Prague 4 – 140 78 – Czech Republic	100%	100%	100%
bioMérieux Denmark	Smedeholm 13C – 2730 Herlev – Denmark	100%	100%	100%
bioMérieux Spain	Manuel Tovar 45-47 – 28034 Madrid – Spain	100%	100%	100%
bioMérieux Finland	Konalantie 47 C – FI-00390 Helsinki – Finland	100%	100%	100%
bioMérieux Greece	Papanikoli 70 – 15232 Halandri – Athens – Greece	100%	100%	100%
bioMérieux Hong Kong Investment	17/Floor, Yen Sheng Center 64 Hoi Yuen Road, Kwun Tong – Kowloon – Hong Kong – China	100%	100%	100%
bioMérieux Hungary	Vaci ut 175 – 1138 Budapest – Hungary	100%	100%	100%
bioMérieux Inc.	100 Rodolphe Street – Durham NC 27712 – U.S.	100%	100%	100%
bioMérieux India	A–32, MohanCo-operative Ind. Estate – New Delhi 110 044 – India	100%	100%	100%
bioMérieux International SAS (formerly Stella SAS)	69280 Marcy l'Étoile – France	100%	100%	100%
bioMérieux Italy	Via di Campigliano, 58 – 50126 Ponte a Ema – Florence – Italy	100%	100%	100%
bioMérieux Malaysia	Menara Prima Avenue, Jalan PJU 1/39, Dataran Prima 47301 Petaling Jaya, Selangor darul Ehsan – Malaysia	100%	100%	100%
bioMérieux Mexico	Chihuahua 88, col. Progreso – Mexico 01080, DF – Mexico	100%	100%	100%
bioMérieux Middle East	DHCC Al Baker Building 26 – Office 107 - PO Box 505 201 Dubai – United Arab Emirates	100%	100%	100%
bioMérieux Norway	Økernveien 145 – N-0513 Oslo – Norway	100%	100%	100%
bioMérieux Poland	ul. Zeromskiego 17 – Warsaw 01-882 – Poland	100%	100%	100%
bioMérieux Portugal	Av. 25 de Abril de 1974, no. 23-3°– 2795-197 Linda a Velha – Portugal	100%	100%	100%
bioMérieux United Kingdom	Grafton Way, Basingstoke Hampshire RG22 6HY – United Kingdom	100%	100%	100%
bioMérieux Russia	Derbenevskaya ul. 20, str. 11 – Moscow 115 114 – Russia	100%	100%	100%
bioMérieux Singapore	11 – Biopolis Way – Helios blk – # 10-04 – Singapore 138667	100%	100%	100%
bioMérieux Sweden	Hantverksvagen 15 – 43633 Askim – Sweden	100%	100%	100%
bioMérieux Switzerland	51 Avenue Blanc – Case Postale 2150 – 1202 Geneva – Switzerland	100%	100%	100%
bioMérieux Thailand	3195/9 Vibulthani Tower, 4th floor – Rama IV Road – Klongton – Klongtoey – Bangkok 10110 – Thailand	100%	100%	100%
bioMérieux Turkey	Isiklar Cad. N0 29, Atasehir – 34750 Istanbul – Turkey	100%	100%	100%
bioMérieux Vietnam	Meconimex Building, no. 4, Vu Ngoc Phan Street, Lang Ha Ward Dong Da District, Hanoi – Vietnam	100%	100%	100%
bioTheranostics	9640 Towne Centre Dr., Ste 200 – San Diego CA 92121 – U.S.	100%	100%	100%
BTF Pty Limited	PO Box 599 – North Ryde BC – NSW 1670 – Australia	100%	100%	100%
Mérieux Université	113 Route de Paris – 69160 Tassin-La-Demi-Lune – France	40%	40%	
PML Microbiologicals	27120 SW 95th Avenue – Wilsonville, OR 97070 – U.S.			100%
RAS Lifesciences	Plot no. 13, 4-7-18/13/2, Raghavendra Nagar, Nacharam, Hyderabad – 500 076 – India	60%	60%	60%
Shangai bioMérieux Bio-engineering	Unit 02 to 05, 28/F, Hai Tong Securities Tower – 689 Guang Dong Road – Huangpu District – Shangai 200001 – China	60%	60%	60%

		2014 (a)	2013 (a)	2012 (a)
SSC Europe	ul. Zeromskiego 17 – Warsaw 01-882 – Poland	100%	100%	100%
Sysmex bioMérieux (formerly bioMérieux Japan)	Central Tower 8th – 1 2 2 Osaki Shinagawa–ku Tokyo 141–0032 – Japan	66%	66%	66%
bioMérieux Shanghai Biotech Co. Ltd (formerly Meikang)	No. 4633 Pusan Road, Kangqiao Industrial Park – Pudong New District – Shanghai – 200335 – China	100%	100%	100%
bioMérieux Shangai Company Ltd	No. 4633 Pusan Road, Kangqiao Industrial Park – Pudong New District – Shanghai – 200335 – China	100%	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%	100%

(a) Percentage control is identical to percentage interest.

20.1.2 PARENT COMPANY FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2014

The parent company financial statements for the years ended December 31, 2013 and December 31, 2012 are respectively presented in section 20.1.2 of the Registration Document filed with the French financial markets authority (*Autorité des marchés financiers* – AMF) on April 29, 2014 under number D14-0443 and section 20.1.2 of the Registration Document filed on May 17, 2013 under number D13-0542.

INCOME STATEMENT

In millions of euros	2014	2013
Sales of goods and finished products	804.4	790.3
Other income	97.2	90.7
Sales	**901.6**	**881.0**
Production included in inventories (work-in-progress and finished products)	35.8	15.1
Capitalized production	5.7	4.6
Total production	**943.2**	**900.7**
Cost of material supplies and other external charges	(322.8)	(319.8)
Change in raw material and instrument inventories	(33.3)	(7.4)
External charges	(209.3)	(207.4)
Added value	**377.7**	**366.1**
Taxes other than income tax	(17.1)	(16.4)
Payroll and benefits	(248.4)	(246.5)
Gross operating income	**112.2**	**103.2**
Depreciation, amortization and provisions	(50.7)	(38.6)
Other operating income (expense)	(29.7)	(30.1)
Operating income	**31.8**	**34.6**
Net financial expense	(6.5)	(2.8)
Net investment income	29.8	75.4
Net income before non-recurring items and tax	**55.2**	**107.3**
Net non-recurring expense	(3.1)	(4.1)
Employee profit sharing	0.0	0.0
Income tax	13.2	6.6
Net income for the year	**65.2**	**109.7**
Earnings per share[(a)]	**1.65**	**2.78**

[(a)] As the Company has not issued any dilutive instruments, diluted earnings per share is identical to basic earnings per share.

Basic earnings per share is calculated by dividing net income for the period by the weighted average number of shares outstanding during the period.

BALANCE SHEET

Assets *In millions of euros*	Net 2014	Net 2013
Non-current assets		
. Intangible assets	196.4	198.3
. Property, plant and equipment	210.6	186.9
. Investments and related receivables	548.2	223.7
. Other non-current financial assets	10.2	10.4
Total non-current assets	**965.4**	**619.3**
Current assets		
. Inventories and work-in-progress	127.0	125.3
. Trade receivables	237.2	238.6
. Other operating receivables	27.4	17.9
. Non-operating receivables	53.6	43.9
. Cash and cash pooling	164.8	464.5
Total current assets	**609.9**	**890.2**
Deferred charges	0.7	0.9
Bond redemption premiums	1.9	2.3
Unrealized foreign exchange losses	6.1	9.2
Total assets	***1,584.1***	***1,521.9***

Shareholders' equity and liabilities	2014	2013
Shareholders' equity		
. Share capital	12.0	12.0
. Additional paid-in capital	63.5	63.5
. Retained earnings	682.2	611.9
. Statutory provisions and grants	40.4	38.4
. Net income for the year	65.2	109.7
Total shareholders' equity	**863.3**	**835.6**
Provisions	**37.5**	**34.6**
Liabilities		
. Borrowings and debt	386.6	402.7
. Trade payables	149.0	125.0
. Other operating payables	106.7	106.0
. Non-operating payables	31.2	16.4
Total liabilities	**673.5**	**605.1**
Unrealized foreign exchange gains	9.9	1.6
Total shareholders' equity and liabilities	***1,584.1***	***1,521.9***

1. Statement of changes in net debt

1.1. Accounting policies

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 net income, depreciation and amortization, net additions to provisions (impairment and contingencies and losses), less capital gains or losses on disposals of fixed assets.

1.2. Data

In millions of euros	2014		2013	
Net income for the year	65.2		109.7	
Depreciation, amortization and provisions, net	43.4		51.6	
Gains and losses on corporate actions	2.0		0.3	
Merger loss	(0.1)		0.0	
Cash flow from operating activities	**110.5**		**161.6**	
Increase in inventories	(2.6)		(7.8)	
Net change in trade receivables	1.6		11.3	
Net change in trade payables and other operating working capital	15.6		(8.7)	
Operating working capital requirement	**14.6**		**(5.2)**	
Increase in receivables, net of tax	(11.1)		(7.9)	
Other non-operating working capital	0.8		1.3	
Total change in working capital requirement	**4.3**		**(11.8)**	
Net cash generated from operating activities	**114.9**		**149.7**	
Capital expenditures	(67.8)		(56.7)	
Disposals of property, plant and equipment	11.2		2.8	
Change in payables on fixed assets	15.5		(6.2)	
Increase in equity interests and loans to subsidiaries	(382.0)	(a)	(1.9)	(b)
Decrease in non-current financial assets	53.3	(c)	32.9	(d)
Net cash used in investing activities	**(369.8)**		**(29.0)**	
Dividends paid	(39.4)	(e)	(38.6)	
Change in other equity	(1.0)			
Net cash used in shareholders' equity	**(40.4)**		**(38.6)**	
Change in net debt (excluding exchange rate impact)	**(295.3)**		**81.9**	
Breakdown of change in net debt				
Net debt at beginning of year	(61.8)		45.2	
Net debt from mergers	0.0		(28.7)	
Cash pooling impairment	(0.6)		1.4	
Impact of changes in exchange rates on net debt	(11.1)		2.2	
Change in net debt:	**295.3**		**(81.9)**	
- Committed debt	*(28.3)*		*291.7*	
- Cash and bank overdrafts	*323.6*		*(373.6)*	
Net debt at end of year (Note 4.1.2)	**221.8**		**(61.8)**	

(a) Including loans granted to bioMérieux Inc. (€347.5 million), bioMérieux Brazil (€6.3 million), bioMérieux Taiwan (€3.9 million), and the acquisition of Advencis shares (€9.2 million).
(b) Including contingent consideration relating to AB Biodisk (€1 million).
(c) Including the repayment of loans by bioMérieux Inc. (€49.2 million) and bioMérieux Brazil (€3.7 million).
(d) Including the change in ABG Stella dividends receivable (€30.9 million).
(e) Dividend approved by the Shareholders' Meeting of May 28, 2014.

2. Notes to the financial statements and summary of significant accounting policies

The financial statements have been prepared in accordance with Regulation no. 2014-03 of the French accounting standard setter (*Autorité des normes comptables* – ANC) dated June 5, 2014, and approved by ministerial decree on September 8, 2014.

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's financial statements are fully consolidated in the financial statements of Institut Mérieux (17 rue Bourgelat, 69002, Lyon, France).

3. Non-current assets and related parties

3.1. Intangible assets

3.1.1. Accounting policies

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 (with the exception of the ERP system, which is amortized over a period of ten years).

These assets are measured at cost (purchase price and incidental costs).

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.

Technical merger losses in respect of full asset transfers and merger transactions are recognized in intangible assets. These assets are tested for impairment annually based on the valuation of the underlying assets to which they are allocated. An impairment loss is recognized when the present value of one or more underlying assets falls below their carrying amount, including the allocated share of the merger loss.

3.1.2. Data

BREAKDOWN *In millions of euros*	**Gross value**	**Amortization and impairment**	**Carrying amount Dec. 31, 2014**	**Carrying amount Dec. 31, 2013**
R&D expenses	15.1	14.3	0.8	4.6
Software	45.1	36.6	8.5	5.6
Acquired goodwill	174.7 (a)	6.6 (b)	168.1	167.8
Advances and downpayments	15.8	0.0	15.8	17.5
Other	35.6	32.4	3.1	2.8
Total	**286.3**	**89.9**	**196.3**	**198.3**

(a) Including merger losses for €161.9 million.
(b) Including the writedown of merger losses for €6.6 million.

In November 2014, bioMérieux SA signed an exclusive distribution contract with Hain Lifescience for the sale of products using DNA-strip technology. At December 31, 2014, these distribution rights. valued at a total amount of €3 million, are recognized under assets in the amount of €2.5 million. The difference (i.e., €0.5 million) corresponds to the additional payment due by bioMérieux SA in order to begin sales in a certain number of countries. This payment is subordinate to confirmation by Hain Lifescience of the countries concerned and therefore constitutes an obligation for bioMérieux SA.

MOVEMENTS *In millions of euros*	Gross value	Amortization and impairment	Carrying amount
December 31, 2012	**304.3**	**65.1**	**239.2**
Merger gain	23.0	8.8	14.2
Merger loss	(49.5)	2.5	(52.0)
Acquisitions/Increases	8.3	9.1	(0.8)
Disposals/Decreases	(7.6)	(5.3)	(2.3)
December 31, 2013	**278.5**	**80.2**	**198.3**
Acquisitions/Increases	11.4	11.7 (a)	(0.3)
Disposals/Decreases	(3.5)	(2.0)	(1.6)
December 31, 2014	**286.3**	**89.9**	**196.4**

(a) Including €2.5 million in writedowns of merger losses, and €1.4 million in writedowns of research and development expenses capitalized in prior periods by AES Chemunex (see Note 4.6).

Technical merger losses included in "Acquired goodwill" are allocated as follows:

Allocation of merger gains and losses *In millions of euros*	Gross value		Impairment	Carrying amount
	AES Chemunex	Argene		
Acquired goodwill	111.0	19.4		130.4
Technology	12.5	12.8	5.2	20.1
Inventories	0.0	0.7	0.7	0.0
Customer relationships	5.4		0.7	4.7
Total	**128.9**	**32.9**	**6.6**	**155.2**

3.2. Property, plant and equipment

3.2.1. Accounting policies

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, for which depreciation is calculated separately for each component as follows:

Shell	30-40 years
Finishing work, fixtures and fittings	10-20 years

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.*

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.

3.2.2. Data

BREAKDOWN *In millions of euros*	**Gross value**	**Amortization and impairment**	**Carrying amount Dec. 31, 2014**	**Carrying amount Dec. 31, 2013**
Land	18.8	0.7	18.1	17.7
Buildings	199.6	112.8	86.8	89.9
Machinery and equipment	179.7	128.5	51.2	48.1
Capitalized instruments	38.4	30.2	8.2 (a)	6.3 (a)
Other non-current assets	39.7	29.4	10.3	10.6
Non-current assets in progress	36.0	0.0	36.0	14.3
Total	**512.2**	**301.6**	**210.6**	**186.9**

(a) Most capitalized instruments are installed at customers' sites.

MOVEMENTS *In millions of euros*	**Gross value**	**Amortization and impairment**	**Carrying amount**
December 31, 2012	**416.7**	**255.3**	**161.4**
Merger gain	13.4	8.0	5.4
Acquisitions/Increases	49.1	27.9	21.2
Disposals/Decreases	(7.7)	(6.6)	(1.1)
December 31, 2013	**471.5**	**284.6**	**186.9**
Acquisitions/Increases	56.5 (a)	32.2 (b)	24.3
Disposals/Decreases	(15.8)	(15.2)	(0.6)
December 31, 2014	**512.2**	**301.6**	**210.6**

(a) Including the construction of the Company's future headquarters for €11 million.
(b) Including the impairment of LyfoCults (€0.3 million) and FMLA (€2.3 million) (see Note 4.1).

3.3. Non-current financial assets and related parties

3.3.1. Non-current financial assets

3.3.1.1. Accounting policies

Non-current financial assets are recognized at their purchase price.

An impairment loss is recognized against investments whenever their value in use falls below their acquisition cost. Value in use is generally estimated by taking into account sales, borrowings and any technology and real estate assets owned by the entity concerned, as well as any past-due trade payables and receivables with subsidiaries. Non-controlling interests in unlisted companies are measured using a multi-criteria method including the economic outlook and net financial position.

Other investments are written down whenever their market value falls below cost. The market value of listed securities corresponds to the average trading price during the last month of the year.

Other financial assets include treasury shares purchased under a liquidity agreement entered into 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.

3.3.1.2. Data

BREAKDOWN *In millions of euros*	**Gross value**	**Impairment**	**Carrying amount Dec. 31, 2014**	**Carrying amount Dec. 31, 2013**
Investments	348.6	114.1	234.5	215.9
Other non-current financial assets	14.9	5.6	9.3	9.2
Related receivables	313.8	0.0	313.8	7.8
Other	0.9 (a)	0.1	0.8	1.3
Total	**678.2**	**119.7**	**558.4**	**234.1**

(a) Including 4,339 treasury shares for an amount of €0.4 million (see Note 6.1.2).

MOVEMENTS *In millions of euros*	**Gross value**	**Impairment**	**Carrying amount**
December 31, 2012	**403.7**	**122.9**	**280.8**
Merger gain	0.4	0.1	0.3
Cancelation of shares following merger	(11.7)	0.0	(11.7)
Acquisitions/Increases	3.0	7.8	(4.8)
Disposals/Decreases	(34.8)	(4.3)	(30.5)
December 31, 2013	**360.6**	**126.5**	**234.1**
Acquisitions/Increases	381.6 (a)	0.9 (c)	380.7
Disposals/Decreases	(64.0) (b)	(7.6) (d)	(56.4)
December 31, 2014	**678.2**	**119.8**	**558.4**

(a) Including loans granted to bioMérieux Inc. (€347.5 million), bioMérieux Brazil (€6.3 million), bioMérieux Taiwan (€3.9 million); acquisition of shares in Advencis (€9.2 million), Ceeram (€2.8 million), Biocartis Group (€7.8 million) and My Cartis (€1.2 million).

(b) Including the repayment of loans by bioMérieux Brazil (€3.3 million) and bioMérieux Inc. (€49.2 million), the retirement of shares in Biocartis SA (€9 million) and the liquidation of shares in Europroteome (€2 million).

(c) Including writedowns of AES GmbH shares (€0.5 million) and Mérieux Université shares (€0.3 million).

(d) Including the reversal of writedowns of ABB shares (€5 million) and Europroteome shares (€2 million).

3.3.1.3. List of subsidiaries and investments

See table overleaf.

	Share capital (in millions of currency units)		Net equity excl. 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 net income or loss (in millions of currency units)	Dividends received by the Company during the year (in millions of euros)	Notes
A – SUBSIDIARIES (up to 50%-owned by bioMérieux):											
. AB bioMérieux	SEK	0.2	136.0	100.0%	69.7	26.5		0.0	23.1		1/1/14 - 12/31/14
. ABG Stella	USD	0.0	521.5	100.0%	55.5	55.5		0.0	0.0		1/1/14 - 12/31/14
. Adiagène	EUR	0.3	2.3	100.0%	1.5	1.5		1.0	(0.1)		1/1/14 - 12/31/14
. Advencis	EUR	0.0	(0.5)	100.0%	9.2	9.2	0.4	0.0	(0.3)		1/1/14 - 12/31/14
. AES Canada	CAD	0.0	0.0	100.0%	0.0	0.0	0.5	1.2	0.1		1/1/14 - 12/31/14
. AES GmbH (Germany)	EUR	0.0	0.4	100.0%	0.9	0.4		0.0	0.1	0.2	1/1/14 - 12/31/14
. bioMérieux West Africa	CFA	50.0	77.6	100.0%	0.1	0.1		0.0	2.0		1/1/14 - 12/31/14
. bioMérieux Algeria	DZD	58.0	(2.0)	100.0%	0.6	0.6		35.8	(0.6)		1/1/14 - 12/31/14
. bioMérieux Germany	EUR	3.5	9.1	100.0%	3.8	3.8		94.5	4.1		1/1/14 - 12/31/14
. bioMérieux Argentina	ARS	0.5	23.9	99.1%	5.4	3.0		140.6	(0.6)		1/1/14 - 12/31/14
. bioMérieux Austria	EUR	0.1	1.7	100.0%	0.1	0.1	0.6	19.4	0.5	0.8	1/1/14 - 12/31/14
. bioMérieux Belgium	EUR	0.3	2.0	100.0%	0.3	0.3	2.3	26.3	1.0		1/1/14 - 12/31/14
. bioMérieux Benelux BV	EUR	0.0	3.2	100.0%	0.1	0.1	0.8	35.7	0.8		1/1/14 - 12/31/14
. bioMérieux Brazil	BRL	48.8	(36.2)	100.0%	24.0	24.0	11.5	152.6	(2.2)		1/1/14 - 12/31/14
. bioMérieux BV	EUR	22.7	(26.3)	100.0%	53.3	0.0	3.4	0.0	(0.7)		1/1/14 - 12/31/14
. bioMérieux Chile	CLP	1,686.6	2,800.3	100.0%	3.1	3.1		11,079.7	167.2		1/1/14 - 12/31/14
. bioMérieux China	HKD	193.0	168.9	100.0%	24.6	24.6	11.1	438.2	2.7		1/1/14 - 12/31/14
. bioMérieux Colombia	COP	0.5	12.2	100.0%	2.2	2.2		49.4	1.1		1/1/14 - 12/31/14
. bioMérieux Korea	KRW	1,000.0	6,589.4	100.0%	0.7	0.7		42,950.2	2,349.1		1/1/14 - 12/31/14
. bioMérieux Denmark	DKK	0.5	6.6	100.0%	0.5	0.5		55.5	2.1	0.3	1/1/14 - 12/31/14
. bioMérieux Spain	EUR	0.2	32.7	100.0%	0.6	0.6	1.0	71.3	3.3		1/1/14 - 12/31/14
. bioMérieux Finland	EUR	0.0	0.4	100.0%	0.1	0.1		5.5	0.2	0.2	1/1/14 - 12/31/14
. bioMérieux Greece	EUR	2.0	0.4	100.0%	4.1	4.1		10.6	1.4		1/1/14 - 12/31/14
. bioMérieux HK Investment Ltd	HKD	68.8	(5.7)	100.0%	6.1	6.1		0.0	(0.2)		1/1/14 - 12/31/14
. bioMérieux Hungary	HUF	3.0	143.1	96.7%	0.0	0.0		1,360.8	68.6		1/1/14 - 12/31/14
. bioMérieux India	INR	66.0	576.4	100.0%	2.9	2.9		2,645.4	146.2		1/1/14 - 12/31/14
. bioMérieux International SAS	EUR	0.0	0.0	100.0%	0.0	0.0		3.5	0.1		1/1/14 - 12/31/14
. bioMérieux Italy	EUR	9.0	45.3	100.0%	12.8	12.8		120.4	7.2	12.0	1/1/14 - 12/31/14
. bioMérieux Japan	JPY	0.5	(0.2)	66.0%	3.9	3.9		5.7	0.3		1/1/14 - 12/31/14
. bioMérieux Malaysia	MYR	0.1	0.0	100.0%	0.0	0.0	0.1	0.0	0.0		1/1/14 - 12/31/14
. bioMérieux Middle East	AED	0.1	1.5	100.0%	0.0	0.0	0.9	0.0	0.6		1/1/14 - 12/31/14
. bioMérieux Norway	NOK	2.8	3.4	100.0%	0.3	0.3		49.7	2.3	0.2	1/1/14 - 12/31/14
. bioMérieux Poland	PLN	0.4	38.5	100.0%	1.5	1.5		118.4	9.3		1/1/14 - 12/31/14
. bioMérieux Portugal	EUR	1.6	9.3	100.0%	2.0	2.0		15.5	(0.7)		1/1/14 - 12/31/14
. bioMérieux Russia	RUB	55.7	171.4	100.0%	1.3	1.3		836.2	156.4		1/1/14 - 12/31/14
. bioMérieux Russia Old	RUB	0.3	(1.8)	100.0%	0.2	0.0		0.0	0.1		1/1/14 - 12/31/14
. bioMérieux Serbia	RSD	0.0	0.0	100.0%	0.0	0.0		0.0	0.0		Incorp. in Dec. 2014
. bioMérieux Singapore	SGD	0.1	4.9	100.0%	0.1	0.1	0.9	5.5	1.0	0.6	1/1/14 - 12/31/14
. bioMérieux South Africa	ZAR	50.0	54.1	100.0%	5.4	5.4		224.0	16.9		1/1/14 - 12/31/14
. bioMérieux Sweden	SEK	0.5	5.0	100.0%	0.2	0.2	0.3	172.1	2.3	0.3	1/1/14 - 12/31/14
. bioMérieux Switzerland	CHF	0.4	2.1	100.0%	0.6	0.6		29.9	1.4	2.1	1/1/14 - 12/31/14
. bioMérieux Czech Republic	CZK	0.2	32.4	100.0%	0.0	0.0	0.3	101.1	5.6		1/1/14 - 12/31/14
. bioMérieux Thailand	THB	35.0	44.1	100.0%	0.9	0.9		289.7	5.0	0.1	1/1/14 - 12/31/14
. bioMérieux Turkey	TRY	3.3	40.2	100.0%	2.7	2.7		60.5	2.2		1/1/14 - 12/31/14
. bioMérieux UK	GBP	0.0	7.1	100.0%	1.2	1.2		47.1	0.9	1.6	1/1/14 - 12/31/14
. bioMérieux Vietnam	VND	6.3	0.1	100.0%	0.2	0.2		0.0	0.1		1/1/14 - 12/31/14
. BTF	AUD	4.1	6.2	100.0%	13.6	13.6		14.5	5.5	2.6	1/1/14 - 12/31/14
. Ceeram	EUR	1.3	(0.8)	100.0%	2.8	2.8	0.3	1.2	0.0		1/1/14 - 09/30/14
TOTAL SUBSIDIARIES					**319.3**	**219.7**					

	Share capital (in millions of currency units)		Net equity excl. 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 net income 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)											
. GeNeuro	CHF	0.6	(0.6)	7.8%	0.1	0.0		0.2	(4.8)		1/1/13 - 12/31/13
. Inodiag	EUR			0.6%	0.9	0.0					In liquidation
. Knome	USD	4.2	(3.2)	6.4%	7.3	0.0		2.8	(6.1)		2013 – unaudited
. Labtech Ltd	AUD	11.7	1.9	9.8%	1.3	0.8		3.9	0.3		7/1/13 - 6/30/14
. Mérieux Université	EUR	3.0	(1.8)	40.0%	1.2	0.5		0.3	(0.8)		1/1/14 - 12/31/14
. Quanterix	USD	0.0	(54.0)	14.0%	11.8	11.8		8.3	(7.0)		1/1/13 - 12/31/13
. Relia Diagnostic Systems Inc.	USD	11.2	(21.1)	7.0%	6.8	1.7		0.2	(4.4)		1/1/12 - 12/31/12
. Thera Conseil	EUR	0.2	0.1	0.8%	0.0	0		3.0	0.1		1/1/13 - 12/31/13
TOTAL INVESTMENTS					**29.3**	**14.7**					
C – OTHER SECURITIES											
. Avesthagen	INR	76.0	(469.9)	3.6%	1.4	0.0		0.0	91.2		4/1/13 - 3/31/14
. My Cartis	EUR	2.5	(2.3)	3.9%	1.2	1.2		0.0	(2.2)		1/1/13 - 12/31/13
. Dynavax	USD	0.3	186.0	0.1%	0.7	0.1		11.3	(66.7)		1/1/13 - 12/31/13
. Amorçage Technologie Invest.	EUR	11.0	(1.4)	1.8%	0.3	0.3		0.0	(1.4)		2/26/13 - 12/31/13
. Biocartis Group				3.5%	7.8	7.8					First reporting period: 2014
. Oscient Pharma	USD			0.2%	3.5	0.0					In liquidation
TOTAL OTHER SECURITIES					**14.9**	**9.4**					
GRAND TOTAL					**363.5**	**243.8**					

In January 2014, the Company subscribed to its Indian subsidiary's share issue which resulted in the acquisition of €1.5 million (INR 127 million) worth of share in that company.

In order to finance the acquisition of BioFire in January 2014, bioMérieux SA granted its U.S. subsidiary bioMérieux Inc. a fixed-rate, seven-year loan of USD 470 million (€344 million), repayable in 14 six-monthly installments.

bioMérieux SA has set up a cross currency swap in order to hedge the related exchange rate risk. The overall amount and maturities of the hedge are identical to those of the loan granted to bioMérieux Inc. The swap hedges the entire exchange rate risk, but also converts a portion of the loan interest to a floating rate.

In June 2014, the Company paid up the outstanding balance due on SNC Mérieux Université's share issue, which was approved at the General Meeting of December 19, 2013, i.e., a payment of €0.2 million.

On December 18, 2014, SNC Mérieux Université carried out a share issue to which bioMérieux SA subscribed in an amount of €0.4 million. At December 31, 2014, the corresponding shares had not been paid up.

The SNC Mérieux Université shares were written down for an amount of €0.3 million in order to reflect the €0.8 million loss recorded by that company for 2014 (based on bioMérieux's 40% equity share).

In December 2014, bioMérieux opened its 42nd commercial subsidiary in Serbia, thus strengthening its presence in Central Europe. bioMerieux SA holds the entire share capital of this company, with a carrying amount of RSD 1.2 million (€10,000).

Impairment recognized against the bioMérieux Argentine shares recognized in an amount of €5.4 million in the financial statements was reversed during the year in an amount of €0.2 million. At December 31, 2014, accumulated impairment recognized against these shares amounted to €2.3 million.

At December 31, 2014, accumulated impairment recognized against AB bioMérieux shares was reduced from €48.2 million to €43.2 million further to the remeasurement of the company at that date.

Shares in AES GmbH, which was in the process of being wound up at December 31, 2014, were written down in the amount of €0.5 million.

On October 15, 2014, bioMérieux acquired all outstanding shares in Alsace-based industrial microbiology start-up Advencis. Advencis has developed an incubator whose innovative, proprietary technology is able to rapidly detect microbial contaminants in water used in manufacturing, particularly by pharmaceutical companies. The incubator enables the early detection of MSRA colonies and is expected to become commercially available in 2015.

The purchase price amounted to €9.2 million, after taking into account the company's debt, and includes contingent consideration for a total amount of €4.6 million, based on the achievement of three technical milestones. This contingent consideration has been included in the purchase price of the shares as their payment is deemed to be probable, with a matching entry to non-operating payables.

In late December 2014, bioMérieux acquired all outstanding shares of France-based Ceeram (an innovative laboratory specialized in molecular virology), for an amount of €2.8 million, thereby entering the market for food-related molecular virology tests and consolidating its position as a pioneer in industrial applications.

Following its liquidation, that shares in Europroteome (gross value of €2 million) were canceled; at the same time, impairment for an equivalent amount was reversed.

The Company made an additional cash contribution of €0.2 million during the year to Amorçage Technologique Investissement (ATI) in connection with its fund raising. In addition, the Company has committed to providing additional funds of up to €0.7 million in the event of a further call for funds. ATI is a fund that finances companies in priority technology sectors, as defined by the French State's research and innovation strategy, during their incorporation and early developmental stages.

During 2014, bioMérieux signed an addendum with Quanterix modifying its commitment to acquire an additional USD 10 million interest in that company. Under the terms of the addendum, the amount of the additional interest to be acquired as well as the platform validation criterion remain unchanged, but the deadline set for this to be achieved was withdrawn.

Further to the restructuring of Biocartis SA, and in consideration for the shares that it held in that company (carrying amount of €9 million), bioMérieux SA received shares in My Cartis (€1.2 million) and in Biocartis Group (€7.8 million). Accordingly, no impairment losses were recognized in respect of this restructuring.

The Company is subject to a number of earn-out clauses relating to acquisitions and disposals that it has carried out. At end-2014, it was not deemed probable that these clauses would be triggered, or the amount involved could not be reliably estimated.

3.3.2. Related parties

3.3.2.1. Affiliated companies: balance sheet captions

In millions of euros	Dec. 31, 2014	Dec. 31, 2013
Total non-current financial assets	**662.3**	**344.5**
Operating receivables	151.0	151.3
Total receivables	**151.0**	**151.3**
Total cash and cash equivalents[(a)]	**130.5**	**107.0**
Operating payables	48.7	47.2
Non-operating payables	1.0	0.0
Borrowings[(b)]	48.1	36.4
Total payables	**97.8**	**83.6**

(a) Advances to subsidiaries under cash pooling agreements.
(b) Advances from subsidiaries under cash pooling agreements.

3.3.2.2. Affiliated companies: financial income and expenses

In millions of euros	2014	2013
Net impairment of investments	4.4	(1.2)
Financial expenses[(a)]	(2.6) [(a)]	(6.8)
Dividends received	25.0	80.4
Financial income[(b)]	23.4 [(b)]	4.6
Total	**50.2**	**77.0**

(a) Including additions to provisions for foreign exchange losses in respect of long-term loans to subsidiaries (€1.4 million).
(b) Including reversals of provisions for foreign exchange losses in respect of cash pooling and long-term loans to subsidiaries (€5.2 million), as well as interest on the bioMérieux Inc. (€15.8 million) and bioMérieux Brazil (€1.5 million) loans.

3.3.2.3. Between related parties

Institut Mérieux, which held 58.9% of bioMérieux SA's shares at December 31, 2014, provided consultancy and support services to bioMérieux SA valued at €4.6 million for the year. Conversely, bioMérieux SA billed Institut Mérieux €0.3 million for expenses incurred on its behalf.

On October 15, 2014, bioMérieux acquired the entire share capital of Advencis, including 32.9% from Mérieux Participations, an indirect subsidiary of Institut Mérieux. The total price for the entire share capital was €9.2 million (including €4.6 million in contingent consideration and whose effective disbursement is considered probable).

During 2014, the Company supplied €1.5 million worth of services and reagents to entities of the Mérieux NutriScience Corp. group, in which Institut Mérieux holds a majority interest.

Thera Conseil, which is 99.20%-owned by Institut Mérieux, billed bioMérieux SA €1.3 million for services in respect of 2014.

Also during the year, bioMérieux SA contributed €1.3 million to the Christophe and Rodolphe Mérieux Foundation and €0.4 million to the Mérieux Foundation for humanitarian projects. Conversely, bioMérieux SA rebilled Fondation Mérieux €0.3 million for expenses incurred on its behalf.

bioMérieux SA has entered into a number of research and development agreements with Transgene (in which Institut Mérieux indirectly holds a 52% equity interest through TSGH) under which the Company received €0.1 million in fees for 2014.

In 2014, bioMérieux SA paid €0.2 million to Mérieux Université (in which bioMérieux SA and Institut Mérieux each hold a 40% interest, and Mérieux Nutriscience Corporation holds a 20% interest) in respect of training fees, and rebilled €0.2 million in other services.

ABL Inc., in which Institut Mérieux indirectly holds the entire share capital, billed bioMérieux SA for transportation fees and raw materials in 2014 through TSGH SAS, in an amount of €0.5 million.

4. Financing and financial instruments

4.1. Net debt

4.1.1. Debt refinancing

bioMérieux SA has a syndicated credit facility for an amount of €350 million, set up in March 2012 and amended in June 2014. The loan matures in 2019 and is subject to the following covenant: net debt may not exceed 3.5 times operating income before non-recurring items (EBITDA) before depreciation/amortization and acquisition expenses. The Company complied with this covenant at December 31, 2014. No amounts were drawn down under this facility in 2014

bioMérieux SA had €30 million in outstanding commercial paper at December 31, 2014 (€60 million at December 31, 2013).

In early October 2013, bioMérieux carried out its first bond issue, placing €300 million worth of seven-year bonds (maturing October 14, 2020) with institutional investors. The bonds pay interest at an annual rate of 2.875% and the first installment was paid in October 2014 for €8.6 million. The bonds were issued with an issue premium. The expense relating to the issue premium and issues fees is being amortized over the term of the bonds.

4.1.2. Maturities of borrowings

In millions of euros	Dec. 31, 2014	Dec. 31, 2013
Due beyond 5 years	300.0	301.9
Due in 1 to 5 years	4.5	1.1
Total long-term borrowings	**304.5**	**303.0**
Due within 1 year	82.1 (a)	99.7
Total borrowings	**386.6**	**402.7**
Short-term investments	(20.1) (b)	(262.9)
Cash at bank and in hand	(144.7) (c)	(201.6)
Net debt	**221.7**	**(61.8)**

(a) Of which cash pooling for €48.1 million and commercial paper for €30 million.
(b) The carrying amount of short-term investments is identical to the market value, except for treasury shares which are carried at historical cost.
(c) Including cash pooling for €127 million after impairment of the bioMérieux BV receivable.

4.2. Financial commitments

4.2.1. Commitments given

In millions of euros	Dec. 31, 2014	Dec. 31, 2013
Endorsements and guarantees	87.7 (a)	405.3
Finance and capital leases	1.5	1.8
Total	**89.2**	**407.1**

(a) Of which related parties for €85.7 million.

Finance leases *In millions of euros*	Gross	Royalties		Amortization and depreciation	
		2014	Accumulated	2014	Accumulated
Land	0.4	0.0	0.0	0.0	0.0
Buildings	3.2	0.5	3.6	1.0	2.0
Other property, plant and equipment	0.6	0.0	0.6	0.6	0.5
Total	**4.2**	**0.5**	**4.2**	**1.6**	**2.5**

Finance leases *In millions of euros*	Outstanding royalties				Residual value
	<1 year	1-5 years	Beyond 5 years	Total	
Land	0.0	0.0	0.0	0.0	0.0
Buildings	0.4	0.4	0.0	0.8	0.0
Other property, plant and equipment	0.0	0.0	0.0	0.0	0.0
Total	**0.4**	**0.4**	**0.0**	**0.8**	**0.0**

4.2.2. Commitments received

In millions of euros	Dec. 31, 2014	Dec. 31, 2013
Endorsements and guarantees, of which affiliated companies for €0 million	0.0	0.0
Credit facilities of €350 million with a banking syndicate	350.0	350.0
Total	**350.0**	**350.0**

4.3. Hedging instruments

4.3.1. Accounting policies

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.

4.3.2. Exchange rate risk

In view of the significant proportion of bioMérieux SA's operations conducted outside the eurozone, its sales, earnings and assets and liabilities may be impacted by changes in exchange rates between the euro and other currencies. Sales are particularly affected by euro/U.S. dollar exchange rate variations and, more occasionally, by fluctuations in the rate of the euro against other currencies.

bioMérieux SA's current policy is to seek to hedge the impact of exchange rate fluctuations on budgeted net income. It uses hedging instruments, when they are available at a reasonable cost, in order to mitigate risks relating to currency fluctuations. Hedging contracts are purchased to cover transactions included in the budget and not for speculative purposes.

Hedges consist mainly of forward currency sales and purchases (maturing within 18 months at December 31, 2014).

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, 2014, are recognized in the balance sheet whenever they are in a hedging relationship with receivables or payables.

Hedges in effect at December 31, 2014 were as follows:

- Forward sales of €37.7 million to hedge trade receivables.
- Forward sales of €124 million to hedge financial receivables.
- Forward purchases of €28.4 million to hedge borrowings.

In addition, the Company entered into currency hedges to cover its 2015 budget positions, with an aggregate net value of €194.1 million.

Based on their market value at December 31, 2014, all of these hedges taken together represented an unrealized loss of €3.7 million.

At December 31, 2014, the Company had no hedges covering the earnings of foreign subsidiaries.

As part of the acquisition of U.S.-based company BioFire, the Company set up a currency hedging program using options against the risk of a fall in the value of the euro against the U.S. dollar, in order to limit the debt incurred as a result of this acquisition. In the first quarter of 2014, a portion of these options were sold and the balance was held to maturity without being exercised.

In 2014, these options (sold and held to maturity) had a negative €5.1 million impact on net income for the year.

The table below shows the currencies in which sales are generated:

In millions of euros	2014 Amount	2014 %	2013 Amount	2013 %
Euro	**534.1**	**59%**	**522.0**	**59%**
Other				
U.S. dollar	137.8	15%	144.8	16%
Chinese yuan	37.8	4%	19.3	2%
Pound sterling	22.9	3%	21.0	2%
Indian rupee	18.5	2%	17.1	2%
Swedish krona	17.0	2%	16.1	2%
Turkish lira	10.9	1%	14.9	2%
Polish zloty	15.0	2%	15.1	2%
Swiss franc	16.2	2%	15.0	2%
Other currencies	91.4	10%	95.7	11%
Total	**901.6**	**100%**	**881.0**	**100%**

4.3.3. Interest rate risk

4.3.3.1. Exposure to interest rate risk

As part of its interest rate risk management policy aimed primarily at managing the risk of an increase in interest rates, bioMérieux SA splits its debt between fixed and floating interest rates.

The bond issue, after taking account of interest rate derivatives, breaks down as €150 million at fixed rates and €150 million at floating rates (capped at 3.3%). The expense in respect of the related premiums is being amortized over the term of the hedges.

Exposure to interest rate risk on other borrowings is not material and is not subject to hedging.

4.3.3.2. Hedging instruments

At December 31, 2014, the interest rate risk hedging portfolio comprised interest rate swaps for €150 million and options for €150 million.

The market value of these instruments amounted to €10.3 million.

4.3.4. Exchange rate and interest rate risk

4.3.4.1. Exposure to exchange rate and interest rate risk

In 2013, bioMérieux SA issued bonds in connection with its U.S. dollar-denominated acquisition of U.S.-based BioFire by bioMérieux Inc., which closed in January 2014. In January 2014, bioMérieux SA granted a USD 470 million loan to bioMérieux Inc. These transactions gave rise to exchange rate and interest rate risk that is subject to hedging.

4.3.4.2. Hedging instruments

In order to mitigate the above-described exchange rate and interest rate risk, the Company set up a cross currency swap in January 2014, for a nominal amount of USD 470 million, payable in six-monthly installments.

At December 31, 2014, the outstanding nominal amount of cross currency swaps stood at USD 403 million. The market value of these instruments amounted to a negative €40.6 million.

4.4. Cash at bank and in hand

4.4.1. Accounting policies

Cash and cash equivalents includes available cash and short-term investments.

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 or losses. A provision for financial risk is set aside for any unrealized losses.

Short-term investments include 981 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.

4.4.2. Data

In millions of euros	Dec. 31, 2014	Dec. 31, 2013
Short-term investments	20.1	262.9
Cash pooling	130.5	107.0
Cash pooling impairment[(a)]	(3.4)	(4.0)
Cash at bank and financial instruments	17.6	98.6
Total	**164.8**	**464.5**

(a) Including bioMérieux BV for €3.4 million.

Short-term investments break down as follows:

	2014	2013
Investment	981 treasury shares	713 treasury shares
Net amount	€0.1 million	€0.1 million
Type	Equities	Equities
ISIN code	FR0010096479	FR0010096479
Investment	Amundi Treso Eonia mutual fund	Amundi Treso Eonia mutual fund
Net amount	€9.5 million	€2.8 million
Type	Euro money-market fund	Euro money-market fund
ISIN code	FR0007435920	FR0007435920
Investment	BNP Paribas Deposit mutual fund	
Net amount	€8.5 million	
Type	Euro money-market fund	
ISIN code	FR0011046085	
Investment	Swiss Life Short Term € mutual fund	
Net amount	€2.0 million	
Type	Euro money-market fund	
ISIN code	FR0011060870	

In 2013, in addition to the breakdown shown above, the cash proceeds from the bond issue were invested in short-term euro-denominated term accounts for €190 million and in negotiable medium-term notes for €70 million.

4.5. Translation adjustments

4.5.1. Accounting policies

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 net income (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.

4.5.2. Unrealized foreign exchange losses

In millions of euros	2014	2013
On operating payables	0.4	0.1
On financial receivables and borrowings	2.2	5.2
On operating receivables	3.4	3.9
Total	**6.1**	**9.2**

4.5.3. Unrealized foreign exchange gains

In millions of euros	2014	2013
On operating payables	0.1	0.3
On operating receivables	0.7	0.2
On borrowings	1.1	1.0
On financial receivables	7.9	0.1
Total	**9.9**	**1.6**

4.6. Net financial expense

4.6.1. Accounting principles

Dividends received are recognized net of withholding taxes applicable in the country of origin.

4.6.2. Data

In millions of euros	2014	2013
Net finance costs	5.0	0.5
Impairment of investments	4.7 (a)	(3.6) (b)
Debt waiver	(0.1)	0.0
Provisions for financial contingencies and losses	(0.3)	(0.1)
Cash pool impairment	0.6	(1.4)
Dividends	25.0	80.4
Foreign exchange losses	(11.6)	(3.2)
Total	**23.3**	**72.6**

(a) Including net reversals of impairment of shares of subsidiaries and on other investments for €4.4 million and €0.3 million, respectively.
(b) Including net additions to impairment of shares of subsidiaries and on other investments for €0.8 million and €2.8 million, respectively.

4.6.3. Currency translation adjustments

Currency translation adjustments 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 2013 and 2014:

In millions of euros	2014	2013
Sales	(1.6)	(2.3)
Purchases	(1.2)	(0.3)
Financial items	(11.6)	(3.2)
Total	**(14.4)**	**(5.8)**

5. Operating data

5.1. Operating highlights

The supply issues encountered on certain lines of manual tests and production problems on the BacT/ALERT® product line at the Durham site which continued during first-half 2014 had an adverse impact on sales. Output has now been restored at the site.

As part of the efforts to market BioFire's products, the Company signed an agreement to acquire operating assets and certain instruments from Eurobio. The agreement was recognized in intangible assets for an amount of €0.3 million and in property, plant and equipment for an amount of €0.2 million.

As part of the streamlining of the product range, the Company decided to gradually phase out the LyfoCults brands and the majority of biochemical reagents. However, bioMérieux enhanced its commercial offering with the launch of two new products: the tenth Tempo® card, which is used to test for *Bacillus cereus* bacteria, and the FilmArray® gastrointestinal panel, which is now available on the U.S. and European markets.

bioMérieux signed an agreement with Novartis to validate and potentially commercialize the bioMérieux assay, THxID™-BRAF, as a companion diagnostic for Novartis compounds currently in phase III development for patients with BRAF+ melanoma.

On December 12, 2014, bioMérieux and Copan signed a binding letter of intent followed by an agreement taking effect on January 1, 2015. This agreement provides for the creation of a strategic partnership in clinical microbiology laboratory automation. Under the terms of the agreement, Copan has granted distribution rights for its automated platforms (including the WASP® Walk-Away Specimen Processor and the WASPLab® solutions) to bioMérieux. This agreement allows bioMérieux to speed up deployment of its Lab Efficiency program. Further to the signing of the agreement, the Company recognized €2.3 million in writedowns of non-current assets, as well as €2.2 million in inventory allowances. The Company also recognized a provision for expenses in the amount of €1.3 million, covering the estimated costs for the withdrawal from certain supplier agreements.

On December 19, 2014, bioMérieux and Astute Medical Inc., a company dedicated to improving the diagnosis of high-risk medical conditions and diseases through the identification and validation of protein biomarkers, signed a global, semi-exclusive agreement regarding the development of a test for the early risk assessment of acute kidney injury (AKI). This innovative test, known as NephroCheck®, detects the presence of two biomarkers: TIMP-2 (tissue inhibitor of metalloproteinase 2) and IGFBP-7 (insulin-like growth factor binding protein 7). The agreement provides for an unconditional and non-reimbursable upfront payment of USD 10 million (€8 million), 75% of which is to be set off against future royalties. The balance of the upfront payment was recognized in expenses for €2 million in 2014.

At December 31, 2014, the Magellan project employed 18.5 full-time equivalent personnel. The Company also recognized €10 million in external services relating to the project, including €6.2 million in respect of payroll costs.

5.2. Sales

5.2.1. Accounting policies

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 a continuing involvement in the 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.

5.2.2. Data

Breakdown of sales *In millions of euros*	France	Export	Total 2014	Total 2013
Sales of goods for resale	18.1	78.5	96.6	96.3
Sold production (goods)	159.6	531.9	691.5	676.7
Sold production (services)	20.2	93.3	113.5	108.0
Total	**197.9**	**703.7**	**901.6**	**881.0**

Sales by geographic area *In millions of euros*	2014	2013
France	203.5	202.9
Europe	393.7	367.8
South America	41.1	43.6
North America	104.2	95.9
Asia-Pacific	92.4	109.8
Other	66.7	61.0
Total	**901.6**	**881.0**

5.3. Inventories

5.3.1. Accounting policies

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.

5.3.2. Data

In millions of euros	2014	2013
Raw materials	33.2	34.0
Work-in-progress	28.9	28.6
Finished products and goods held for resale	76.0	72.9
Total gross value	**138.1** [(a)]	**135.5**
Impairment losses	(11.1) [(b)]	(10.2)
Carrying amount	**127.0**	**125.3**

(a) Of which 20.5% relating to instruments and the related spare parts.
(b) Of which €2.2 million in impairment allowances on inventories and work-in-progress at Labor Berlin.

5.4. Trade and operating receivables

5.4.1. Accounting policies

Receivables are recognized at face value. An impairment loss is recognized when the receivables present a risk of non-recovery.

5.4.2. Data

Trade receivables *In millions of euros*	**Dec. 31, 2014**	**Dec. 31, 2013**
Gross trade receivables	241.7	243.3
Impairment losses	(4.5) (a)	(4.7)
Carrying amount	**237.2**	**238.6**

(a) Including impairment allowances against receivables of bioMérieux Argentina (€2.9 million) and bioMérieux Russia (€0.8 million).

Other operating receivables *In millions of euros*	**Dec. 31, 2014**	**Dec. 31, 2013**
Advances and downpayments	7.4	1.1
Pre-paid expenses	2.4	1.9
Other	17.6 (a)	14.9
Total gross value	**27.4**	**17.9**
Impairment losses	0.0	0.0
Carrying amount	**27.4**	**17.9**

(a) Including a VAT receivable for €9 million.

Breakdown of pre-paid expenses *In millions of euros*	**Dec. 31, 2014**	**Dec. 31, 2013**
Relating to purchases	2.1	1.4
Relating to external services and other	0.2	0.3
Relating to other operating expenses	0.1	0.2
Total	**2.4**	**1.9**

Maturities of trade and other receivables *In millions of euros*	**Dec. 31, 2014**	**Dec. 31, 2013**
Trade receivables	**237.2**	**238.6**
- Due in less than 1 year	236.8	238.3
- Due in more than 1 year	0.4	0.3
Other operating receivables	**27.4**	**17.9**
- Due in less than 1 year	27.1	14.4
- Due in more than 1 year	0.3	3.5

5.5. Trade and operating payables

5.5.1. Data

Trade and other operating payables *In millions of euros*	Dec. 31, 2014	Dec. 31, 2013
Trade payables	**149.0**	**125.0**
Accrued payroll and other taxes	93.8	91.8
Deferred income	3.5 (a)	4.7
Other	9.4	9.5
Other operating payables	**106.7**	**106.0**

(a) Including leases (€2.4 million), equipment maintenance (€0.2 million) and sales of reagents and instruments (€0.9 million).

Maturities of trade and other payables *In millions of euros*	Dec. 31, 2014	Dec. 31, 2013
Trade payables		
Due within 1 year	148.9	124.9
Due beyond 1 year	0.1	0.1
Total	**149.0**	**125.0**
Other operating payables		
Due within 1 year	106.7	106.0
Due beyond 1 year	0.0	0.0
Total	**106.7**	**106.0**

5.6. Research and development expenses

Research and development expenses for 2014 amounted to €116.6 million. The discontinuation of development programs during the year gave rise to the recognition of €1.5 million in accelerated depreciation of previously-capitalized development costs at AES Chemunex.

5.6.1. Accounting policies

Research and development expenses are recognized in the year in which they are incurred.

5.6.2. Commitments

At December 31, 2014, commitments given in respect of various research agreements amounted to €15.3 million.

bioMérieux SA participates in a research program coordinated by Institut Mérieux, together with bioMérieux, Transgene, 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 (renamed Bpifrance in July 2013). The public financing agreement was approved by the European authorities on October 22, 2008. In this setting, and in light of the supplemental agreements modifying the initial research program, bioMérieux SA agreed to undertake research and development for an estimated amount of €67.5 million between 2007 and 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 pay back the grants according to a payment schedule based on sales generated, and then pay 3.4% of sales until 2029.

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 is being put in place through partnership agreements with Bioaster, is estimated at €4.4 million over the 2012-2015 period (of which €2.8 million has already been contracted at December 31, 2014). This amount does not include the cost of internal bioMérieux resources which may be used in these jointly-led projects.

6. Personnel costs and employee benefits

6.1. Accounting policies

When an expense is not considered as definitive on recognition, the expense transfer accounts are used to subsequently reclassify the expense based on the appropriate economic nature.

In 2014, income relating to CICE tax credits promoting competition and employment in France (*Crédit d'Impôt pour la Compétitivité et l'Emploi*) was recorded as and when the remuneration deemed eligible for inclusion in the tax base was recognized, and is presented in operating items as a deduction from personnel costs for €3.6 million.

CICE tax credits in respect of remuneration paid in 2013 amounted to €2.4 million. These tax credits have helped improve the Company's competitiveness, in particular through production capacity investments in France, new hires and staff training, and expenditure on occupational health and safety.

6.2. Personnel costs

Personnel costs *In millions of euros*	**2014**	**2013**
Wages and salaries	161.4	158.3
Incentive plan	7.7	7.9
Payroll taxes	79.3	80.3
Total	**248.4**	**246.5**
Employee profit sharing	0.0	0.0
Total	**248.4**	**246.5**
Average headcount	**3,330**	**3,385**
Headcount at year-end	**3,327**	**3,429**

No employee profit sharing was paid in respect of 2014 in view of the Company's results.

Compensation paid to Company officers and directors for 2014 in respect of their duties consisted of directors' fees of €0.2 million, and fixed and variable compensation in the amount of €1.6 million.

Breakdown of headcount *In FTE*	2014	2013
Average headcount		
Managers	1,537	1,488
Supervisors	62	91
Employees	29	72
Technicians	1,114	1,127
Workers	588	607
Total	**3,330**	**3,385**
Headcount at year-end		
Managers	1,541	1,515
Supervisors	65	92
Employees	27	68
Technicians	1,117	1,128
Workers	577	626
Total	**3,327**	**3,429**

At December 31, 2014, bioMérieux SA's obligations to its employees under the statutory training entitlement provided for by French law (*Droit Individuel à la Formation* – DIF) were estimated to represent a maximum of 312,531 hours.

6.3. Provisions for pensions and other post-employment benefits

6.3.1. Accounting policies

The Company applies recommendation no. 2013-02 of November 7, 2013 issued by the French accounting standard setter (*Autorité des normes comptables* – ANC) and uses the principles of IAS 19 as amended in June 2011 for its statutory financial statements, with the exception of the option to recognize actuarial gains and losses in equity.

6.3.2. Data

Obligations in respect of pensions and other post-employment benefits are calculated using actuarial methods based on the following assumptions:

	Dec. 31, 2014	Dec. 31, 2013
Salary increase rate	2.5%	3%
Discount rate	2%	3%
Employee mobility rate[(a)]	0% to 10%	0% to 10%
Average duration	14.3	14.6

(a) Depending on age and status of the employee (managerial/non-managerial grade).

At December 31, 2014, the Company recognized provisions for retirement benefits in an amount of €13.8 million.

The provision for long service awards amounts to €11.2 million at December 31, 2014.

7. Shareholders' equity and share grant plans

7.1. Accounting policies

Investment grants are recognized in equity. The Company has elected to spread an investment grant financing an amortizable fixed asset over several periods. The investment grant is reversed over the same period and based on the same pattern as the value of the asset acquired or created as a result of the grant.

7.2. Data

The Company's share capital amounted to €12,029,370 at December 31, 2014 and was divided into 39,453,740 shares with a total of 65,667,345 voting rights (i.e., 26,218,925 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, 2014.

At December 31, 2014, the Company held:

– 4,339 treasury shares under a liquidity agreement with an independent investment firm (see Note 5). During 2014, the Company bought back 404,727 of its own shares and sold 410,288.

– 981 treasury shares were set aside for free share grants. During 2014, the Company purchased 5,000 shares and remitted 4,732.

Change in shareholders' equity *In millions of euros*	**Share capital**	**Additional paid-in capital**	**Retained earnings**	**Statutory provisions**	**Grants**	**Total**
December 31, 2012	**12.0**	**63.5**	**661.6**	**35.4**	**0.3**	**772.8**
Net income for the year	0.0	0.0	109.7	0.0	0.0	**109.7**
Dividends paid	0.0	0.0	(38.6)	0.0	0.0	**(38.6)**
Other movements	0.0	0.0	0.1	1.7	1.0	**2.8**
Reversals of AES Chemunex investment grants	0.0	0.0	(1.1)	0.0	0.0	**(1.1)**
Impact of change in method (retirement and health insurance benefits)	0.0	0.0	(10.0)	0.0	0.0	**(10.0)**
December 31, 2013	**12.0**	**63.5**	**721.7**	**37.1**	**1.3**	**835.6**
Net income for the year	0.0	0.0	65.2	0.0	0.0	**65.2**
Dividends paid	0.0	0.0	(39.5)	0.0	0.0	**(39.5)**
Other movements	0.0	0.0	0.0	3.1	(1.1)	**2.0**
December 31, 2014	**12.0**	**63.5**	**747.4**	**40.2**	**0.2**	**863.3**

The following table presents all of the Company's share grant plans.

Number of shares	**Year in which plan opened**						
	2008	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**
Initial number of options granted	25,000	52,256	252,851	51,567	26,000	41,700	5,000
Forfeited shares		6,659	243,861	-5,399	1,400	9,200	
Number of shares remitted in 2014			4,737				
Total number of vested shares	25,000	45,597	8,990	1,437			
Number of shares to be remitted as of Dec. 31, 2014	0	0	0	44,731	24,600	32,500	5,000

Between 2009 and 2014, 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 two or four years.

Moreover, the free shares will only vest if certain performance conditions are met. These conditions are the same as those used to calculate the variable compensation of the Group's key senior executives and they are based either on sales and operating income 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 2014, the Group recognized a net expense of €1.2 million in operating items in respect of share-based payment (versus a net expense of €0.6 million in 2013).

At December 31, 2014, bioMérieux SA held 981 of its own shares for allocation under the above-described share grant plans. The Company will have to purchase a further 105,850 shares at a cost of €9.1 million based on the share price at December 31, 2014. Taking into account the forecast achievement of performance conditions at that date, the Company will have to purchase 58,024 treasury shares, representing a cost of €5.0 million based on the same market price.

8. Provisions, accrued expenses and deferred income

8.1. Accounting policies

Contingency and loss provisions are recognized in accordance with French accounting rules applicable to liabilities (CRC notice 2000-06).

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 it can be reliably estimated. The provision for claims and litigation amounted to €0.2 million at December 31, 2014.

8.2. Data

Statutory provisions *In millions of euros*	**Accelerated amortization**	**Provisions for price increases**	**Total**
December 31, 2012	**33.9**	**1.5**	**35.4**
Additions	8.0	0.2	8.2
Reversals	(6.2)	(0.3)	(6.5)
December 31, 2013	**35.7**	**1.4**	**37.1**
Additions	10.0	0.2	10.2
Reversals	(6.7)	(0.4)	(7.1)
December 31, 2014	**39.0**	**1.2**	**40.2**

Other provisions *In millions of euros*	Other employee benefits[(a)]	Product warranties[(b)]	Other provisions	Total
December 31, 2012	**9.7**	**0.7**	**7.0**	**17.4**
Merger gains	0.6	0.3	0.1	1.0
Impact of "recommended method"	10.0	0.0	0.0	10.0
Additions	1.3	1.0	11.7	13.9
Reversals (utilizations)	(0.5)	(1.0)	(6.1)	(7.6)
Reversals (surplus)	0.0	0.0	(0.1)	(0.1)
Net additions (reversals)	0.8	(0.1)	5.5	6.2
December 31, 2013	**21.0**	**0.9**	**12.6**	**34.5**
Additions	4.0	0.9	10.0	14.9
Reversals (utilizations)	0.0	(1.0)	(11.0)	(12.0)
Reversals (surplus)	0.0	0.0	0.0	0.0
Net additions (reversals)	4.0	(0.1)	(1.1)	2.9
December 31, 2014	**25.0**	**0.9**	**11.6** [(c)]	**37.5**

(a) Provisions for other employee benefits comprise retirement benefits, long service awards and the Mérieux health insurance benefits.
(b) Estimate of the costs relating to warranties issued on the sale of instruments that may be incurred over the remaining warranty period.
(c) Including provisions for foreign exchange losses in the amount of €6.1 million and a provision for share grants of €2.6 million.

Accrued expenses *In millions of euros*	Dec. 31, 2014	Dec. 31, 2013
Miscellaneous borrowings	3.1	2.1
Trade payables	46.1	40.2
Accrued payroll and other taxes	77.0	76.1
Other operating payables	6.5	6.4
Due to suppliers of non-current assets	11.6 [(a)]	6.3
Total	**144.3**	**131.1**

(a) Including €4.6 million for contingent consideration in respect of the acquisition of Advencis.

At December 31, 2014, deferred income amounted to €6.8 million. Deferred income comprises accrued interest on loans granted to subsidiaries (€3.5 million) and accrued operating grants (€1.6 million).

9. Non-recurring income and expenses

9.1. Data

In millions of euros	Income	Expenses	Net 2014	Net 2013
Disposals of non-current assets	11.2	13.2	(2.0)	(0.3)
Statutory provisions	7.1	10.1	(3.0)	(1.7)
Other non-recurring income and expenses	2.6	0.7	1.9	(2.1)
Total	**20.9**	**24.0**	**(3.1)**	**(4.1)**

10. Income taxes

10.1. Accounting policies

The Company has opted to present CICE tax credits promoting competitiveness and employment in France (*crédit d'impôt pour la compétitivité et l'emploi*) as a deduction from personnel costs.

Taxes on dividends are recognized in income tax expense.

10.2. Data

Since January 1, 2005, bioMérieux SA has been the head of a tax consolidation group comprising bioMérieux SA and bioMérieux International SAS (formerly Stella).

At December 31, 2014, the Company recognized various tax credits totaling €24.2 million, including a research tax credit for an estimated €18.7 million.

The various tax credits accumulated since 2011 represent the majority of the Company's non-operating receivables at December 31, 2014, breaking down as follows: €11.2 million maturing in less than one year and €30.6 million maturing beyond one year.

The net income tax benefit totaled €13.2 million in 2014, versus €6.6 million one year earlier.

Income tax for 2014 includes taxes on dividends for €1.2 million.

10.2.1. Breakdown of corporate income tax

In millions of euros			2014	2013
	Before tax	Income tax[(a)]	After tax	
Recurring income	55.2	5.2	60.4	111.1
Non-recurring expense	(3.1)	1.4	(1.8)	(2.4)
Employee profit sharing	0.0	0.0	0.0	0.0
Prior-year tax adjustment and other	0.0	6.6	6.6	1.0
December 31, 2014	**52.0**	**13.2**	**65.2**	**109.7**

(a) CICE tax credits promoting competitiveness and employment for €3.6 million are recognized in personnel costs and not in income tax.

10.2.2. Net income for the year excluding valuation allowances

In millions of euros	2014	2013
Net income for the year	65.2	109.7
Income tax	13.2	6.6
Net income before tax	52.0	103.1
Accelerated depreciation/amortization and statutory provisions	(3.0)	(1.7)
Net income before tax and excluding valuation allowances	**55.0**	**104.8**
Income tax	13.2	6.6
Income tax on valuation allowances at 38%	1.1	0.6
Net tax benefit (expense)	**12.1**	**6.0**
Net income for the year excluding valuation allowances	**67.1**	**110.8**

10.2.3. Deferred taxes

In millions of euros	2014 Tax rate 38%	2013 Tax rate 38%
Accelerated depreciation, amortization and statutory provisions	15.3	14.1
Investment grants	0.1	0.1
Provision for accrued receivables on treasury shares	0.3	0.3
Invoices under "NRE law"	0.0	0.0
Total deferred tax liabilities	**15.6**	**14.5**
Non-deductible provisions and expenses	(8.4)	(6.6)
Impact of new asset regulations	0.0	0.0
Unrealized foreign exchange gains	(3.7)	(0.6)
Amortization of acquisition costs	0.0	0.0
Gains on mutual funds	0.0	0.0
Total deferred tax assets	**(12.2)**	**(7.2)**
Total deferred tax expense	**3.5**	**7.3**

20.2 PRO FORMA FINANCIAL INFORMATION

N/A

20.3 FINANCIAL STATEMENTS

See sections 20.1.1 and 20.1.2.

20.4 AUDITING OF HISTORICAL ANNUAL FINANCIAL INFORMATION

The Statutory Auditors' reports on the consolidated financial statements for the years ended December 31, 2013 and December 31, 2012 are respectively presented in section 20.4.1 of the Registration Document filed with the AMF on April 29, 2014 under number D.14-0443 and section 20.4.1 of the Registration Document filed on May 17, 2013 under number D.13-0542.

The Statutory Auditors' reports on the parent company financial statements for the years ended December 31, 2013 and December 31, 2012 are respectively presented in section 20.4.2 of the Registration Document filed with the AMF on April 29, 2014 under number D.14-0443 and section 20.4.2 of the Registration Document filed on May 17, 2013 under number D.13-0542.

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, 2014:

- 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.

I. 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, 2014 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Without qualifying our opinion, we draw your attention to Note 3.3 "Contributive operating income and operating income before non-recurring items", which describes the new performance indicator presented in the consolidated income statement.

II. 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 14.3 to the consolidated financial statements, provisions intended to cover the Group's pension obligations are calculated based on actuarial estimates performed by experts appointed by Group companies. Our work consisted in examining the data used, assessing the assumptions adopted and verifying that Note 14.3 to the consolidated financial statements provides appropriate disclosures.

- As described in Note 5 to the consolidated financial statements, the Group carries out annual impairment tests on goodwill and other intangible assets with indefinite useful lives. We examined the methods used to implement the impairment tests as well as the financial information and assumptions used by the Group and verified that Note 5 to the consolidated financial statements provides appropriate disclosures.

- The Group records provisions for litigation as described in Note 14.4 to the consolidated financial statements. Our work consisted in assessing the data and assumptions on which these estimates are based, reviewing the calculations performed by the Group and examining the procedures implemented by management for approving these estimates. On this basis, we assessed the reasonableness of the 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.

III. 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, March 20, 2015
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 PARENT COMPANY 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, 2014, 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.

I. 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, 2014 and of the results of its operations for the year then ended in accordance with French accounting principles.

II. 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 2.3.1.1 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 data used by the Company to value these investments, reviewing the calculations made and assessing the reasonableness of the estimates.
- As part of previous merger transactions, the Company recognized technical merger losses in intangible assets for an gross total amount of €161.9 million, the breakdown of which is shown in Note 2.1.2 to the financial statements. As explained in Note 2.1.1, these technical merger losses are tested for impairment annually. We assessed the reasonableness of these impairments based on the present value of the underlying assets to which they are allocated.

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.

III. 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 disclosed 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, and the identity of shareholders and holders of voting rights, has been properly disclosed in the management report.

Lyon, March 20, 2015

The Statutory Auditors

Diagnostic Revision Conseil	**ERNST & YOUNG et Autres**
Hubert de Rocquigny du Fayel	Marc-André Audisio

20.5 AGE OF LATEST FINANCIAL INFORMATION

December 31, 2014.

20.6 INTERIM FINANCIAL INFORMATION

20.6.1 QUARTERLY FINANCIAL INFORMATION

Quarterly financial information for the three months ended March 31, 2015.

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.

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 28, 2015, the Board of Directors will recommend a dividend of €1 per share, representing a total of €39.5 million to be paid on June 9, 2015.

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 ended	Total dividend (in euros)[(a)]	Dividend per share (in euros)[(a)]
Dec. 31, 2013	39,453,740.00	1.00
Dec. 31, 2012	38,664,665.20	0.98
Dec. 31, 2011	38,664,665.20	0.98

(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 14.4 and 14.5 to the 2014 consolidated financial statements (section 20.1.1).

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 2014, with the exception of the information described in section 12.1 of this Registration Document.

21 ADDITIONAL INFORMATION

21.1 SHARE CAPITAL

21.1.1 ISSUED CAPITAL

Number of shares issued: 39,453,740 (all Company shares are of the same class).

Issued capital: €12,029,370, fully paid up.

The Annual General Meeting of March 19, 2001 decided that there would no longer be any reference to par value in the Company's bylaws.

21.1.2 SHARES NOT REPRESENTING CAPITAL

On the filing date of this Registration Document, no securities that did not represent capital were outstanding.

21.1.3 SHARE BUYBACK PROGRAM

The Ordinary and Extraordinary Shareholders' Meetings of May 29, 2013 and May 28, 2014 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 that comply with applicable regulations. No restriction applies to the portion of buybacks carried out through block trades, which may account for the entire program, subject to the 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 Company's share capital by canceling shares.

Pursuant to the seventh resolution of the Ordinary and Extraordinary Shareholders' Meeting of May 28, 2014, 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, 2014, the Company held 5,320 shares, i.e., 0.01% of the share capital.

Summary of transactions in treasury shares from January 1, 2014 through December 31, 2014 under a liquidity agreement

Pursuant to the authorizations given by the Ordinary and Extraordinary Shareholders' Meetings of May 29, 2013 and May 28, 2014, 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, Kepler Cheuvreux, in its capacity as investment firm, performed the following transactions in the period from January 1, 2014 through December 31, 2014:

Shares purchased	404,727
Average purchase price	€80.79
Shares sold	410,288
Average selling price	€80.58
Fees and commissions	0
Treasury shares held at December 31, 2014	4,339
Value of shares held at the end of the year based on their average purchase price	€350,548
Carrying amount at December 31, 2014	€372,052
Nominal value of shares	N/A
Purpose of transactions	Maintaining an orderly market
Percentage of treasury shares held at year-end	0.01%

The shares purchased by Kepler 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, 2014 and December 31, 2014 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	5,000
Average purchase price	€82.87
Shares sold	0
Average selling price	N/A
Treasury shares held at December 31, 2014	981
Value of shares held at the end of the year based on their average purchase price	€81,295
Carrying amount at December 31, 2014	€81,730
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	0.00%

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 issued the shares described in section 21.1.1 and free shares were also granted (see section 17.2).

– bioMérieux then made a bond issue, placing €300 million worth of seven-year bonds with institutional investors. The bonds mature on October 14, 2020 and pay interest at an annual rate of 2.875%.

  The bonds were listed on NYSE Euronext Paris in October 2013 but have not and will not be registered under the U.S. Securities Act of 1933, as amended (the "Securities Act"). The bonds are being offered outside the United States, in accordance with the Regulations of the Securities Act, and may not be offered, sold or delivered within the United States or to, or for the account of, U.S. persons.

  The bond issue enables bioMérieux to lengthen the average maturity of its debt under favorable financial conditions, to diversify its sources of financing in addition to its existing syndicated lines of credit and to contribute to funding the acquisition of the US company BioFire.

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 the table below are set to expire at the Annual General Meeting held in May 2015. 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 May 29, 2013 38 months, i.e., until July 29, 2016	0.95% of share capital as of the date of the AGM	46,700 shares[(a)] (0.12% of share capital)
Issue with pre-emptive subscription rights Capital increase with pre-emptive subscription rights through the issue of shares or securities	AGM of May 29, 2013 26 months, i.e., until July 29, 2015	€4,210,280 (around 35% of share capital as of the date of the AGM of May 29, 2013), 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 May 29, 2013 26 months, i.e., until July 29, 2015	€4,210,280 (around 35% of share capital as of the date of the AGM of May 29, 2013)[(b)], including a maximum of €500 million for debt securities[(c)]	N/A
Capital increase without pre-emptive subscription rights in the context of an offer falling within the scope of article L.411–2 II of the French Monetary and Financial Code (*Code monétaire et financier*)	AGM of May 29, 2013 26 months, i.e., until July 29, 2015	20% of share capital as of the implementation of the authorization[(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 May 29, 2013 26 months, i.e., until July 29, 2015	€4,210,280[(b)] (around 35% of share capital as of the date of the AGM of May 29, 2013)	N/A
Increase in the number of shares issued in the event of a capital increase	AGM of May 29, 2013 26 months, i.e., until July 29, 2015	15% of the initial issue decided within the framework of authorizations granted for up to 35% of share capital	N/A
Capital increase without pre-emptive subscription rights as consideration for contributions in kind made to the Company	AGM of May 29, 2013 26 months, i.e., until July 29, 2015	10% of share capital (as of the implementation of the authorization)[(b)]	N/A
Capital increase reserved for employees participating in a company savings plan (PEE)	AGM of May 29, 2013 26 months, i.e., until July 29, 2015	€601,468 (around 5% of share capital as of the date of the AGM of May 29, 2013)	N/A

(a) Board of Directors' meetings of May 29, 2013, August 30, 2013, December 17, 2013, May 28, 2014 and September 2, 2014.

(b) This percentage/amount 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.

The Annual General Meeting of May 28, 2014 authorized the use of the authorizations referred to in the summary table, during a public offer involving shares in the Company, for a period of 18 months from the date of this Meeting, i.e., until November 28, 2015.

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 2014

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 2013/2014 and the FTSE4Good Index.

At end-December 2014, the closing price for the bioMérieux share was €85.74 and the Company's market capitalization was €3.382 billion. In 2014, 6,124,113 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
2012	75.79	54.50	72.00
2013	81.92	68.75	76.27
January 2014	81.40	73.59	77.98
February 2014	78.15	74.25	77.00
March 2014	82.87	74.60	79.62
April 2014	80.70	76.30	78.71
May 2014	83.95	78.50	82.96
June 2014	83.39	78.60	78.70
July 2014	80.50	76.80	77.71
August 2014	79.80	76.60	79.80
September 2014	82.88	76.32	81.97
October 2014	84.40	76.98	84.18
November 2014	87.33	83.10	84.70
December 2014	87.46	81.40	85.74
January 2015	98.88	83.90	96.63
February 2015	98.89	93.50	97.32
March 2015	97.76	87.50	90.10

Source: NYSE 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;

- provide all services relating to the organization of bioMérieux's systems including laboratory automation, the purchase and assembly of equipment and specialized software; propose training courses for all healthcare professionals working within the key fields of industrial and medical biology; 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, advertise, 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 previous year. 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 income (articles 10, 22 and 23 of the bylaws)

Each share entitles its holder to a proportionate share of income corresponding to the percentage of capital it represents.

Income 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 net income 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 income 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 amended 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, income 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 (*Bulletin des Annonces Légales Obligatoires* – 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 and voting rights: see sections 18.1 and 18.2.

– Bylaw restrictions on the exercise of voting rights and share transfers: see section 21.2.7.

– In addition, there are no restrictions on the exercise of voting rights and share transfers or clauses to agreements brought to the Company's attention.

– 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 28, 2014 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 28, 2014 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 March 2019
Bond issue	Private investors	Bond issue of €300 million, maturing in October 2020
License agreement	Roche Diagnostics	NT-pro-BNP
License agreement	Paul Sabatier University/Pr. Serre	Filaggrin
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.

21.2.8 CONDITIONS GOVERNING CHANGES IN THE SHARE CAPITAL

There are no specific provisions, either in the bylaws or in any other document, that impose stricter requirements than those provided by law regarding changes to bioMérieux's share capital.

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, the Statutory Auditors' reports and all other Company documents may be consulted at the Company's registered office in Marcy l'Étoile, Rhône, France.

In accordance with AMF recommendation no. 2014-15, the Company press releases and annual reports including historical financial information on the Company are available on the Company's website and kept on file for the required length of time.

More generally, and in accordance with article 221-3 of the AMF's General Regulations, all of the regulatory information within the meaning of article 221-1 of the aforementioned Regulations, as well as the Company's updated bylaws (in French only), are available in the "Investor Relations" section of the Company's website at http://www.biomerieux-finance.com.

25 INFORMATION ON INVESTMENTS

The list of subsidiaries and investments is presented in Note 3.3.1.3 to the 2014 parent company financial statements.

APPENDICES

APPENDIX 1

REPORT OF THE CHAIRMAN OF THE BOARD OF DIRECTORS ON (1) THE COMPOSITION OF THE BOARD OF DIRECTORS (2) THE CONDITIONS GOVERNING THE PREPARATION AND ORGANIZATION OF THE BOARD OF DIRECTORS' WORK AND (3) INTERNAL CONTROL AND RISK MANAGEMENT PROCEDURES

This report was submitted to the Audit Committee and approved by the Board of Directors on March 10, 2015.

This report was drafted in consultation with the Company's various departments, particularly the Legal Affairs and Intellectual Property, Finance, Quality Management, Health, Safety and Environment (HSE), Information Systems, Ethics and Compliance, Regulatory Affairs and Internal Audit and Risk Departments.

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 Chairman of the Board of Directors is entrusted with the general management (the decision to combine this position with that of Chief Executive Officer of the Company is described in section 2.4.1), and is assisted by a Chief Operating Officer who is also a director.

Jean-Luc Belingard has held the position of Chairman and Chief Executive Officer and Alexandre Mérieux the position of Chief Operating Officer since January 1, 2011. Their terms of office were renewed by the Annual General Meeting of May 28, 2014. 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 2018 to approve the financial statements for the year ended December 31, 2017.

In addition, the terms of office of Alain Mérieux, Michele Palladino and Philippe Archinard were renewed by the Annual General Meeting of May 28, 2014 and will expire following the Annual General Meeting to be held in 2018 to approve the financial statements for the year ended December 31, 2017.

The terms of office of Michel Angé and Georges Hibon expired in 2014. Two new directors were appointed by the Annual General Meeting of May 28, 2014: Agnès Lemarchand and Philippe Gillet, whose terms of office will expire in 2018.

As of December 31, 2014, the Board of Directors comprised nine directors, including five independent directors, i.e., one more independent director than the previous year. A breakdown of each directorship is provided in section 7 of the Company's management report for 2014.

In addition, since the Company's bylaws provide that the Board of Directors may be assisted by up to three non-voting members (*censeurs*), two non-voting members were appointed by the Annual General Meeting of May 28, 2014 for a period of three years expiring at the Annual General Meeting to be held in 2017 to approve the financial statements for the year ending December 31, 2016. They were chosen by the Board of Directors for their specific knowledge of the Company, following their recommendation by the Human Resources, Appointment and Compensation Committee. In accordance with the Company's bylaws, they attend Board of Directors' meetings without being entitled to vote and may provide general advice to the directors, who are not required to follow their opinions or recommendations.

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 and in March 2015 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 rules concerning the Board provided for in the AFEP-MEDEF Corporate Governance Code for listed companies (particularly the rules of ethics for directors) as well as the Code of Conduct adopted by the Company.

For information, Agnès Lemarchand and Philippe Gillet were invited to an in-depth presentation on the Company, the sector in which it operates and the main challenges it currently faces.

The internal rules also 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 direct or indirect conflict of interest between the interests of the Company and their own interests or those of the shareholder or group of shareholders they represent, and must abstain from voting on the issues concerned;

(iii) undertake to devote the necessary time and attention to their duties;

(iv) undertake to remain independent in their analysis, judgment, decision-making and actions, and to resist all direct or indirect pressure that may be placed on them by directors, specific groups of shareholders, creditors, suppliers and other third parties. Similarly, if they believe that decisions taken by the Board are not in the interests of the Company, they undertake to clearly express their opposition and strive to convince the Board of the merit of their opinion;

(v) must be diligent and participate in all meetings of the Board of Directors and, if applicable, of the committees on which they serve;

(vi) 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;

(vii) are bound by a duty of loyalty;

(viii) must trade in the Company's shares only in compliance with the Code of Conduct adopted by the Company; and

(ix) provide the Board with all relevant information concerning compensation and benefits in kind paid to them by the Company or a Group entity, and their directorships and positions held in all companies and other legal entities, including details on their attendance at all committees of French or foreign companies.

1.2 - Independent directors

In accordance with the independence criteria set out in the AFEP-MEDEF Corporate Governance Code, 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, 2014, the Board of Directors comprised five independent directors out of nine members:

- Marie-Hélène Habert;
- Agnès Lemarchand;
- Michele Palladino;
- Harold Boël;
- Philippe Gillet.

Since these five independent directors have no relationship of any kind with the Company, the Group or the Management, there is no conflict of interest which the Board of Directors could be required to discuss.

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 and Agnès Lemarchand was appointed as a director for a four-year term at the Annual General Meeting of May 28, 2014 to replace Georges Hibon, whose term of office was due to expire.

In order to comply with law of January 27, 2011 concerning gender equality on boards of directors and supervisory boards, the Board of Directors will continue to propose the appointment of women directors at future 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 applicable in France. This code may be viewed online on the MEDEF website: http://www.afep.com/uploads/medias/documents/Code_gouvernement_entreprise_societes_cotees_Juin_2013_en.pdf.

The provisions of the code that have not been applied and the reasons for such non-compliance are described below.

Directors' terms of office *Staggering of directors' terms of office*	In light of the re-election in 2010 of seven of the current nine directors, the staggering of directors' terms of office is difficult to apply. The Annual General Meeting held on May 28, 2014 voted to re-elect seven of the nine directors. The Company addressed this point in its letter to the HCGE. While considering the risk associated with renewing the directors' terms of office at the same time to be limited in a controlled company, the Company has stated that the Board will examine the length of the terms of office when they are next renewed simultaneously (in particular at the 2018 Annual General Meeting called to approve the financial statements for the year ending December 31, 2017), with the expectation that said terms will be shortened (two or three years for the first term of office, which may be renewed for a period of four years). In addition, during this interim period, the Board will discuss the need to apply this same rule to all future appointments and reappointments.
Board of Directors' assessment of General Management *The Board of Directors assesses and evaluates 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.
Regular meetings of the non-executive directors without executive or internal directors present	For the reasons indicated above, the Company has never organized meetings for the non-executive directors without the executive or internal directors present. During the Board of Directors' annual self-assessment, and again at their Board meeting on March 10, 2015, the directors deemed this idea to be inappropriate, believing that directors attending Board meetings are able to speak freely and discuss issues openly.
Shares held by the directors *Significant number of shares*	In accordance with the Board of Directors' internal rules, on the date of their appointment each of the directors held a number of the Company's shares. While the AFEP-MEDEF Corporate Governance Code does not specify a specific number of shares, in 2015 it will be recommended to directors that they hold an amount equivalent to one years' worth of directors fees.

Compensation of executive corporate officers *Termination benefits payable to the Chairman and Chief Executive Officer*	Upon the recommendation of the Human Resources, Appointment and Compensation Committee, at its March 2015 meeting, the Board of Directors modified the performance conditions applicable to the Chairman and Chief Executive Officer's termination benefits. These conditions are now assessed over two years rather than one year as originally specified in 2010 when he was appointed.
Employment contract and corporate office	The Chairman and Chief Executive Officer has an employment contract with Institut Mérieux. Accordingly, he takes part in strategic discussions within this group, particularly in relation to the Immunotherapy division.
Human Resources, Appointment and Compensation Committee *Independent chairmanship*	The Company decided not to follow the recommendations of the HCGE concerning the chairmanship of the Human Resources, Appointment and Compensation Committee. The Company decided that it was in its best interest that Alain Mérieux chair said Committee to enable policy consistency within the Group to which it belongs (Institut Mérieux) in terms of the procedures for selecting its directors, preparing a succession plan for its senior executives and setting their compensation.

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 2014, the Board of Directors of the Company met four times. All directors were present or represented at each meeting, apart from one absence, as evidenced by the attendance register. In 2014, 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, 2013, prepared the Annual General Meeting, in particular by approving the various reports required by law (including the CSR report prepared by the independent third party) and drafting the description of the share buyback program;
- approved the interim financial statements and the related report;
- approved the proposed budget for 2014;
- assessed the way in which the Board of Directors operates and its composition;
- recommended that the Annual General Meeting appoint two new non-voting members: Agnès Lemarchand and Philippe Gillet;
- recommended the renewal of the directorships of Alain Mérieux, Alexandre Mérieux, Jean-Luc Bélingard, Michelle Palladino and Philippe Archinard;
- renewed the terms of office of the Chairman of the Board of Directors, the Chief Executive Officer and the Chief Operating Officer;
- recommended that the Annual General Meeting appoint two new non-voting members: Michel Angé and Henri Thomasson;

- modified the distribution of directors' fees;
- changed the composition of the Audit Committee and the Human Resources, Appointment and Compensation Committee;
- examined the Company's sustainable development and CSR policy;
- examined and authorized the renegotiation of the Company's syndicated line of credit and the cash pooling agreements entered into by the Company with some of its subsidiaries;
- examined and authorized new real estate investments (including in Marcy l'Étoile) and their particular financing arrangements where applicable;
- examined and authorized, where applicable, any strategic partnership agreements;
- approved the Chairman and Chief Executive Officer's compensation for the previous year (achievement of objectives) and set compensation objectives for the coming year;
- approved and set the Chief Operating Officer's compensation objectives for the coming year;
- discussed the Company's policy in terms of compensation and equality in the workplace;
- granted powers concerning sureties, endorsements and guarantees to the Chairman and Chief Executive Officer for 2015;
- examined the new operating structure adopted by bioMérieux;
- granted free shares to certain Group employees;
- implemented a new share buyback program;
- approved related-party agreements.

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 10, 2015, 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.

In an effort to better integrate new members, some directors suggested the idea of organizing more in-depth training seminars than those currently offered. The directors consider that their access to information concerning the Group and its environment is sufficient, and that such information is of a high quality and is sent to them in a timely manner.

The information that they receive to discuss topics on the agenda is deemed, by the majority of directors, to have been presented with sufficient internal or external analyses on which to base decisions. Some directors consider that they could be better informed if provided with an analysis of the Company's competitiveness in relation to its competitors. The directors confirm that information is provided to them well in advance of their meetings.

With respect to General Management, directors believe they are fully independent and able to speak freely and appreciate the efforts made by members of management to explain and share knowledge as well as attend meetings.

2.3 - Special committees of the Board of Directors

The Board of Directors' internal rules provide that the Board of Directors may set up one or more permanent or temporary committees to help it accomplish its work and contribute to the preparation of its decisions.

The committees are in charge of examining issues assigned to them by the Board of Directors or the Chairman of the Board, preparing the Board of Directors' work on these issues, and reporting their findings to the Board of Directors in the form of reports, proposals, communications or recommendations.

The committees act in a consultative capacity. The Board of Directors determines at its own discretion how to follow up on the findings reported by the committees. The directors remain free to vote as they choose and are not bound by the committees' studies, investigations or reports, nor by any recommendations they may issue.

2.3.1 - Audit Committee

Composition of the Audit Committee

The Audit Committee comprises three members appointed by the Board of Directors from among its members who are not members of the Company's Management. It consists of a majority of independent directors.

The Audit Committee, which was created on December 20, 2002, comprised the following three members at December 31, 2014: Agnès Lemarchand, Harold Boël and Philippe Archinard. Harold Boël and Agnès Lemarchand are independent directors within the meaning of the Board of Directors' internal rules, meaning that two-thirds of the committee's members are therefore independent. The Audit Committee is chaired by Harold Boël.

All of the Committee's members have specialized financial or accounting expertise. Agnès Lemarchand, Harold Boël and Philippe Archinard each possess "financial or accounting expertise" as set out in article L.823-19 of the French Commercial Code (*Code de commerce*) and in the AMF's July 22, 2010 working group report on audit committees. They acquired this expertise through their general management experience in major industrial groups (in the case of Agnès Lemarchand and Harold Boël) and in pharmaceutical groups (in the case of Philippe Archinard).

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 the 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.

In addition, the Audit Committee is involved in selecting the Company's Statutory Auditors if they are to be re-appointed.

The Audit Committee meets around three or 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 seven times in 2014. Three committees held meetings at which only two members were present. Agnès Lemarchand replaced Georges Hibon and Philippe Archinard replaced Michel Angé as from May 28, 2014 when the terms of office of both directors expired. Harold Boël, who was already a member of the committee, became Chairman.

The Audit Committee reviewed press releases relating to fourth-quarter 2013 sales, the annual financial statements for 2013, the 2014 interim financial statements and first-, second- and third-quarter 2014 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 then reviewed the CSR report prepared by the independent third party. Finally, it conducted a summary review of internal control and risk management procedures, primarily through discussions with the heads of the Internal Audit and Risk departments on engagements carried out during the previous year and the current year and on the schedule for the following year. In addition, it analyzed the internal audit and risk management objectives set for 2015. The Chief Financial Officer presented the annual and interim financial statements including the notes to the financial statements and off-balance sheet commitments, as well as the draft management documents.

The Statutory Auditors issued a detailed report on their audit engagement relating to these financial statements and also held private discussions with the members of the Audit Committee. The head of the Tax Department also kept the Audit Committee up-to-date with the Group's tax situation. The head of the Cash Management Department also presented the Group's cash pooling policies for arrangements between the Company and its subsidiaries, as well as its currency hedging policy.

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. As a result, it became the Human Resources, Appointment and Compensation Committee.

At December 31, 2014, the Human Resources, Appointment and Compensation Committee members were Marie-Hélène Habert, Michele Palladino and Alain Mérieux. Marie-Hélène Habert and Michele Palladino are independent directors within the meaning of the Board of Directors' internal rules. Two-thirds of the Human Resources, Appointment and Compensation Committee are therefore independent members. Alain Mérieux chairs this committee. The Chairman and Chief Executive Officer is only involved in this committee in matters concerning the selection and appointment of directors.

Role and operation of the Human Resources, Appointment and Compensation Committee

The Human Resources, Appointment and Compensation Committee meets at least once a year. Meetings are called by the Chairman of the Board of Directors.

With respect to appointments, the committee is responsible for making recommendations on the composition of the Board after considering all relevant information before making a decision, i.e., balanced Board membership to reflect the Company's shareholding structure, identifying possible candidates, renewal or non-renewal of terms of office. In particular, the committee defines and implements the procedure for selecting independent directors and reviews potential candidates before any action is taken in their regard.

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, where appropriate, 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 2014, the Human Resources, Appointment and Compensation Committee met once, with all its members attending. The main topics discussed at these meetings were the compensation policy, the payment of a profit-sharing bonus to employees, the appointment of new directors and non-voting members, the distribution of directors' fees, free share grants and the compensation of the Chairman and Chief Executive Officer and the Chief Operating Officer.

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.

2.3.3 - Innovation and Technological Breakthroughs Committee

Composition of the Innovation and Technological Breakthroughs Committee

The Innovation and Technological Breakthroughs Committee was set up by the Board of Directors on March 10, 2015. Pursuant to the Board of Directors' internal rules, this committee comprises at least three members appointed by the Board of Directors from among its members. A Chairman ensures that the committee operates effectively and its administrative affairs are overseen by the Company's Chief Technology Officer.

At their meeting on March 10, 2015, the Board of Directors appointed Philippe Archinard and Michele Palladino as members of this committee, and Philippe Gillet as its Chairman.

Role and operation of the Innovation and Technological Breakthroughs Committee

The committee meets as often as it deems necessary and at least once a year, when convened by the Chairman. The committee may invite members of the Company's Executive Committee and may also call upon external experts.

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 Chairman and Chief Executive Officer's powers are counterbalanced by the position of Chief Operating Officer. The Chief Operating Officer's powers are as extensive as those of the Chief Executive Officer. Furthermore, the Chairman and Chief Executive Officer does not make any major decisions without the collective approval of the Board of Directors, as indicated below.

In light of the above, 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.

Jean-Luc Belingard was appointed as Chairman and Chief Executive Officer in 2011. While continuing to combine the duties of Chairman and Chief Executive Officer, in 2014 the Company chose to entrust the management of the Executive Committee to Alexandre Mérieux, Chief Operating Officer.

The Company believes that this method of governance is best suited to its operations and to protecting its interests.

The Company ensures that the prerogatives of each corporate body (Shareholders' Meetings, the Board of Directors and General Management) are fully respected. In addition, a number of measures are taken to avoid the over-centralization of powers and promote compliance with rules for good corporate governance. These include the fair distribution of powers between the Chairman and Chief Executive Officer and the Chief Operating Officer, the review of all major matters relating to the Company carried out by the Board of Directors, the presence of five independent directors out of nine members on said Board, and the management of the Executive Committee being entrusted to the Chief Operating Officer.

Two committees assist bioMérieux's General Management in the performance of its duties.

2.4.2 - General Management committees

Strategy Committee

This committee currently comprises three members (Alain Mérieux, Alexandre Mérieux and Jean-Luc Belingard). It proposes medium- and long-term strategic objectives for the Group, focusing in particular on (i) geographical expansion policies, (ii) scientific and technological options, (iii) application-specific business development, (iv) strategic alliances and partnerships, and (v) communication and management policies relating to the Group's image.

Executive Committee

This committee is chaired by Alexandre Mérieux, Chief Operating Officer. It comprises Michel Baguenault (head of Human Resources and Communication), Nicolas Cartier (Corporate Vice President, Industrial Unit, Investments and Strategic Planning), Pierre Charbonnier (Corporate Vice President, Manufacturing and Supply Chain), Richard Ding (Corporate Vice President, Asia-Pacific Region), Claire Giraut (Corporate Vice President and Chief Financial Officer), François Lacoste (Corporate Vice President, Clinical Unit), Mark Miller (Chief Medical Officer), Yasha Mitrotti (Corporate Vice President, Europe, Middle East and Africa Region), Alain Pluquet (Corporate Vice President, Innovation), Randy Rasmussen (Corporate Vice President, Molecular Biology), Stefan Willemsen (Corporate Vice President, Americas Region, Legal Affairs and Intellectual Property).

The committee is responsible for implementing decisions made by the Board of Directors regarding the Company's general strategy. 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). It meets once every three months. At each meeting, the committee reviews the Company's operations, regulatory, quality management and financial situation, sales and workforce, and monitors the Group's major projects. It also meets every month using telepresence technology.

The Executive Committee is kept up-to-date by the Global Compliance Officer on the progress of the Ethics and Compliance Program (see section 3.3.1.1 in Appendix 1) and by the Internal Audit and Risk Department on the preparation of the annual audit plan and its findings, the monitoring of which has been delegated to the Operations Department.

2.5 - Compensation and information governed by article L.225-100-3 of the French Commercial Code

Details of the compensation policy and the amount 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 2014 Registration Document.

Information provided for under article L.225-100-3 of the French Commercial Code (information on factors likely to have an impact in the event of a public offer) is set out in the management report published in the 2014 Registration Document.

2.6 - Shareholder participation in Shareholders' Meetings

The procedure for calling and participating in Shareholders' Meetings is set out in articles 19 and 20 of the bylaws.

3. INTERNAL CONTROL AND RISK MANAGEMENT PROCEDURES

3.1 - General organization of internal control procedures

Objectives, scope and reference framework

Internal control is a process implemented by the Board of Directors, senior management and employees designed to provide reasonable assurance that the following objectives are achieved:

- consistency of operations with General Management's directives;
- reliability of financial information;
- compliance with applicable laws and regulations;
- management and control of operational and financial risks.

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.

Following the Company's adoption of its new operating structure in April 2014, the internal control system was adjusted and strengthened to redefine the respective roles and responsibilities of its subsidiaries, regions, central functions and of the Internal Audit and Risk Department.

In addition, a number of inter-departmental initiatives were undertaken. For example, the Supply Chain Department decided to draw up an action plan outlining ways to strengthen its links with other support functions and with the regions.

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 in Appendix 1).

Finance Department

Under the authority of the Corporate Vice President and Chief Financial Officer, who is a member of the Executive Committee, the Finance Department oversees Group-level functions (management control, reporting and consolidation, cash management, finance and tax) and the administrative and financial functions of each Group entity.

Quality Management Department

In the new operating structure, the Quality Management Department reports directly to the Chairman and Chief Executive Office in order to increase its independence and better enable it to successfully:

- develop and implement an overall quality management strategy within the Group;
- provide the regions with the necessary support so that they have the resources and tools they require in relation to quality management;
- ensure that the processes used to design, manufacture, distribute, install and maintain bioMérieux products comply with customers' needs and regulatory requirements;
- analyze the appropriateness and effectiveness of the quality management system used by all bioMérieux Group entities;
- follow up customer complaints and put in place "Post Market Surveillance" monitoring systems (see section 6.3.4 of the Registration Document).

This department mobilizes the resources required to apply the rules necessary to achieve quality objectives, or to ensure that all of the Company's personnel apply such rules.

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, which 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 developed by the HSE Department and 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.

The HSE Department also monitors all regulatory requirements in this area (at the international, national and local levels) and develops and implements processes and procedures to guarantee their compliance. In particular, it monitors and ensures compliance with specific regulations concerning dangerous substances (the REACH, GHS and CLP regulations).

Lastly, the HSE Department ensures that the Company is implementing environmental and safety standard management systems at its production facilities and that said facilities have received ISO 14001 and OHSAS 18001 certification.

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, by identifying opportunities for development through innovative solutions while complying with applicable laws and regulations. In particular, the Information Systems Department is in charge of harmonizing IT tools to enable faster and more effective operating decisions;
- ensuring the availability, continuity and performance of the IT services provided, as well as reducing IT costs, providing technical and functional support to customers within the Group and optimizing the potential of solutions and services provided;
- implementing and monitoring the information security program based on a risk management approach to guarantee the management and protection of information (confidentiality and integrity) in accordance with security levels;
- conducting audits on internal processes and those of outside partners in order to ensure proper implementation of and compliance with procedures.

In order to achieve these objectives, the Department operates out of various Group sites, particularly in France, the United States and China. The Department also relies on a network of outside partners, in particular for local transactions.

Organization and governance procedures for information systems help define priorities, identify objectives and monitor the progress of projects and the operating performance of services through the use of indicators and satisfaction surveys conducted throughout the year.

Legal Affairs and Intellectual Property Department

The Legal Affairs and Intellectual Property Department contributes to the effective management of corporate governance by overseeing bioMérieux's relations with third parties (suppliers, customers, partners, governments, etc.) while protecting the Company's interests as regards its operations and in accordance with relevant legislation. It also organizes the protection and valuation of scientific and technical innovations created by bioMérieux, in liaison with the departments concerned. In order to achieve these objectives, the department is structured into two sub-departments: Intellectual Property and Legal Affairs, the latter of which includes lawyers working specifically in the three newly created regions.

Ethics and Compliance Department

The Ethics and Compliance Department reports to General Management on a regular basis, and is in charge of 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 in Appendix 1).

The department is based around a central team and on the Company's subsidiaries, which are grouped by region. Each subsidiary has its own "Local compliance" team, which must include the subsidiary's director. This team acts as the central team's correspondent at the local level and is responsible for disseminating and applying the Ethics and Compliance Program (see section 3.3.1).

bioMérieux has also created an Ethics and Compliance Committee made up of representatives from several departments including Operations, Commercial Operations, Finance, Human Resources, Regulatory and Legal Affairs, R&D, Information Systems, Internal Communication and Internal Audit and Risk.

General Management and the Executive Committee are kept up-to-date on the progress of the Ethics and Compliance Program.

3.3 - Internal control process

3.3.1 - Internal control environment

bioMérieux's internal control environment is based on the following:

3.3.1.1 - Ethics and Compliance Program

This program was set up by the Ethics and Compliance Department.

The objective of this program is to ensure that policies and practices convey, both internally and publicly, bioMérieux's commitment to an organizational culture grounded in 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 Ethics and Compliance Program adopts a risk-based approach focused on the following:

bioMérieux's core values
The Group's core values serve as a guide for employees on a daily basis.

Code of Conduct
This Code of Conduct sets out the rules of conduct and integrity applicable to Group employees. All employees have received a copy of the code which focuses on raising their awareness of the following issues:

– compliance with the law;

- quality, health, safety and the environment;
- conflicts of interest;
- professional ethics and integrity;
- safeguarding and appropriate use of assets; and
- social responsibility.

Furthermore, the code encourages every employee to express his or her concerns regarding compliance issues.

Anti-corruption program
In addition to the Group's Code of Conduct, the Company has compiled an anti-corruption manual that informs employees of their responsibilities. Training and communication programs are also provided to employees who work with government representatives, intermediaries and other players in the healthcare market.

Whistle-blowing
An "Ethics" helpline has been available to U.S. employees since 2007 and is gradually being rolled out in all of the countries in which the Company operates, particularly in Europe.

Any employee who becomes aware of a breach of the Code of Conduct must first report it to his or her line manager and may also contact the Human Resources Department, the Legal Department or the Ethics and Compliance Department.

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.

3.3.1.2 - Internal control manual

The Finance Department has compiled an internal control manual which sets out the main rules and controls with which all Group companies must comply. Training sessions for the Group's local finance teams were organized in 2014 to accompany the distribution of this manual.

The manual mainly focuses on:

- rules governing the separation of duties;
- rules relating to commercial management and the management of spending commitments, banking flows and payments;
- payroll control arrangements;
- principles governing internal control, financial reporting and the approval of the financial statements.

3.3.1.3 - Internal control in the regions and subsidiaries

The Chief Executive Officers and Chief Financial Officers of each region and subsidiary are responsible for ensuring the effectiveness of internal control procedures within their organization and undertake to implement a system which enables operating efficiency, reliability of financial and accounting information and optimal use of resources, while safeguarding assets and combating fraud.

In order to combat the increase in attempted external fraud, bioMérieux has set up a process to deal with such attempts and to manage corrective and preventive measures at a central level. In particular, the Company regularly informs employees about commonly used fraud techniques.

3.3.1.4 - Introduction of shared service centers in Poland and Argentina

Shares service centers were opened in Poland and in Argentina, in February 2012 and April 2012 respectively. At end-2014 these two shared service centers helped to manage the accounting and sales administration activities of 19 subsidiaries. They also help to harmonize internal processes and, through an improved segregation of duties, to strengthen internal control in smaller Group companies.

3.3.1.5 - Launch of an Integrated management software application

The Company rolled out an Integrated management software application in 28 of its subsidiaries. Following this initial phase, in 2015 the Company intends to focus on harmonizing the way in which the application is used in order to establish standardized procedures and therefore ensure more effective internal control.

3.3.1.6 - Introduction of a financial training unit

In July 2014, a department was created within the Finance Department tasked with:

- providing training for each new subsidiary Chief Financial Officer with regard to procedures and tools; the first training session of this new program is scheduled for April 2015;
- teaching financial skills to certain Company employees who do not have a financial background.

3.3.1.7 - Quality Management System Manual

The Global Quality Management System Manual describes the corporate quality management system that applies to the Company's activities, from the design of products to their delivery and installation, including after-sales service.

In addition to this manual, each subsidiary, production site and R&D site has additional local documentation 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.

3.3.1.8 - Regulatory standards

All Group 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 13485 certification (for *in vitro* diagnostics) and ISO 9001 certification implemented voluntarily or as required by regulations.

All products for clinical applications are designed and manufactured on ISO 13485 certified sites.

Audits of production facilities may be carried out by competent authorities (see section 4.1.1.12 of the Registration Document).

For example, the US Food and Drug Administration (FDA) can perform audits on sites manufacturing products for the U.S. market and consequently audited the Durham site (North Carolina, U.S.) in 2012 and 2013 as well as the Saint Louis site (Missouri, U.S.) in 2014, and sent two warning letters in August 2012 and October 2014, respectively. The Company is committed to resolving the issues addressed therein.

France's drug regulatory agency (*Agence Nationale de Sécurité du Médicament et des produits de santé* – ANSM) carried out audits of products intended for the European market. In September 2014 it audited the Craponne site and sent an injunction letter to the Company in February 2015. The Company is deploying an action plan to address the issues raised in the letter.

3.3.2 - Risk management and monitoring

Since April 2014 and the deployment of its new operating structure (see section 5.1.5), the Company has extended the functions of the Internal Audit Department to include risk management and has placed General Management in charge of this department, newly renamed the Internal Audit and Risk Department. This department will focus particularly on risk centralization, classification and management (see section 4 of the Registration Document).

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 in Appendix 1) 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 and risk management system

General Management and the Board of Directors, through the Audit Committee, manage and monitor the internal control and risk management 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 and Risk Department

The Internal Audit and Risk Department is made up of a core team of five individuals who rely on internal resources (about thirty employees). This department is in charge of both risk management and conducting audits to ensure that the procedures defined by the Group are properly applied by the subsidiaries and corporate departments, thereby contributing to the continuous improvement of 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 and Risk Department draws up an annual audit plan, which is updated on a regular basis, based on an analysis of central risks.

The Internal Audit and Risk Department prepares a summary of the audits conducted, which is then presented to the Audit Committee every year and to the Executive Committee on a regular basis.

Quality Management Department

In line with its Quality Management System, the Company performs internal quality audits on its sites. These audits are conducted by the Company's 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 PricewaterhouseCoopers, 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 Statutory 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 and Risk Department.

In accordance with the Grenelle II law, an independent body, in this case the Statutory Auditors, must audit the environmental, labor-related and social information published by the Company.

The regulatory authorities carry out audits and inspections at the Company's sites, as described in section 6.3.5 of the 2014 Registration Document.

The Company's pharmaceutical customers use bioMérieux products in their quality control processes. To comply with the regulations governing their activity, these customers are obliged to conduct a large number of audits on bioMérieux's quality assurance system. These audits enable them to verify the compliance of this system with the GMP (Good Manufacturing Practice) requirements which apply to the pharmaceutical industry.

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. Each entity performs "credit management" functions, which may be carried out by its administrative and financial departments. This involves defining and periodically reviewing the amount of credit allowed for each customer and anticipating default risks by using the services of credit-rating companies.

Management control

Each year, the annual budget is prepared by the Executive Committee and validated by the Board of Directors. The budget enables the Group's resources to be allocated to its various projects and activities.

bioMérieux and its subsidiaries all have management controllers whose duties include verifying compliance with the budget. In addition, each function and each region has a dedicated management control unit in charge of drawing up and monitoring its annual budget.

Consolidation

The consolidation process is centralized within the 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. A quarterly analysis report is prepared and provided to the Group's General Management.

Cash Management and Finance

In light of the large number of countries in which bioMérieux operates, Cash Management and Finance also plays a key role in the accounting and financial internal control system. It is mainly responsible for:

– putting in place the necessary funding to cover the Company's working capital and to successfully carry out the Company's various operational and strategic projects.

– maintaining a balance between the finances of Group entities, by way of:
  - 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 in compliance with an investment procedure validated by the Audit Committee;

– managing exchange rate risks in accordance with the Group's policy set out in Note 27.1.1 of section 20.1.1 of the Registration Document, by:
  - in an environment where export sales are billed to third parties in local currencies, setting up currency hedges on the Group's net exposure in the case of currencies that allow for such hedging at a reasonable cost,
  - making monthly adjustments to hedges depending on actual transactions.

An exchange rate risk exists due to unhedged or partially hedged exposures, estimates of the volume of business and debt in emerging countries.

In addition to having an impact on the Company's net income, 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 financial departments 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 and are submitted to the Group's General Management and Administrative and Finance Departments for review. 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' report issued in French and is provided solely for the convenience of English speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Shareholders,

In our capacity as Statutory Auditors of bioMérieux, and in accordance with article L.225-235 of the French Commercial Code (*Code de commerce*), we hereby report to you on the report prepared by the Chairman of your Company in accordance with article L.225-37 of the French Commercial Code for the year ended December 31, 2014.

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 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 other 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

The 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, March 20, 2015

The Statutory Auditors

Diagnostic Revision Conseil	**ERNST & YOUNG et Autres**
Hubert de Rocquigny du Fayel	Marc-André Audisio

APPENDIX 3

DISCLOSURES REQUIRED IN THE ANNUAL FINANCIAL REPORT

Statement by the person responsible	Section 1.2
Management reports	Appendix 4 below
Consolidated financial statements	Section 20.1.1
Statutory Auditors' report on the consolidated financial statements	Section 20.4.1
Parent company financial statements	Section 20.1.2
Statutory Auditors' report on the financial statements	Section 20.4.2

APPENDIX 4

MANAGEMENT REPORTS ON TRANSACTIONS OCCURRING DURING THE YEAR ENDED DECEMBER 31, 2014

To the Shareholders,

In accordance with the bylaws and the French Commercial Code (*Code de commerce*), we have called this Annual General Meeting to report on the Company's and the Group's activities during the year ended December 31, 2014.

We will present the results of these activities and outlook and will submit the balance sheet and the accompanying parent company and consolidated financial statements for the year then ended for your approval.

MANAGEMENT REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2014

The annual consolidated financial statements for the year ended December 31, 2014 were prepared in accordance with the presentation rules and measurement methods provided for by regulations currently in force.

1 - GROUP BUSINESS REVIEW

The highlights for the year ended December 31, 2014 were as follows:

1.1 Sales

Sales for the year ended December 31, 2014 rose to €1,698 million from €1,588 million in 2013, up a reported 7%, reflecting the significant decline in the Brazilian real, Indian rupee, Turkish lira, Argentine peso and other currencies against the euro. Organic growth (at constant exchange rates and scope of consolidation) came to 3.8%.

Sales by Region *In millions of euros*	**Twelve months ended December 31, 2014**	Twelve months ended December 31, 2013	% change As reported	**% change** At constant exch. rates & scope of consolidation
Europe[(a)]	**818**	806	+2.4%	**+2.2%**
North America[(b)]	**441**	349	+26.4%	**+4.9%**
Latin America	**132**	131	+1.2%	**+12.4%**
Americas	**573**	480	+19.5%	**+6.9%**
Asia-Pacific	**300**	295	+1.7%	**+3.2%**
Total sales from the Regions	**1,691**	1,581	+7.0%	**+3.8%**
R&D-related revenue	**7**	7	-3.5%	**-4.6%**
Total	**1,698**	1,588	+7.0%	**+3.8%**

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

[(b)] Including €76 million in BioFire sales.

2014 sales at constant exchange rates and scope of consolidation may be analyzed by technology as follows:

Sales by Application *In millions of euros*	**Twelve months ended December 31, 2014**	Twelve months ended December 31, 2013	% change As reported	**% change** At constant exch. rates & scope of consolidation
Clinical Applications	**1,352**	1,251	+8.0%	**+4.6%**
Microbiology	**802**	793	+1.1%	**+2.8%**
Immunoassays[(a)]	**386**	364	+6.1%	**+8.0%**
Molecular biology[(b)]	**148**	78	+91.3%	**+7.5%**
Other lines	**16**	16	+0.2%	**+2.3%**
Industrial Applications	**327**	330	-0.9%	**+0.8%**
Total sales from Applications	**1,679**	1,581	+6.2%	**+3.8%**
BioFire Defense	**12**			
R&D-related revenue	**7**	7		
Total	**1,698**	1,588	+7.0%	**+3.8%**

[(a)] Including VIDAS®, up 10%.

[(2)] Including €66 million in BioFire Diagnostics sales.

1.2 Strategic partnerships and agreements

Several strategic partnership agreements were signed during the year:

– Strategic alliance with Copan to automate clinical microbiology laboratories

bioMérieux and Copan, a leading manufacturer of innovative pre-analytic solutions, signed a strategic partnership in clinical microbiology laboratory automation. Under the terms of the agreement, Copan has granted bioMérieux distribution rights for its automated platforms, including the WASP® Walk-Away Specimen Processor and the WASPLab™ solutions, which automate microbiology laboratory tasks and provide digital imaging and analysis. The agreement allows bioMérieux to speed up deployment of its Lab Efficiency vision for the automation and enhanced operational efficiency of clinical microbiology labs. In this field, the two companies also plan to collaborate in particular for the development of innovative clinical microbiology diagnostic solutions.

– Agreement with Illumina in next-generation sequencing (NGS)

bioMérieux and Illumina, a world leader in genomics, have signed an exclusive partnership agreement to offer service labs a next-generation sequencing (NGS) solution for the epidemiological monitoring of bacterial infections. The collaboration is a first step that will enable bioMérieux to identify opportunities and fields of application that sequencing can bring to infectious disease diagnostics.

– Agreement with Astute Medical, Inc. in high medical value VIDAS® immunoassays

bioMérieux and Astute Medical Inc., a company dedicated to improving the diagnosis of high-risk medical conditions and diseases through the identification and validation of protein biomarkers, signed a global, semi-exclusive agreement regarding the development of a test for the early risk assessment of acute kidney injury (AKI). This innovative test, known as NEPHROCHECK® Test, detects the presence of two biomarkers. Through this worldwide agreement, Astute Medical grants bioMérieux a license to develop, produce and market the NEPHROCHECK® Test for use on its immunoassay system range VIDAS®, mini VIDAS® and VIDAS® 3. AKI is a major public health threat that is common, costly and potentially fatal in hospitalized patients.

– Acquisition of Ceeram, specialized in molecular biology solutions for the food industry

  In late December 2014, bioMérieux acquired all outstanding shares of France-based Ceeram, thereby entering the market for food-related molecular virology tests and consolidating its position as a pioneer in industrial applications.

  Ceeram's sales for the year ended December 31, 2013 amounted to €1.3 million.

– Agreement with Novartis in personalized medicine

  In October 2014, bioMérieux signed an agreement with Novartis to validate and potentially market the bioMérieux assay, THxID™-BRAF, as a companion diagnostic for Novartis compounds currently in phase III development for patients with melanoma and a mutation of the BRAF gene.

1.3 New products

Thirteen new products were brought to market in 2014.

In particular, the VIRTUO™ new-generation BacT/ALERT® system was CE-marked and launched. This unique, innovative automated blood culture system for detecting disease-causing microorganisms has extended the BacT/ALERT® range of solutions. Its increased efficiency enables laboratories to deliver fast results to clinicians, thereby helping to improve patient care and optimize laboratory productivity. As of end-December, it was commercially available in around ten target countries that recognize the CE marking.

In addition, ten new reagents were introduced, including:

– The FilmArray® gastrointestinal (GI) panel, which received FDA 510(k) clearance and was CE-marked in the second quarter. Now commercially available in the United States and Europe, the 22-target GI panel allows a syndromic approach to the diagnosis of infectious diarrhea as it includes bacteria, viruses and parasites in one test. It is the most comprehensive gastrointestinal test to be cleared by the FDA and contains several pathogens receiving FDA clearance for the first time.

– Two new-generation chromogenic media: chromID® CPS® Elite for the isolation, enumeration and direct or presumed identification of microorganisms responsible for urinary infections, and chromID® Salmonella Elite for the faster detection of *Salmonella* strains in clinical stool samples. These tests are part of the new bioMérieux line of chromogenic culture media that deliver a wide range of improvements, notably including more reliable differentiation of pathogens, faster and easier result reading and enhanced sensitivity and specificity parameters for specific bacteria.

– The tenth TEMPO® card, TEMPO® BC, which is used for *Bacillus cereus* group enumeration in 24 hours. Found around the world, these bacteria are transmitted by eating contaminated food (chiefly poorly refrigerated cooked food, like rice) and can cause food poisoning.

In addition, during the quarter, bioMérieux renewed and expanded its distribution agreement with Hain Lifescience, a company specializing in molecular diagnostics. Under the 10-year agreement, bioMérieux will be the exclusive distributor of Hain's current mycobacteria molecular tests in most countries. These tests enable the rapid and accurate diagnosis of tuberculosis (TB), one of the world's deadliest diseases. They also provide rapid results of antibiotic resistance in TB, a key tool in achieving tuberculosis control. The WHO estimates that in 2013 nine million people developed TB and 1.5 million died from the disease. Perfectly adapted to emerging countries' needs, the tests will be commercialized to all customer types, and especially to global health organizations.

1.4 Industrial operations

The Durham plant, which is dedicated to the production of BacT/ALERT® reagents, has returned to a controlled, reliable state of quality and manufacturing, while moving into a positive inventory situation. Standard operating and quality control procedures have been revamped and all production lines are running on a 24-hour, 7-day a week schedule, thereby substantially increasing the reliability of the site's production output. The Durham plant resources have been sustainably reinforced with more than 90 new full-time employees hired in the Quality and Operations team. In July 2014, a new bottle production line, representing a capital investment of about $60 million, broke ground in order to further expand production capacities to satisfy the anticipated growing customer demand in the years to come.

In addition, the Durham team is continuing to dedicate its efforts to complete the deployment of the action plan following the FDA inspection and its warning letter.

Following its continued deployment throughout 2014, the global ERP system was up and running in 27 subsidiaries by year-end.

1.5 Current proceedings

The Company is involved in a certain number of disputes arising in the ordinary course of business. bioMérieux believes that no claim or litigation will have a material adverse impact on its operations. The Company is not involved in any litigation considered to be material, with the exception of the proceedings described in Notes 14.4.1, 14.4.2 and 14.5 to the consolidated financial statements. The Company believes that the provisions set aside for litigation provide reasonable coverage of the related risks.

1.6 Organization of bioMérieux's sponsorship activities

On December 19, 2003, the Board of Directors resolved to allocate a specific portion of its budget to sponsorship activities. It was agreed that 75% to 90% of this portion would be allocated to projects supported by the Mérieux Foundation and the Christophe and Rodolphe Mérieux Foundation and that the remaining amount would be allocated to sponsorship projects undertaken directly by bioMérieux. In 2014, the Company contributed €2.4 million to sponsorship activities (including €1.8 million to the two aforementioned foundations), representing 3.2% of its sales.

2 PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS: ECONOMIC AND FINANCIAL SUMMARY

2.1 Consolidated financial statements

The consolidated financial statements for the years ended December 31, 2014 and December 31, 2013 were prepared in accordance with International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS).

Income statement (see section 9.2.1)

Consolidated cash flow statement (see section 9.2.2)

2.2 Dividend

The Board of Directors will recommend that shareholders at the Annual Meeting on May 28 approve a dividend of €1.00 per share, unchanged from the dividend paid in 2014. This would represent a total payout of €39.5 million, to be paid on June 9, 2015.

2.3 Off-balance sheet commitments

Off-balance sheet commitments given and received in 2014 are set out in Note 28 to the consolidated financial statements.

2.4 Market risks

Exchange rate risks
Since more than half of the Group's operations are conducted outside the eurozone, its sales, earnings and assets and liabilities may be materially impacted by changes in exchange rates between the euro and other currencies. Further information on exchange rate risk is presented in Note 27.1 to the 2014 consolidated financial statements.

Credit risk
The Group is not exposed to significant credit risk. The carrying amount of its receivables reflects the fair value of the expected net cash flows to be collected. Further information on credit risk is presented in Note 27.2 to the 2014 consolidated financial statements.

Liquidity risk
The Group is not exposed to liquidity risk, since its total current financial assets far exceed its total current financial liabilities and seasonal fluctuations do not have a material impact on the business.

Accordingly, the only maturity schedule disclosed pertains to net debt, as presented in Note 27.3 to the consolidated financial statements.

Interest rate risks
In light of its net debt, the Group is now exposed to a limited interest rate risk. The interest rate risk relating to the net debt is described in Note 27.4 to the consolidated financial statements.

2.5 Consolidated financial statements

The consolidated financial statements are provided in section 20.1.1 of this Registration Document.

3 RECENT EVENTS/OUTLOOK

3.1 Recent events

– ANSM injunction concerning the Craponne site (France)

  In February 2015, bioMérieux was notified of a letter of injunction from France's ANSM drug regulatory agency concerning the Craponne plant, following an inspection by the ANSM in late September. The plant comprises units that produce culture media, such as Petri dishes, tubes and bottles and dehydrated media. The letter enjoins bioMérieux to complete, within 12 months, all of the works required to bring into compliance the production units where ANSM inspectors found discrepancies or made remarks. bioMérieux is deploying all of the resources required to comply with the injunction and an appropriate action plan is being implemented at the plant. The facility is working at normal capacity and all of their output complies with final acceptance release criteria.

– Plan to dispose of the microplates business

  To refocus its commercial offering, bioMérieux has initiated a plan to dispose of its microplate immunoassay product line, which it deems to be non-strategic for the Company. Microplates are primarily used by blood banks to test donated blood and by large 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 and a more compact version, DA VINCI® QUATTRO™. However, the microplates are open reagents that can be used with other instruments. They are marketed worldwide, except in North America.

  Subject to aggressive competition, particularly in emerging markets, the product line is produced in China by a joint venture with Shanghai Kehua Bio-engineering. It represented €16 million in sales in 2014.

3.2 Outlook

2015 will probably be marked by a persistently tight economic environment, varying by geography.

– Organic sales growth

As a result, bioMérieux has set an organic growth objective of between 4.5% and 6.5% for the year, at constant exchange rates and scope of consolidation.

In particular, the Company expects BioFire to expand quickly in the United States, thereby playing its role as a driver of faster growth. BioFire's sales should be led both by the start-up of sales of the gastrointestinal panel and the continued success of the FilmArray® respiratory panel. Sales of BioFire Defense and sales of FilmArray®, assuming a flu epidemic of average intensity, should add around 150 basis points to consolidated organic growth for the year.

In addition, bioMérieux will continue to decentralize its organization in its three key regions, which should enable it to seize growth opportunities in its various markets. The Company will also seek to return to sustainable growth in sales of industrial applications.

– Contributive operating income before non-recurring items

The Company is aiming to increase contributive operating income before non-recurring items to between €235 million and €260 million in 2015, at current exchange rates. This objective reflects the selling costs that will be invested to ensure FilmArray®'s success and the operating expenses that will be incurred to strengthen the operating organization in the Asia-Pacific and to anchor the Company's sustained development in the region. It also reflects the gradual absorption of the Durham site's heavier production cost structure as the Company's blood culture sales progressively gain momentum. In line with its roadmap and building on the milestones reached in 2014, the Company will continue to pursue its strategy of innovation and geographic expansion, its two major growth drivers in the years ahead. At the same time, it will strive to strengthen its quality control and production structures at its leading plants, especially in St. Louis and Craponne. This objective also includes the priority projects that will be led by the Company in 2015 to enhance its operating performance, in particular by revamping the supply chain and improving customer service, deploying new sales performance management applications and optimizing the management of R&D programs.

In addition, using its structural capacity for strong cash generation, the Company will increase its industrial capital expenditure potentially to around €200 million. To meet the anticipated rapid growth in some of its flagship product lines, it will invest in the related production sites, in particular in Durham, NC in the United States (as explained in Appendix 1) and in Marcy L'Etoile, where a new VIDAS® strip packaging line will be built and a new building will be constructed to extend the site. The Company will also undertake construction of a new facility in Salt Lake City, UT to meet the strong demand for FilmArray® generated by its success in the market and the start of its commercialization by bioMérieux sales forces in the United States.

4 RESEARCH AND DEVELOPMENT ACTIVITIES

Full information on research and development is presented in Chapter 11 of the Registration Document.

5 SUBSIDIARIES AND INVESTMENTS

The activities of the subsidiaries and companies controlled by the Group form part of the description of the Company's activities provided in this report. The table of subsidiaries and investments is presented in Note 3.3.1.3 to the 2014 parent company financial statements.

5.1 Miscellaneous information on acquisitions/disposals of investments

The Company did not dispose of any of its investments in 2014.

5.1.1 Acquisitions

Consolidated companies
The Company subscribed to the Mérieux Université share issue, without impacting the Group's ownership interest.

In 2014, bioMérieux acquired all outstanding shares of BioFire (U.S.) and Advencis (France).

Other investments
At end-2014, bioMérieux acquired all outstanding shares of Ceeram (France). This investment was not consolidated in the Group's financial statements at December 31, 2014 and is considered a non-controlling interest.

5.1.2 Subsidiaries

In December, bioMérieux opened its 42nd marketing subsidiary, in Belgrade, Serbia, thus strengthening its presence in Central Europe. The new unit is wholly owned by bioMérieux SA.

The table of subsidiaries and investments is presented in Note 3.3.1.3 to the 2014 parent company financial statements.

5.2 - Legal organizational structure

See section 7.2.1.

MANAGEMENT REPORT ON THE PARENT COMPANY FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2014

1 PRESENTATION OF THE PARENT COMPANY FINANCIAL STATEMENTS

The annual financial statements for the year ended December 31, 2014 were prepared in accordance with the presentation rules and measurement methods provided for by regulations currently in force.

1.1 Highlights of the year

Subsidiaries and related parties

In January 2014, the Company subscribed to its Indian subsidiary's share issue which resulted in the acquisition of a €1.5 million (127 million Indian rupees) interest in the company.

In June 2014, the Company paid the remaining balance due in respect of SNC Mérieux Université's share issue, a decision which was approved at the Annual General Meeting of December 19, 2013, i.e., a payment of €0.2 million. In addition, on December 18, 2014, SNC Mérieux Université carried out a share issue to which bioMérieux SA subscribed in an amount of €0.4 million. At December 31, 2014, the corresponding shares had not been paid up. The SNC Mérieux Université shares were written down for an amount of €0.3 million in order to reflect the €0.8 million loss recorded by that company for 2014.

In December 2014, bioMérieux opened its 42nd marketing subsidiary, in Serbia, thus strengthening its presence in Central Europe. In this context, bioMérieux made a capital contribution in an amount of €10,000 and fully owns bioMérieux SRB doo Belgrade.

Acquisitions and partnerships

Before bioMérieux Inc. acquired the U.S. company BioFire, in October 2013 bioMérieux SA issued €300 million in seven-year bonds with a bond issue premium amounting to €2.3 million. Hedging instruments were used between July and December 2013 to guarantee the euro equivalent of the acquisition price at the closing date. This resulted in the payment of a €5.6 million premium recognized in the balance sheet until the option is exercised or the bonds mature as well as a €2.2 million premium recognized over the duration of the bond issue.

In addition, two cross currency swaps were entered into for an amount of €300 million at a fixed and variable rate, to hedge the exchange rate and interest rate risks linked to bioMérieux Inc's loan repayments.

In October 2014, bioMérieux acquired all outstanding shares in Alsace-based Advencis for a maximum amount of €9.2 million. An industrial microbiology start-up with seven employees, Advencis has developed a system which rapidly detects microbial contaminants in water used in manufacturing, particularly by pharmaceutical companies.

In late December 2014, bioMérieux acquired all outstanding shares of France-based Ceeram (an innovative laboratory specialized in molecular virology), for an amount of €2.8 million, thereby entering the market for food-related molecular virology tests and consolidating its position as a pioneer in industrial applications.

bioMérieux renewed and expanded its distribution agreement with Hain Lifescience. Under this 10-year agreement, bioMérieux will be the exclusive distributor of Hain's current mycobacteria molecular tests in most countries. These tests enable the rapid and accurate diagnosis of tuberculosis (TB), one of the world's deadliest diseases. They also provide rapid results of antibiotic resistance in TB, a key tool in achieving tuberculosis control.

bioMérieux signed an agreement with Novartis to validate and potentially commercialize the bioMérieux assay, THxID™-BRAF, as a companion diagnostic for Novartis compounds currently in phase III development for patients with melanoma and a mutation of the BRAF gene.

bioMérieux and Astute Medical Inc., a company dedicated to improving the diagnosis of high-risk medical conditions and diseases through the identification and validation of protein biomarkers, signed a global, semi-exclusive agreement regarding the development of a test for the early risk assessment of acute kidney injury (AKI). This innovative test, known as NEPHROCHECK® Test, detects the presence of two biomarkers: TIMP-2 (tissue inhibitor of metalloproteinase 2) and IGFBP-7 (insulin-like growth factor binding protein 7).

At the start of 2015, bioMérieux and Copan signed a strategic partnership in clinical microbiology laboratory automation. Under the terms of the agreement, Copan granted bioMérieux exclusive distribution rights for its automated platforms WASP® and WASPLab™ in France as well as co-exclusive distribution rights in Germany and the United Kingdom. The agreement allows bioMérieux to speed up deployment of its Lab Efficiency vision for the automation and enhanced operational efficiency of clinical microbiology labs. In this field, the two companies also plan to collaborate in particular for the development of innovative clinical microbiology diagnostic solutions.

Miscellaneous

The supply issues encountered on certain ranges of manual tests and the production problems on the BacT/ALERT® product line at the Durham site which continued throughout first-half 2014 had an adverse impact on sales figures at end-June 2014. However, production recovered during the second half of the year.

As part of the drive to market BioFire's products, the Company signed an agreement to acquire operating assets and certain instruments from Eurobio. It was recognized in intangible assets for an amount of €0.3 million and in property, plant and equipment for an amount of €0.2 million.

As part of the process to streamline its product range, the Company decided to gradually phase out the LyfoCults® brands and the vast majority of biochemical reagents. However, bioMérieux enhanced its commercial offering with the launch of two new products: the tenth Tempo® card, which is used to test for *Bacillus cereus* bacteria, and the FilmArray® gastrointestinal panel, which is now available on the U.S. and European markets.

In 2014, bioMérieux enhanced its commercial offering by bringing 13 new products to market. In particular, in the fourth quarter, bioMérieux launched two innovative clinical microbiology reagents:

- chromID® CPS® Elite for the isolation, enumeration and direct or presumed identification of microorganisms responsible for urinary infections. The product is part of a new bioMérieux line of chromogenic culture media that deliver a wide range of improvements, notably including more reliable differentiation of pathogens, faster, easier-to-read results and enhanced sensitivity and specificity parameters for specific bacteria.

- The RAPIDEC® CARBA NP test to rapidly and cost-effectively confirm or detect carbapenemases in patients suspected of having been infected with carbapenemase-producing bacteria, which are often multi-drug resistant.

In addition, bioMérieux welcomed His Excellency Mr. Xi Jinping, President of the People's Republic of China, to the Company's laboratories in Marcy l'Etoile in March 2014. Mr. Xi Jinping and his wife were accompanied by a Chinese delegation and the French Foreign Minister and Minister for Research and Higher Education, as well as political representatives from the Rhône-Alpes region. This visit was part of Mr. Xi Jinping's state visit to France from March 25 to 28 to mark the 50th anniversary of diplomatic relations between France and China. It also represented an opportunity to reflect on the longstanding commitment of the Mérieux family and its companies based in China for nearly 50 years, and on the public health programs implemented by the Chinese health authorities.

1.2 Sales

During the year ended December 31, 2014, the Company's sales amounted to €902 million, compared to €881 million for 2013, representing a year-on-year increase of 2.3%.

Domestic sales remained stable, increasing by 0.25%.

Sales to subsidiaries rose 4.4%.

Exports, mainly to distributors, declined 5.1%.

1.3 Gross operating income

Gross operating income was €112.2 million, or 12.4% of sales, up by €8.9 million (8.7%) on 2013 as a result of the AES merger.

Gross operating income benefited from business growth (2.3%) which exceeded personnel costs (0.8%) and external charges (0.9%). However, the operating subsidies reported a €1.9 million decline for the year.

1.4 Operating income

After depreciation, amortization and provisions, operating income fell 8.1% year on year, from €34.6 million to €31.8 million.

The year-on-year decline was primarily caused by the €5 million increase in depreciation and amortization expense and the impairment of inventories and provisions for losses recorded following the signature of a business development agreement.

1.5 Financial income

In 2014, financial income came in at €23.4 million versus €72.7 million in 2013.

The sharp decrease in financial income is mainly a result of the €55.4 million decrease in dividends received from subsidiaries, including bioMerieux Inc (down €68.6 million) and bioMérieux Italie (up €12 million). In addition, borrowing costs increased from €3.2 million in 2013 to €13.8 million in 2014, in relation to a bond issue (see section 1.1).

1.6 Net income before non-recurring items and taxes

Net income before non-recurring items and taxes totaled €55.2 million versus €107.3 million one year earlier.

1.7 Net non-recurring items

The Company reported a net non-recurring expense of €3.1 million in 2014 versus €4.1 million in 2013.

Net accelerated depreciation allowances amounted to €3.2 million, up from €1.8 million in 2013.

1.8 Net income for the year

Net income for the year came in at €65.2 million in 2014 compared to €109.7 million in 2012, i.e., a year-on-year decrease of €44.5 million, and represented 7.23% of sales, compared to 12.45% one year earlier.

The provision for research tax credits totaled €18.7 million, representing an increase of €2.9 million.

1.9 Investments

Investments in property, plant and equipment amounted to €56.7 million, of which €24.5 million related to buildings and installations across all sites and of which €11.1 million was recorded under fixed assets in progress for the construction of the new site at Marcy l'Etoile.

The Company continued its production facility investment strategy with €13.4 million in capital expenditure on industrial equipment.

Investments in intangible assets totaled €12.7 million, of which €10.2 million related to software investments.

The carrying amount of scrapped assets (€13.4 million) amounted to €1 million.

The gross value of non-current financial assets (acquisitions less disposals) increased by €317.9 million due to the loan granted to bioMérieux Inc (€298.2 million).

In 2014, investments in equity interests increased, chiefly due to the acquisition of:

– shares in Advencis (€9.2 million),
– shares in Ceeram (€2.8 million).

1.10 Debt

At December 31, 2014, the Company reported net debt of €221.7 million, compared to cash surplus of €61.8 million one year earlier, representing a €283.5 million increase in net debt on 2013.

1.11 Detailed breakdown of the parent company financial statements

The parent financial statements are attached to this report.

1.12 Financial risk analysis

This point is presented in Appendix 5 of this report.

2 APPROPRIATION OF NET INCOME

Shareholders will be invited to appropriate distributable net income for the year ended December 31, 2014 in the amount of €140,500,503.62, consisting of €65,214,394.57 in net income and €75,286,109.05 in retained earnings, as follows:

– €20,000,000.00 to be transferred to the general reserve, increasing the balance from €605,000,000.28 to €625,000,000.28;

– €66,470.35 to be transferred to the special sponsorship reserve, increasing the balance from €662,239.50 to €728,709.85;

– €39,453,740.00 to be distributed as dividends, representing a dividend of €1 for each of the Company's 39,453,740 shares comprising the share capital[(14)], to be paid as from June 9, 2015;

– the remaining €80,980,293.27 to be transferred to retained earnings.

Following this appropriation of net income, the Company's shareholders' equity after the dividend payout will stand at €823,850,006.25 and its share capital at €12,029,370.

(14) The Company will not receive any dividends on treasury shares held on the ex-dividend date and the corresponding amount will be allocated to "Retained earnings". In accordance with paragraph 2 of article 158.3 of the French Tax Code (*Code général des impôts*), individuals subject to income tax in France for tax purposes benefit from a tax deduction on the annual dividend.

3 SUMMARY OF DIVIDENDS PAID

The table below presents the dividends paid by the Company for each of the past three years.

The Company did not and will not receive any dividends on treasury shares held or to be held on the ex-dividend date and the corresponding amounts are allocated to retained earnings.

Year ended	Total dividend (in euros)[(a)]	Dividend per share (in euros)[(a)]
Dec. 31, 2013	39,453,740.00	1.00
Dec. 31, 2012	38,664,665.20	0.98
Dec. 31, 2011	38,664,665.20	0.98

(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. In accordance with paragraph 2 of article 158.3 of the French Tax Code, only individuals domiciled in France for tax purposes benefit from a tax deduction on the annual dividend.

4 NON-TAX-DEDUCTIBLE EXPENSES

The 2014 financial statements include non-tax-deductible expenses as provided for in articles 223 *quater* and 223 *quinquies* of the French Tax Code amounting to €341,863.31. These correspond to the non-deductible portion of rental payments and depreciation charges for vehicles leased and purchased by bioMérieux SA.

5 PAYMENT PERIODS

Trade payable balances at December 31, 2014 break down as follows:

Trade payables at Dec. 31, 2014 *In thousands of euros* *By due date*	Accrued expenses	Operating payables, fixed asset payables + notes payables	TOTAL
Disputed payables – more than 1 year		1,408	1,408
More than 10 days overdue		11,693	11,693
Less than 10 days overdue		3,605	3,605
Due in 0-30 days		40,893	40,893
Due in 31-60 days		56,211	56,211
Due in 61-90 days		232	232
Accrued expenses	51,536		51,536
Total	**51,536**	**114,042**	**165,578**

The above trade payables balances include €1,572,000 in debit balances recorded in the balance sheet under "Other operating receivables" and "Non-operating receivables". Inter-company suppliers and related parties represent more than 85% of the amounts due in more than 10 days. French suppliers represent 41% of payables due and 59% of other outstanding payables.

Trade payables at December 31, 2013 break down as follows:

Trade payables at Dec. 31, 2013 *In thousands of euros* *By due date*	Accrued expenses	Operating payables, fixed asset payables + notes payables	TOTAL
Disputed payables – more than 1 year		2,781	2,781
More than 10 days overdue		5,574	5,574
Less than 10 days overdue		2,384	2,384
Due in 0-30 days		24,443	24,443
Due in 31-60 days		46,013	46,013
Due in 61-90 days		10,871	10,871
Accrued expenses	46,156		49,156
Total	**46,156**	**92,066**	**138,222**

6 OWNERSHIP STRUCTURE AT DECEMBER 31, 2014 (SEE SECTION 18.1)

Transactions carried out by senior executives

The Company has been informed that the following securities transactions were carried out by senior executives in 2014:

- Stephen Harbin sold shares in the amount of €636,387.96 on March 25, 2014;
- Henri Thomasson sold shares in the amount of €41,445 on June 2, 2014;
- Henri Thomasson sold shares in the amount of €60,160 on June 16, 2014;
- Henri Thomasson sold shares in the amount of €59,100 on July 18, 2014.

7 DIRECTORSHIPS AND POSITIONS HELD BY CORPORATE OFFICERS (SEE SECTION 14.1)

8 COMPENSATION OF CORPORATE OFFICERS (SEE SECTION 15.1)

9 POLLUTING OR HAZARDOUS ACTIVITIES

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

10 LABOR-RELATED, SOCIAL AND ENVIRONMENTAL INFORMATION (SEE SECTION 5.2)

10.1 Labor-related information (see section 5.2.1)

10.2 Environmental information (see section 5.2.2)

10.3 Social information (see section 5.2.3)

11 RESEARCH AND DEVELOPMENT ACTIVITIES

The Company's research and development activities include:

- a development center (reagents, consumables and related instruments and software) managed by the Clinical and Industry Units;
- a transversal "Innovation" department created within the Company to manage technology research activities. The department identifies technology opportunities and assesses which are the most relevant from a technical, medical and business point of view;
- biomarker research activities headed by the Medical Business Department.

In the year ended December 31, 2014, bioMérieux SA's research and development spending amounted to €121.9 million, and was devoted chiefly to the development of new platforms and test menus.

A presentation of the Group's research and development activities is provided in the management report on the consolidated financial statements.

12 INFORMATION ON PUBLIC OFFERS (SEE SECTION 21.2.6)

13 STATUTORY AUDITORS' REVIEW OF RELATED-PARTY AGREEMENTS

The Statutory Auditors' special report on related-party agreements as provided for by articles L.225-38 *et seq.* of the French Commercial Code is available on the Company's website at www.biomerieux-finance.com. This report is available for consultation at the convenience of readers.

14 DIRECTORSHIPS

No directorships are due to expire at the 2015 Annual General Meeting.

15 STATUTORY AUDITORS' TERMS

Neither the term of the principal Statutory Auditors nor that of the deputy Statutory Auditors will expire at the 2015 Annual General Meeting.

16 SIGNIFICANT SUBSEQUENT EVENTS/OUTLOOK

16.1 Significant subsequent events

In February 2015, bioMérieux was notified of a letter of injunction from France's ANSM drug regulatory agency concerning the Craponne plant, following an inspection by the ANSM in late September. The plant comprises units that produce culture media, such as Petri dishes, tubes and bottles and dehydrated media. The letter enjoins bioMérieux to complete, within 12 months, all of the works required to bring into compliance the production units where ANSM inspectors found discrepancies or made remarks. bioMérieux is deploying all of the resources required to comply with the injunction and an appropriate action plan is being implemented at the plant. The facility is working at normal capacity and all of their output complies with final acceptance release criteria.

16.2 Outlook

In 2015 the Company will continue to implement its 2012-2015 roadmap.

Details on the Group's outlook are provided in the management report.

17 RISK FACTORS

Further information on risk factors is presented in section 4.1 of this Registration Document.

18 REPORT ON SHARE BUYBACK TRANSACTIONS CARRIED OUT DURING THE YEAR (SEE SECTION 21.1.3)

For information, the bioMérieux share price was €85.74 et end-2014 compared to €76.27 at end-2013.

The average liquidity of the share in 2014 on NYSE Euronext was as follows (Source: NYSE Euronext):

- Average closing price €80.083
- Average monthly trading volume 510,343 shares
- Average trading day Around €1,920,000

19 CONCLUSION

The information contained in this report, the accompanying parent company and consolidated financial statements for the year ended December 31, 2014, the Board's proposals and the discharge of the directors for the performance of their duties with respect to 2014, are submitted for approval by the Annual General Meeting.

The Board of Directors

APPENDIX 1

FIVE-YEAR FINANCIAL SUMMARY

	2014	2013	2012	2011	2010
I. Share capital at year-end					
Share capital	**12,029,370**	12,029,370	12,029,370	12,029,370	12,029,370
Number of ordinary shares outstanding	**39,453,740**	39,453,740	39,453,740	39,453,740	39,453,740
Number of preferred shares (without voting rights) outstanding	**0**	0	0	0	0
Maximum number of potential shares to be issued	**0**	0		0	0
By conversion of bonds	**0**	0	0	0	0
By exercise of subscription rights	**0**	0	0	0	0
II. Transactions and net income for the year					
Sales	**901,590,987**	880,986,860	782,568,044	743,409,495	729,767,174
Net income before tax, employee profit sharing, depreciation, amortization and provisions	**95,469,356**	169,316,060	195,495,032	148,891,076	215,560,896
Income tax	**(13,187,405)**	(6,561,154)	(13,233,445)	(1,092,020)	6,153,827
Employee profit sharing for the year	**0**	0	0	608,004	4,123,346
Earnings after tax, employee profit sharing, depreciation, amortization and provisions	**65,214,395**	109,668,415	162,212,781	103,474,961	150,257,615
Dividends paid[(a)]	**39,453,740**	38,664,665	38,664,665	38,664,665	38,664,665
Special dividend paid from the general reserve	**0**	0	0	0	0
III. Earnings per share					
Earnings after tax and employee profit sharing, but before depreciation, amortization and provisions	**2.74**	4.46	5.29	3.79	5.20
Earnings after tax, employee profit sharing, depreciation, amortization and provisions	**1.65**	2.78	4.11	2.62	3.81
Dividend per share[(b)]	**1.00**	0.98	0.98	0.98	0.98
IV. Employee data					
Average number of employees during the year	**3,427**	3,047	2,860	2,725	2,710
Total annual payroll	**170,319,174**	167,535,748	145,946,062	136,681,136	129,576,098
Total employee benefits paid during the year (social security, charities)	**78,084,404**	78,937,503	69,933,181	64,664,749	63,655,867

[(a)] Subject to the non-payment of dividends on treasury shares held on the ex-dividend date.
[(b)] This table does not present the per-share dividend for special dividend payouts.

APPENDIX 2

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2014
(see section 20.1.1)

APPENDIX 3

PARENT COMPANY FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2014
(see section 20.1.2)

APPENDIX 4

TABLE OF AUTHORIZATIONS FOR SHARE CAPITAL INCREASES (see section 21.1.5)

APPENDIX 5

RISK FACTORS (see section 4.1)

APPENDIX 6

REPORT OF THE CHAIRMAN OF THE BOARD OF DIRECTORS
(see Appendix 1 of this Registration Document)

APPENDIX 7

Report by the independent third party on the consolidated environmental, labor-related and social information presented in the management report

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. 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 independent third party certified by COFRAC[15] under number 3-1050 and member of the network of one of bioMérieux's Statutory Auditors, we hereby report to you on the consolidated environmental, labor-related and social information presented in Chapter 10 of the management report, (hereinafter the "CSR Information") for the year ended December 31, 2014 in accordance with article L.225-102-1 of the French Commercial Code (*Code de commerce*).

Responsibility of the Company

The Board of Directors is responsible for preparing the Company's management report including CSR Information in accordance with the provisions of article R.225-105-1 of the French Commercial Code and with the guidelines used by the Company (hereinafter the "Guidelines"), a summary of which can be found at the end of Chapter 10 of the management report and which is available on request from the Company's head office.

Independence and quality control

Our independence is defined by regulatory texts, the French code of ethics governing the audit profession and the provisions of article L.822-11 of the French Commercial Code. We have also implemented a quality control system comprising documented policies and procedures for ensuring compliance with the codes of ethics, professional auditing standards and applicable legal and regulatory texts.

Responsibility of the independent third party

On the basis of our work, it is our responsibility to:

– certify that the required CSR Information is presented in the management report or, in the event that any CSR Information is not presented, that an explanation is provided in accordance with the third paragraph of article R.225-105 of the French Commercial Code (the Statement of completeness of CSR Information);

– express limited assurance that the CSR Information, taken as a whole, is, in all material respects, fairly presented in accordance with the Guidelines (Reasoned opinion on the fairness of the CSR Information).

Our work was carried out by a three-person team between October 2014 and March 2015 over a seven-week period.

We performed our work in accordance with the professional auditing standards applicable in France, with the decree of May 13, 2013 determining the conditions in which the independent third party performs its engagement and, concerning our reasoned opinion, with ISAE 3000[16].

1. Statement of completeness of CSR Information

We conducted interviews with the relevant heads of department to familiarize ourselves with sustainable development policy, as a function of the labor and environmental impact of the company's activity, of its social commitments and any action or programs related thereto.

[15] Scope of accreditation is described at www.cofrac.fr
[16] ISAE 3000 – Assurance engagements other than audits or reviews of historical financial information

We compared the CSR Information presented in the management report with the list provided for by article R.225-105-1 of the French Commercial Code.

For any consolidated Information that was not disclosed, we verified that the explanations provided complied with the provisions of article R.225-105, paragraph 3 of the French Commercial Code.

We ensured that the CSR Information covers the scope of consolidation, i.e., the Company, its subsidiaries as defined by article L.233-1 of the French Commercial Code and the entities it controls as defined by article L.233-3 of said Code within the limits set out in the methodological note presented in Chapter 10 of the management report.

Based on this work and in light of the limits referred to above, we attest to the completeness of the required CSR Information in the management report.

2. Reasoned opinion on the fairness of the CSR Information

Nature and scope of our work

We conducted three interviews with the people responsible for preparing the CSR Information in the Human Resources and Health, Safety and Environment Departments charged with collecting the information and, where appropriate, the people responsible for the internal control and risk management procedures, in order to:

– assess the suitability of the Guidelines in the light of their relevance, completeness, reliability, impartiality and comprehensibility, and taking good market practice into account when necessary;

– verify the implementation of a data-collection, compilation, processing and control procedure that is designed to produce CSR Information that is exhaustive and consistent, and familiarize ourselves with the internal control and risk management procedures involved in preparing the CSR Information.

We determined the nature and scope of our tests and controls according to the nature and importance of the CSR Information in the light of the nature of the Company, the social and environmental challenges of its activities, its sustainable development policy and good market practice.

With regard to the CSR Information that we considered to be the most important[(17)]:

– at parent entity level, we consulted documentary sources and conducted interviews to substantiate the qualitative information (organization, policy, action, etc.), we followed analytical procedures on the quantitative information and verified, using sampling techniques, the calculations and the consolidation of the data and we verified their consistency and concordance with the other information in the management report;

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(17) Environmental and social information:

- *Indicators (quantitative information)*: measures for reducing, recycling and eliminating waste, the sustainable use of resources and climate change (energy and water consumption and greenhouse gas emissions), the importance of subcontracting and integrating labor-related and environmental concerns into the Company's purchasing policy and its relations with suppliers and subcontractors.
- *Qualitative information:* the general policy regarding environmental matters (organization, employee information and training programs, assessment and certification procedures, environmental protection and the prevention of risks and pollution), pollution and waste management (measures to prevent, reduce or repair damage caused by discharges in the air, in water and in soil, measures for preventing, recycling and eliminating waste), the sustainable use of resources and climate change (energy consumption, measures taken to improve energy efficiency and the use of renewable energy, water consumption and supply in compliance with local restrictions); the territorial, economic and social impact (employment, regional development, impact on the local population), dealings with stakeholders (conditions for dialogue, partnership and sponsorship activities), the importance of subcontracting and integrating labor-related and environmental concerns into the Company's purchasing policy and its relations with suppliers and subcontractors, fair trade (actions taken to prevent corruption).

Labor-related information:

- *Indicators (quantitative information):* total headcount, employee turnover, rate of absenteeism, frequency rate and severity rate of occupational accidents.
- *Qualitative information*: employment (total headcount and workforce division, new hires and layoffs, compensation and pay increases), organization of working time, absenteeism, labor relations (organizing social dialogue, overview of collective agreements), occupational health and safety, occupational accidents, particularly their frequency and severity, as well as occupational diseases, training policies implemented, the total number of training hours, diversity and equal opportunity and treatment (measures taken as regards gender equality, the employment and integration of people with disabilities, efforts to combat discrimination).

– at the level of a representative sample of entities selected by us[18] by activity, contribution to the consolidated indicators, location and risk analysis, we conducted interviews to ensure that procedures are followed correctly and performed tests of details, using sampling techniques, in order to verify the calculations made and reconcile the data with the supporting documents. The selected sample represents on average 16% of headcount and 22% of the Group's energy consumption.

For the other consolidated CSR information, we assessed consistency based on our understanding of the Company.

We also assessed the relevance of explanations given for any information that was not disclosed, either in whole or in part.

We believe that the sampling methods and sample sizes used, in our professional judgment, allow us to express limited assurance; a higher level of assurance would have required us to carry out more extensive work. Because of the use of sampling techniques and other limitations intrinsic to the operation of any information and internal control system, we cannot completely rule out the possibility that a material irregularity has not been detected.

Conclusion

Based on our work, no material irregularities came to light that call into question the fact that the CSR Information, taken as a whole, is presented fairly, in all material respects, in accordance with the Guidelines.

Emphasis of matter

Without qualifying our conclusion, we draw your attention to the following matters:

– "As regards the number of hours worked, a variety of methods were used to calculate the "frequency rate" and "severity rate" indicators. This does not call into question the information provided."

Paris-La Défense, March 20, 2015

The independent third party
ERNST & YOUNG et Associés

Christophe Schmeitzky
Partner in charge of Sustainable Development

Bruno Perrin
Partner

[18] bioMérieux S.A. (La Balme site), bioMérieux Inc (Saint Louis site), bioMérieux Spa (Florence site).

APPENDIX 5

GLOSSARY OF SCIENTIFIC TERMS

- **Acute coronary syndrome**: decreased blood flow in the coronary arteries resulting in reduced circulation rate and inadequate oxygenation of the myocardial muscle.
- **Amplification**: a technique, usually using enzymes, for multiplying nucleic acids in order to increase the sensitivity of detection methods.
- **ANSM (*Agence Nationale de Sécurité du Médicament et des produits de santé*)**: a French regulatory agency which carries out assessments, provides expertise and makes decisions regarding the safety of drugs and healthcare products.
- **Antibiotic susceptibility test**: an analysis to determine the sensitivity of a bacterium to antibiotics.
- **Antibiotic**: a substance of natural or synthetic origin capable of stopping the multiplication of bacteria.
- **Antibody**: a complex protein molecule produced by the immune system to detect and neutralize pathogens, in particular viruses.
- **Antigen**: a macromolecule recognized by an antibody or cells from an organism's immune system that triggers an immune response.
- **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 on 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.
- **Borreliosis**: an infection caused by *Borrelia* bacteria, responsible for Lyme disease.
- **Chromogen**: a substance that produces coloring under certain conditions. Related to an enzyme substrate and incorporated in a culture medium, it is used to reveal a particular enzyme metabolism and thereby assists in identifying the cultured bacterium.
- **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. The virus is a 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.
- **FDA** (Food and Drug Administration): a U.S. agency responsible for regulating food and medical products.
- **Flow cytometry**: technique of passing a stream of cells, particles or molecules at high speed within a stream of liquid through a laser beam. The light re-emitted (by diffusion or fluorescence) enables the population to be classified and sorted according to several criteria.
- **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.
- **ID/AST**: a bacterial identification and antibiotic susceptibility test.
- **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 that analyzes 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.
- **PCR (Polymerase Chain Reaction)**: the polymerase chain reaction is a molecular biology method for *in vitro* genetic amplification that duplicates a large quantity (with a multiplication factor nearing one billion) of a known DNA or RNA sequence from a small initial quantity. This method is particularly appropriate for the detection of viruses.
- **POC (Point-of-Care) – POCT (Point-of-Care Testing)**: services offered “at the bedside”, including in particular the analysis of the diagnosis.
- **Procalcitonin**: a marker used to assist in the early detection of bacterial infections.
- **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, mainly has a role as a vector of genetic information. The sugar in RNA is a ribose.
- **Salmonella**: a genus of enterobacteria called *Salmonella* that causes two types of diseases: gastrointestinal diseases through foodborne illnesses (salmonellosis) and typhoid and paratyphoid fevers.
- **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.

- **Syndrome**: a set of clinical signs and symptoms a patient is likely to display when suffering from certain medical conditions.

- **Test panel**: a set of predetermined medical tests used in the diagnosis and treatment of medical conditions.

- **Theranostics**: a diagnostic test that allows clinicians to take the most suitable therapeutic decision for each patient, thereby favoring more personalized treatment.

- **Typing**: a method which can help in the assessment of the compatibility between two individuals, their organs, tissues or blood. A technique used to characterize bacteria.

- **Venous thrombosis**: the formation of a blood clot in a vein. It usually occurs in a vein of the lower limbs, in the leg or hip, rarely in the upper limbs.

- **Virus**: a rudimentary infectious microorganism, containing a single type of nucleic acid encaged in a protein capsid, which uses the materials of the cell that it parasitizes to synthesize its own constituents. It reproduces using just its own genetic material.

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